

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 3:30 p.m. on February 17, 2004, in Room 526-S of the Capitol.

All members were present except:

Representative Don Hill- excused

Committee staff present:

Kathie Sparks, Legislative Research Department  
Susan Kannarr, Legislative Research Department  
Norman J. Furse, Revisor of Statutes  
Helen Pedigo, Office of Revisor of Statutes  
Fulva Seufert, Secretary

Conferees appearing before the committee: Joan Wagnon, Secretary of Revenue  
Julie Edge, Ph.D., Inside Edge Solutions LLC  
Reggie Robinson, President and CEO, Kansas Board of Regents  
Rebecca Floyd, Counsel, Kansas Development Finance Authority (K DFA)

Others attending:

See Attached List.

Chairman Wilk opened the meeting of the House Economic Development Committee on February 17, 2004, at 3:30 p.m. The Chair announced that there are balloon amendments for the following:

**HB 2647 - Bioscience authority and development acts**

The Chair said that staff would be briefing the committee, and it was the intent to adopt as many non controversial amendments today to expedite working the bill. He said there would be no action taken today so members would have an opportunity to look at all the balloons carefully.

Chairman Wilk welcomed Mr. Norman J. Furse, Revisor of Statutes, who passed out a handy index to help members follow through the amendments using this quick reference to the bill and the parts as they will be worked today. (Attachment 1)

The Chair announced that **HB 2647** was up for consideration and with the committee's indulgence, he planned to begin working the bill.

The Chair directed the committee's attention to page 45 of the bill, New Section 54 to read as follows: (a) There is hereby established in the state treasury the bioscience research and development voucher – federal fund for the purpose of providing matching federal moneys to enable bioscience companies to undertake authority approved bioscience research and development projects in partnership with Kansas universities. (b) The bioscience research and development voucher – federal fund shall receive all federal moneys obtained from federal sources for bioscience research and development. (c) Federal moneys deposited in the bioscience research and development voucher – federal fund shall be disbursed by the state treasurer with the consent of the chairperson of the authority. (d) On or before the 10<sup>th</sup> day of each month, the director of accounts and reports shall transfer from the state general fund to the bioscience research and development voucher – federal fund interest earnings based on the average daily balance of moneys in the bioscience research and development voucher – federal fund for the preceding month. (Attachment 2)

Representative Gordon made a motion to adopt this New Section 54 and Representative Carlin seconded. Motion passed.

The Chairman directed the committee's attention to the following technical amendments:

On page 22, New Section 22, line 17, substitute "bioscience development and" for "emerging industry investment act." This same change in lines 18, 20, 22, 34, 39, age 24, line 21 and on page 29, line 5, change "redevelopment project area" to "bioscience development district."

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Representative O'Malley made a motion to make the above technical changes, and Representative Huntington seconded. Motion passed.

The Chair informed the committee that he had taken the liberty of having a balloon prepared to address the Kansas Agribusiness Retailers Association concern about having an agriculture entrepreneur knowledgeable in bioscience on the board. These items were addressed in the balloon on page 4, line 29, adding "One member of the board shall be an agricultural entrepreneur knowledgeable in bioscience." Line 30, substituting "eight" for the number "nine." Line 41, adding "one of which shall be the agricultural entrepreneur knowledgeable in bioscience." The Speaker will appoint the agricultural entrepreneur as well as one of the other appointments. The Board members are staggered the first term. The second phase of the Farm Bureau request deals on page 3 of the balloon, page 31 on the bill, line 25 (d) In creating a bioscience development district, eminent domain shall not be used to acquire agricultural land. In addition, the following subsections will need to be re-lettered accordingly. (Attachment 3)

Representative Winn made a motion to amend the balloon to make it consistent in language, and Representative Burroughs seconded. Motion passed.

The Chair said the committee was back on the amended balloon. Discussion followed concerning the word entrepreneur rather than agriculture expert and the Farm Bureau's intent. Representative Loganbill called attention to an editorial change in the balloon for line 41, page 4 on the balloon from entrepreneur to expert. The revisor will make this editorial change.

Representative Carlin moved to amend the balloon to remove entrepreneur and add the word "expert," and Representative Kuether seconded. Motion passed.

The Chair said the committee was back on the balloon. Representative Boyer made a motion to adopt the balloon, and Representative Novascone seconded. Motion passed.

Representative Winn made a motion that the Governor have 4 appointments to the board instead of two which would make the committee 14 instead of 12. Representative Kuether seconded. Motion failed 4-7.

The Kansas Agribusiness Retailers Association requested that "plant biotechnology" be added after bioscience research on page 4, line 32.

Representative Boyer made a motion to make this change, and Representative Huntington seconded. Motion passed.

Chairman Wilk recognized Secretary of Revenue, Joan Wagon, by thanking her and her staff for working with the KTEC staff in developing some excellent, but simple noncontroversial amendments. The Chair told the committee that Secretary Wagon would brief the committee on what appear to be simple, non controversial technical changes. When Secretary Wagon gets to the bioscience project district, he reminded the Committee that no action would be taken today on those balloons so that the members could review and digest them. Secretary Wagon said the Department of Revenue appreciates the opportunity to work on **HB 2647**, and the following non controversial suggestions were explained:

- Page 14, line 5, insert after the word authority "with assistance from the department of revenue."
- Page 18, line 30 in New Sec. 12, remove the words, "general ad valorem" and insert the words, "real and personal property."
- Page 20, line 18 to 2004 to 2003 for their accounting purposes
- Page 20, lines 39-43, do not delete the NAICS (North American Industry Classification System) codes as shown in the balloon. On page 21, do not delete lines 1 and 2. Since there were no objections, the Chair requested that the balloon show the NAICS codes and strike the "SIC Codes."
- Page 22, delete lines 1-4 and re-letter the remaining subsections accordingly.
- Page 22, line 8, delete "of state" and in line 9, delete "excise". In line 10, add after the word

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- “law” except for property taxes levied for schools.
- Page 22, line 34, insert after the word “pay” the words, “as certified by the secretary of revenue.” (Representative Krehbiel suggested this would read better if “as certified by the secretary of revenue” was inserted at the end of the paragraph instead of after the word “pay.” Secretary Wagnon said this would be more correct.
- Page 22, line 36, after the word “companies” insert the words, “as certified by the secretary of revenue.”
- Page 22, line 37, remove “all revenue collected or received from state income taxes,” and insert “annually, 95% of withholding above the base, as certified by the secretary of revenue.”
- Page 23(f), remove lines 4-7. In line 8, re-letter to (f).
- Page 23, line 12, remove 2004, and substitute 2006 (needs to be consistent with when they have data and provides accuracy and confidentiality which is an issue for them.)
- Page 23, line 13, remove “of Kansas, Inc.” and insert “of the department of revenue”
- Page 23, line 18, beginning with the last three words, “The secretary of,” delete plus lines 19-43, which goes to the bottom of page 23.
- Page 24, delete lines 1-25.
- Page 25, line 6, New Sec. 27. Omit rest of page to bottom, line 43.
- Page 29, delete lines 1-43. (Whole page)
- Page 28, New Sec. 27, line 6 (substantial changes in the TIF law, so will be taken up separately.) (Attachment 4)

Representative Gordon made a motion to approve the above amendments, and Representative Carlin seconded. Motion passed.

The Chairman asked Secretary Wagnon to walk through the balance of the bill, but said action would not be taken on this today because some of these are substantive changes. Secretary Wagnon said that she needed to speak to the conceptions and that the League of Municipalities has also reviewed the amendments. Secretary Wagnon said the typed sections would be substituted for the deleted sections and that they had tried to stay true to the big concept while still staying true to the existing TIF Law. The following balloons were discussed:

- Page 30, delete lines 1-43. (Whole page)
- Page 31, delete lines 1-43. (Whole page)
- Page 32, delete lines 1-43. (Whole page)
- Page 33, delete lines 1-17. Insert Sec. 27, Sec. 28 and Sec. 29 of the balloon.
- Page 34, line 21, after word “taxes” insert “, except for property taxes levied for schools”
- Page 34, line 35, delete word “inheritance” and substitute word “estate”
- Page 35, line 3, after the word “district” insert “as certified by the secretary of revenue”
- Page 35, line 14, remove “county or school district of the state” and insert “or county”
- Page 35, line 22, New Sec. 33. Delete lines 22-43.
- Page 36, lines 1-43, delete
- Page 37, lines 1-43, delete
- Page 38, lines 1-42, delete. Balloon has New Sec. 36 which reads:

New Sec. 36.

(a) For taxable years commencing after December 31, 2004, any bioscience company as defined in subsection (d) of section 21, and amendments thereto, shall be allowed a payment from the bioscience authority not to exceed 50% of such bioscience company’s Kansas net operating loss incurred during the claimed taxable year. No bioscience company as defined in subsection (d) of section 21 shall claim more than one payment on a bioscience research and development project per taxable year.

(b) In no event shall the total amount of payments authorized and made by the bioscience authority pursuant to subsection (a) exceed \$1,000,000 for any one fiscal year.

(c) The department of revenue shall annually certify to the bioscience authority any bioscience company claiming the payment, the amount of Kansas net operating loss claimed and the payment due to the bioscience company. The bioscience authority shall thereafter make the payment to the bioscience company.

(d) The secretary of revenue shall adopt rules and regulations to implement the provisions of this section.

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Chairman Wilk thanked Secretary Wagnon and said that the committee would now be discussing one of the most difficult sections of the legislation since there is no language today in the bill regarding stem cell research. The Chairman said the introduction of the language being handed out has been shoveled around among various entities, but a consensus has not been reached on a set language. These are two different proposals which have gone anywhere from a provision that could add 150 pages to the bill to precise wording that can address the needs. The Chair said he had asked a couple of folks to speak to this today, and then there is a big balloon from KDFFA that he would like to get to before adjournment. The Chair recognized Dr. Julie Edge, Inside Edge Solutions LLC, who read through the following two drafts:

Draft 1

Notwithstanding any other provision of this Act, the terms "bioscience," "biotechnology" and "life sciences" shall not be construed to include:

- (a) induced abortion in humans or the use of cells or tissues derived therefrom,
- (b) use of cells or tissues that were derived by destroying live human embryos,
- (c) any research the federal funding of which would be contrary to federal laws that are in effect on the date of enactment of this Act.

Draft 2

Notwithstanding any other provision of this Act, the terms "bioscience," "biotechnology" and "life sciences" shall not be construed to include:

- (a) induced abortion in humans in state supported hospitals or their clinics or the use of cells or tissues derived therefrom,
- (b) use of cells or tissues that were derived by destroying live human embryos in a state sponsored research institution.
- (c) any research the federal funding of which would be contrary to federal laws that are in effect on the date of enactment of this Act. (Attachment 5)

Dr. Edge said that the difference between the two drafts was in (a) and (b) of Draft 2 that has the underlined words inserted. In (a) the insertion of the words, "in state supported hospitals or their clinics" and in (b) insertion of "in a state sponsored research institution." Dr. Edge said that essentially this added language would go beyond existing law, K.S.A. 65 -6707 (a) which currently limits the use of fetal organs and tissues based on personal consent to do the abortion and personal consent to use the tissue in research.

Chairman Wilk introduced Mr. Reggie Robinson, President and CEO, Kansas Board of Regents, who said he thanked the committee on behalf of the Board of Regents for the opportunity to work through these tough issues. Mr. Robinson said that part (c) is the language that is the current August, 2001 law. Under current law, only federally funded research is affected, but under subsection (c), all research would be affected even if not funded by the federal government. He noted that under subsection (c), the authority would be limited even more than is the case under current federal law. He said there are researchers out there presently who are able to engage in research outside the contours of federal provisions if funded other than from the federal government. He stated that his general preference would be for paragraph (c) as he described it and to use it alone and to end the description after the word law. It would then read, "Any research the federal funding of which would be contrary to federal laws." His rationale was that if at some point in the future federal law would become more permissive regarding the use of embryonic tissue, they would want their researchers to benefit from that shift in policy. He said the other paragraphs under (b) and (a) are acceptable in the versions that include the references to state supported hospitals or their clinics and state sponsored research institutions. Then if the law was loosened, we could take advantage of it and would not be locked into the stricter version. Representative Burroughs asked about what Missouri is using for guidelines and law for stem cell research. Chairman Wilk said this would be researched and hopefully could help the committee make a decision.

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Representative Brunk also said he wants language from Missouri. The Chair said the committee would come back to this issue later. He thanked both Mr. Robinson and Dr. Edge.

Chairman Wilk recognized Ms. Rebecca Floyd, Counsel for Kansas Development Finance Authority (KDFFA), who explained the amendments they would like. Ms. Floyd first addressed the committee using a different document which was confusing. Finally, Ms. Floyd used the same copy of the draft the committee received as their handout. The following changes were addressed:

- Page 2, line 33, delete from the word purposes through the rest of the paragraph through line 38.
- Page 3, line 7, delete and “Bonds” through line 11. Add “has the same meaning as in K.S.A. 74-890w, and amendments thereto.
- Page 4, add (w) “Bioscience research institutions” means all state universities and colleges located in the state of Kansas conducting bioscience research after line 15 (v).
- Page 7, line 3 and 4, Delete “The president, as a member of the board, may not vote on the president’s salary as president.”
- Page 7, line 9, substitute the words, “debts or obligations” for the word “bonds.”
- Page 14, line 8 through page 18, line 13, New Sec. 10. Delete all of New Sec. 10 and see attached New Sec. 10.
- Page 22, line 17, 18, 19, 20, 34, 39, 43, and Page 23, line 1, substitute the words, “bioscience development and” for “emerging industry investment act.
- Page 24, line 21, substitute the words, “bioscience development and” for “emerging industry investment act.
- Page 24, line 26. Beginning with Sec. 24, delete all of Sec. 24 on pages 25, 26, and 27 to line 38. Renumber the remaining sections accordingly.
- Page 28, lines 29-34, beginning with and. This refers to the NAICS codes.
- Page 31, line 6, after the word “district,” add the words, “and the Kansas development finance authority.”
- Page 32, line 36, after the word “district,” add the words, “and the Kansas development finance authority.
- Page 33, line 18-21, delete “shall have the power to issue special obligation bonds in one or more series to finance the undertaking of any bioscience development project in accordance with the provisions of this act.” Insert the following: “is hereby authorized to issue special obligation bonds pursuant to K.S.A. 74-8901 et seq., and amendments thereto, to in one or more series to finance the undertaking of any bioscience development project in accordance with the provisions of this act. No special obligation bonds may be issued pursuant to this section unless the Kansas development finance authority has received a resolution of the board of the authority requesting the issuance of such bonds.”
- Page 33, line 22. At the end of the sentence, add the following: “from one or more of the following, as directed by the authority.”
- Page 34, line 29, remove the word “such” and insert “the bioscience development bond fund or other available.
- Page 34, line 34, after resolution, insert “of the Kansas development finance authority.”
- Page 34, line 41, after the last word, “acts,” insert “and sub-accounts may be created for each bioscience development project or portion thereof.”
- Page 35, line 1, after the word, “district,” insert “including principal and interest on special obligation bonds or other obligations issued by the Kansas development finance authority to finance in whole or in part, a bioscience development.” (Attachment 6)

The Chairman thanked Ms. Floyd, and he thanked the Committee for their indulgence. He also thanked Mr. Norm Furse for attending the meeting and advising the Committee.

Representative Gordon made a motion to approve the minutes of the February 12, 2004, meeting. Representative Burroughs seconded. Motion passed.

The meeting adjourned at 5:45 pm.

HOUSE ECONOMIC DEVELOPMENT COMMITTEE  
GUEST LIST

DATE: Tuesday, February 17, 2004

NAME	REPRESENTING
JOHN DOUGHERTY	ESU
Rebecca Floyd	KDFA
Tracy Taylor	KTEC
Julie Edges	Inside Edges Solutions LLC
Michael Peck	KTEC
Patty Clark	KDOC
LARRY R BAER	LKM
Dan Denney	UB Wy Co/KCIC
Math Jordan	Commerce
Don Caches	GBBA
Mike Farmer	Kansas Catholic Conference
Hugh White	KFB
Reggie Robinson	Board of Regents
Patty Dameron	KCA Chamber
Andy Mah	Discover! Strategies
Michael Farnsey	KTEC
Steve Holt	KIDAR
Joan Wagoner	KIDAR
Charlie Kell	Hein Law Firm

Robert Carr

KDOR

HB NO. 2647 CONTENTS

Parts of the Acts

Bioscience Authority Act, sections 1 through 18  
Emerging Industry Investment Act, sections 19 through 22.  
Bioscience Development Finance Act, sections 25 through 32.  
Bioscience Tax Investment Incentive Act, sections 33 through 36.  
Bioscience Research and Development Voucher Program Act, sections 37 through 43.  
Bioscience Research Matching Funds Act, sections 44 through 52.

Funds

Bioscience Development and Investment Fund, section 22.  
Emerging Industry Investment Act Investment Fund, section 22.  
Bioscience Development Bond Fund, section 31.  
Bioscience Research and Development Voucher Fund, section 40.  
Bioscience Research Matching Fund, section 47.

Acronyms

“NAICS” means the North American Industry Classification System

“NISTAC” means the National Institute for Strategic Technology Acquisition and Commercialization

“SIC Codes” means the Standard Industrial Classification System promulgated by the United States Department of Labor

“NOL” means Net Operating Loss

“KTEC” means the Kansas Technology Enterprise Corporation

Prepared by Revisor of Statutes Office

House Economic Development  
2-17-04  
Attachment 1

1 and regulations.

2 New Sec. 53. If any provision of this act, or the acts contained in this  
3 act, or the application thereof is held invalid, the invalidity shall not affect  
4 other provisions or applications of the act, or the acts contained in this  
5 act, which can be given effect without the invalid provision or application,  
6 and to this end the provisions of this act, and the acts contained in this  
7 act, are severable.

8 ~~Sec. 54~~<sup>55</sup> K.S.A. 2003 Supp. 74-8017 and 74-8005 are hereby  
9 repealed.

10 Sec. ~~55~~<sup>56</sup> This act shall take effect and be in force from and after its  
11 publication in the statute book.

See attached Sec. 54

And by renumbering the sections accordingly

House Economic Development  
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Attachment 2

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New Sec. 54. (a) There is hereby established in the state treasury the bioscience research and development voucher -- federal fund for the purpose of providing matching federal moneys to enable bioscience companies to undertake authority approved bioscience research and development projects in partnership with Kansas universities.

(b) The bioscience research and development voucher -- federal fund shall receive all federal moneys obtained from federal sources for bioscience research and development.

(c) Federal moneys deposited in the bioscience research and development voucher -- federal fund shall be disbursed by the state treasurer with the consent of the chairperson of the authority.

(d) On or before the 10th day of each month, the director of accounts and reports shall transfer from the state general fund to the bioscience research and development voucher -- federal fund interest earnings based on the average daily balance of moneys in the bioscience research and development voucher -- federal fund for the preceding month.

Section of 2004

HOUSE BILL No. 2647

By Committee on Economic Development

1-29

AN ACT concerning bioscience; creating a Kansas bioscience authority and providing for the powers and duties thereof; providing for bioscience development and funding; amending K.S.A. 2003 Supp. 74-8017 and 74-8905 and repealing the existing sections.

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

New Section 1. Sections 1 to 18, inclusive, and amendments thereto, shall be known and may be cited as the bioscience authority act.

New Sec. 2. (a) The legislature of the state of Kansas hereby finds and declares that:

(1) Biosciences develop uses of biochemistry, molecular biology, genetics, biotechnology, bioengineering and life sciences to promote and enhance health care, veterinary medicine, agriculture, forestry, energy, pharmacy, environment and other industries in the state of Kansas;

(2) high-paying jobs and innovative commercial products ensue from the biosciences, which requires an educated workforce with advanced technical skills;

(3) the universities, colleges, nonprofit institutions and private enterprises in the state of Kansas will be able to further educate and train scientists, health care professionals and technicians to provide a supportive environment for bioscience research, development, testing and product commercialization activities through increased targeted investments;

(4) manufacturing, licensing and commercialization of products derived from the biosciences will benefit the state's economy and will facilitate the development of the bioscience industry and associated educational institutions in the state of Kansas;

(5) the mission of the Kansas bioscience authority is to make Kansas the most desirable state in which to conduct, facilitate, support, fund and perform bioscience research, development and commercialization, to make Kansas a national leader in bioscience, to create new jobs, foster economic growth, advance scientific knowledge and improve the quality of life for the citizens of the state of Kansas;

(6) the needs of the citizens of the state of Kansas and the public and private entities engaged in the biosciences will be best served by an independent public authority charged with the mission of facilitating, sup-

Approved amendments

As requested by the Department of Revenue, Kansas Farm Bureau, Kansas Agribusiness Retailers Association and Revisor's Office

[material within brackets would be deleted]

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B-2

(s) "State employee" means a person employed by the state of Kansas whether or not a classified or unclassified employee in the state personnel system. Authority employees shall not be considered state employees, as such term is defined in this act or in any other statute or rule and regulation.

(t) "Taxpayer" means a person, corporation, limited liability company, S corporation, partnership, registered limited liability partnership, foundation, association, nonprofit entity, sole proprietorship, business trust, group or other entity that is subject to the Kansas income tax act K.S.A. 79-3201 *et seq.*, and amendments thereto.

(u) "Technology transfer" means, without limitation, assisting with filing patent applications, executing licenses, paying maintenance fees and managing the finance, production, sales and marketing of bioscience intellectual property.

(v) "This act" means the bioscience authority act.

New Sec. 4. (a) There is hereby established a body politic and corporate, with corporate succession, to be known as the Kansas bioscience authority. The authority shall be an independent instrumentality of the state. Its exercise of the rights, powers and privileges conferred by this act shall be deemed and held to be the performance of an essential governmental function.

(b) In order to accelerate any and all synergy and opportunities for the growth of the authority, the authority shall be headquartered and establish its principal operation in the county in the state with the highest number of bioscience employees associated with bioscience companies as of the effective date of this act. The exact location of the authority's headquarters and principal operations in such county shall be at the discretion of the authority's board.

(c) The authority shall be governed by an eleven-member board. Nine of the members of the board shall be representatives of the general public who are recognized for outstanding knowledge and leadership in the fields of finance, business, bioscience, bioscience research, basic research, health care, legal affairs, bioscience manufacturing or product commercialization, education or government. Of the nine members representing the general public who are appointed to the board, five must be residents of the state. The other two members of the board shall be *ex officio* nonvoting members appointed by the Kansas board of regents.

(d) Of the nine members representing the general public who will be appointed to the authority's first board, two shall be appointed by the governor for a term of office of four years, two shall be appointed by the speaker of the house of representatives for a term of office of three years, two shall be appointed by the president of the senate for a term of office of three years, one shall be appointed by the minority leader of the house

One member of the board shall be an agricultural expert who is recognized for outstanding knowledge and leadership in the field of bioscience.

Eight  
plant biotechnology,

, one of which shall be the agricultural expert as authorized in subsection (c),

1 (1) The authority shall prepare an annual report to the legislature and  
 2 the governor on all distributions from the emerging industry investment  
 3 fund pursuant to the provisions of the emerging industry investment act  
 4 and income, investment and income tax credits and exemptions pursuant  
 5 to the bioscience tax investment incentive act. The authority shall prepare  
 6 an annual report summarizing the growth of bioscience research and in-  
 7 dustry in Kansas.

with assistance from the department of revenue

8 New Sec. 10. (a) (1) The Kansas development finance authority is  
 9 hereby authorized to issue bonds on behalf of the authority in such prin-  
 10 cipal amounts as the board decides are necessary to provide sufficient  
 11 funds for achieving any of the authority's purposes under this act, includ-  
 12 ing the payment of interest on bonds of the authority, the establishment  
 13 of reserves to secure such bonds, refunding any outstanding bonds and  
 14 all other expenditures of the authority incident to and necessary or con-  
 15 venient to carry out its purposes and powers under this act.

16 (2) Except as may otherwise be expressly provided by the board,  
 17 every issue of the authority's bonds shall be obligations of the authority  
 18 payable out of any revenues or moneys of the authority, subject only to  
 19 any agreements with the holders of particular bonds pledging any partic-  
 20 ular revenues.

21 (b) Except as otherwise provided in this act, bonds issued by the  
 22 Kansas development finance authority under authority of this act shall be  
 23 subject to the provisions of K.S.A. 74-8901 *et seq.* and amendments  
 24 thereto.

25 (c) Any resolution by the board authorizing any bonds or any issue  
 26 thereof by the Kansas development finance authority may contain such  
 27 provisions as deemed appropriate by the board for the purpose of carrying  
 28 out the authority's purposes under this act and securing such bonds,  
 29 which shall be a part of the contract with the holders thereof, including,  
 30 without limitation:

31 (1) Pledging all or any part of the revenues of the authority to secure  
 32 the payment of the bonds or of any issue thereof, subject to such agree-  
 33 ments with bondholders as may then exist;

34 (2) pledging all or any part of the assets of the authority to secure the  
 35 payment of the bonds or of any issue of bonds, subject to such agreements  
 36 with bondholders as may then exist, such assets to include any grant or  
 37 contribution from the Federal government or any corporation, associa-  
 38 tion, institution or person;

39 (3) the setting aside of reserves or sinking funds and the regulation  
 40 and disposition thereof;

41 (4) limitations on the purpose to which the proceeds of sale of bonds  
 42 may be applied and pledging such proceeds to secure the payment of the  
 43 bonds or of any issues thereof;

1 any other law of the state, and this act is cumulative to any such powers.  
 2 This act does and shall be construed to provide a complete, additional  
 3 and alternative method for the doing of the things authorized thereby  
 4 and shall be regarded as supplemental and additional to powers conferred  
 5 by other laws. The issuance of bonds under the provisions of this act,  
 6 however, need not comply with the requirements of any other state law  
 7 applicable to the issuance of bonds. No proceedings, notice or approval  
 8 shall be required for the issuance of any bonds or any instrument as  
 9 security therefor, except as is provided in this act.

10 (s) Any of the provisions relating to bonds described in this section  
 11 may be included in any contracts between the authority and the Kansas  
 12 development finance authority relating to obligations of the Kansas de-  
 13 velopment finance authority issued on behalf of the authority.

14 New Sec. 11. (a) The authority may employ such employees as it may  
 15 require and upon such terms and conditions as it may establish. The  
 16 authority shall establish personnel, payroll, benefit and other such systems  
 17 as authorized by the board, such systems to be initially established or  
 18 contracted as designated by the board. The authority shall determine the  
 19 qualifications and duties of its employees. The board shall develop and  
 20 adopt policies and procedures that will afford its employees grievance  
 21 rights, ensure that employment decisions shall be based upon merit and  
 22 fitness of applicants and shall prohibit discrimination because of race,  
 23 religion, color, sex or national origin.

24 (b) Nothing in this act or any act of which it is amendatory shall be  
 25 construed as placing any officer or employee of the authority or member  
 26 of the board in the classified or the unclassified service under the Kansas  
 27 civil service act.

28 (c) The authority is authorized to establish a health insurance plan  
 29 for the benefit of its employees.

30 New Sec. 12. The authority shall be exempt from any general ad  
 31 valorem taxes upon any property of the authority acquired and used for  
 32 its public purposes, and from any taxes or assessments upon any projects  
 33 or upon any operations of the authority or the income therefrom, and  
 34 from any taxes or assessments upon any project or any property or local  
 35 obligation acquired or used by the authority under the provisions of this  
 36 act or upon the income therefrom. Purchases by the authority to be used  
 37 for its public purposes shall not be subject to sales or use tax under K.S.A.  
 38 79-3601 *et seq.*, K.S.A. 79-3701 *et seq.* and subsection (b) of K.S.A. 79-  
 39 3606 *et seq.* and amendments thereto. The exemptions hereby granted  
 40 shall not extend to persons or entities conducting business on the au-  
 41 thority's property for which payment of state and local taxes would oth-  
 42 erwise be required.

43 New Sec. 13. Notwithstanding any other provision of law to the con-

real and personal property

1 New Sec. 19. Sections 19 to 22, inclusive, and amendments thereto.  
2 shall be known and may be cited as the emerging industry investment  
3 act.

4 New Sec. 20. The purpose of the emerging industry investment act  
5 is to foster the growth of the bioscience in Kansas, to make Kansas a  
6 national leader in bioscience, and to make Kansas a desirable location for  
7 bioscience entities to locate and grow. In so doing, the emerging industry  
8 investment act will foster employment, encourage research and devel-  
9 opment, investment in real property and improvements, investment in  
10 equipment and supplies, the employment of eminent scholars and rising  
11 star scholars by the state universities and the Kansas bioscience authority,  
12 or both, and will lead to bioscience discoveries and products.

13 New Sec. 21. As used in sections 19 to 22, inclusive, and amend-  
14 ments thereto, the following words and phrases have the following mean-  
15 ings unless a different meaning clearly appears from the content:

16 (a) "Authority" means the Kansas bioscience authority as created by  
17 section 4, and amendments thereto.

18 (b) "Base year taxation" means the ~~2004~~ taxes payable by all biosci-  
19 ence companies and bioscience research institutions currently located in  
20 or operating in the state, and for bioscience companies which locate in  
21 the state or commence operating in the state after the effective date of  
22 this act, the taxes payable in the year immediately preceding their location  
23 in the state or their commencement of operations in the state.

2003

24 (c) "Bioscience" means the use of compositions, methods and organ-  
25 isms in cellular and molecular research, development and manufacturing  
26 processes for such diverse areas as pharmaceuticals, medical therapeutics,  
27 medical diagnostics, medical devices, medical instruments, biochemistry,  
28 microbiology, veterinary medicine, plant biology, agriculture, industrial,  
29 environmental, and homeland security applications of bioscience and fu-  
30 ture developments in the biosciences. Bioscience includes biotechnology  
31 and life sciences.

32 (d) "Bioscience company" or "bioscience companies" means a cor-  
33 poration, limited liability company, S corporation, partnership, registered  
34 limited liability partnership, foundation, association, nonprofit entity, sole  
35 proprietorship, business trust, person, group or other entity that is en-  
36 gaged in the business of bioscience in the state and has business opera-  
37 tions in the state, including, without limitation, research, development or  
38 production directed towards developing or providing bioscience products  
39 or processes for specific commercial or public purposes and are identified  
40 by the following SIC industry groups or SIC codes (and/or related NAICS  
41 codes): ~~2833~~ (325411), ~~2834~~ (325412), ~~2835~~ (325412, 325413), ~~2836~~  
42 (325414), ~~2869~~ (325193, 325199), ~~2873~~ (325311), ~~2879~~ (32532), ~~3821~~  
43 (339111), ~~3826~~ (334516), ~~3841~~ (339111, 339112, 339113, 334510, 334517).

[NOTE] parentheses will be stricken in committee report

1 ~~§85~~ (339113, 339115), ~~§07~~ (621511, 621512), ~~§731~~ (54171), ~~§734~~  
 2 (54138, 54194).

3 (e) "Bioscience employee" means any employee, officer or director  
 4 of a bioscience company who is employed after the effective date of this  
 5 act and who is also a state taxpayer and any employee of state universities  
 6 who is associated with bioscience research after the effective date of this  
 7 act and who is also a state taxpayer.

8 (f) "Bioscience research" means any original investigation for the ad-  
 9 vancement of scientific or technological knowledge of bioscience and any  
 10 activity that seeks to utilize, synthesize, or apply existing knowledge, in-  
 11 formation or resources to the resolution of a specific problem, question  
 12 or issue of bioscience.

13 (g) "Bioscience research institutions" means all state universities and  
 14 colleges and private universities and colleges located in the state con-  
 15 ducting bioscience research.

16 (h) "Biotechnology" means those fields focusing on technological de-  
 17 velopments in such areas as molecular biology, genetic engineering, gen-  
 18 omics, proteomics, physiomics, nanotechnology, biodefense, biocomput-  
 19 ing and bioinformatics and future developments associated with  
 20 biotechnology.

21 (i) "Emerging industry investment act investment fund" means the  
 22 fund created by section 22, and amendments thereto.

23 (j) "Board" means the board of directors of the authority.

24 (k) "Eminent scholar" means world-class, distinguished and estab-  
 25 lished investigators recognized nationally for their research, achievements  
 26 and ability to garner significant federal funding on an annual basis. Em-  
 27 inent scholars are recognized for their scientific knowledge and entre-  
 28 preneurial spirit to enhance the innovative research that leads to eco-  
 29 nomic gains. Eminent scholars are either members of or likely candidates  
 30 for the national academy of sciences or other prominent national aca-  
 31 demic science organizations.

32 (l) "Life sciences" means, without limitation, the areas of medical  
 33 sciences, pharmaceutical sciences, biological sciences, zoology, botany,  
 34 horticulture, ecology, toxicology, organic chemistry, physical chemistry  
 35 and physiology and any future advances associated with the life sciences.

36 (m) "NAICS" means the north American industry classification  
 37 system.

38 (n) "Rising star scholar" means up-and-coming distinguished inves-  
 39 tigators growing in their national reputations in their fields, who are active  
 40 and demonstrate leadership in their associated professional societies, and  
 41 who attract significant federal research grant support. Rising star scholars  
 42 would be likely candidates for the national academy of science or other  
 43 prominent national academic science organizations in the future.

[NOTE] parentheses will be stricken in committee report

(o) "SIC industry groups" or "SIC codes" means the standard industrial classification system promulgated by the United States department of labor in the 1987 standard industrial classification manual, as may be amended or revised from time-to-time.

and by relettering the remaining subsections accordingly

(p) "State" means the state of Kansas.  
(q) "State income taxes" means all of the taxes levied pursuant to K.S.A. 79-3201 *et seq.* and amendments thereto.

(r) "State taxes" means all ~~of state~~ taxes on property, sales and use, ~~excise,~~ license, individual income tax and corporate net income tax pursuant to law.

except for property taxes levied for schools

(s) "Taxpayer" means a person, corporation, limited liability company, S corporation, partnership, registered limited liability partnership, foundation, association, nonprofit entity, sole proprietorship, business trust, group or other entity that is subject to the Kansas income tax act, K.S.A. 79-3201 *et seq.* and amendments thereto.

(t) "This act" means the emerging industry investment act.  
New Sec. 22. (a) The emerging industry investment act investment fund is hereby created. The emerging industry investment act investment fund shall not be a part of the state treasury and the funds in the emerging industry investment act investment fund shall belong exclusively to the authority.

bioscience development and

(b) Distributions from the emerging industry investment act investment fund shall be for the exclusive benefit of the authority, under the control of the board and used to fulfill the purpose, powers and duties of the authority pursuant to the provisions of section 1 *et seq.*, and amendments thereto.

(c) The secretary of revenue and the authority shall establish the base year taxation for all bioscience companies and state universities associated with bioscience research in the state. The secretary of revenue, the authority and the board of regents shall establish the number of bioscience employees associated with state universities and report annually and determine the taxation base annually.

bioscience development and  
as certified by the secretary of revenue

(d) For a period of 15 years from the effective date of this act, the state treasurer shall pay to the emerging industry investment act investment fund the state taxes in excess of the base year taxation from all bioscience companies.

(e) In addition, the state treasurer shall pay ~~all~~ revenue collected or received from state income taxes upon Kansas wages paid by bioscience employees to the emerging industry investment act investment fund. On or before the 10th day of each month, the director of accounts and reports shall transfer from the state general fund to the bioscience development and investment fund interest earnings based on:

annually, 95% of withholding above the base, as certified by the secretary of revenue  
bioscience development and

(1) The average daily balance of moneys in the emerging industry



1 investment act investment fund for the preceding month; and  
2 (2) the net earnings rate of the pooled money investment portfolio  
3 for the preceding month.

4 (f) State tax and bioscience employee income tax refunds and bal-  
5 ances due shall be reconciled on at least an annual basis by a method  
6 defined in an agreement between the secretary of revenue, state treasurer  
7 and the authority.

8 (g) ~~The division of post audit is hereby authorized to conduct a post~~  
9 ~~audit in accordance with the provisions of the state post audit act to K.S.A.~~  
10 ~~46-1106 et seq. and amendments thereto.~~

(f)

11 Sec. 23. K.S.A. 2003 Supp. 74-8017 is hereby amended to read as  
12 follows: 74-8017. On and after January 1, ~~2003~~ 2006, it shall be the duty  
13 of Kansas, Inc. to prepare an annual report evaluating the cost effective-  
14 ness of the various income tax credits and sales tax exemptions enacted  
15 to encourage economic development within this state and submit the  
16 same to the standing committees on taxation and economic development  
17 of the house and assessment and taxation and commerce of the senate at  
18 the beginning of each regular session of the legislature. The secretary of

2006

of the department of revenue

19 revenue, in consultation with the president of Kansas, Inc., shall develop  
20 a questionnaire on the utilization of state income tax credits and sales tax  
21 exemptions that shall be completed by all corporate taxpayers that: (1)  
22 Are subject to state income tax and (2) utilize any of the state income tax  
23 credits and exemptions described in subsections (a) through (j) below  
24 that shall be submitted to the department of revenue concurrently with  
25 the filing of an annual corporate income tax return. The secretary shall  
26 provide the completed questionnaires to Kansas, Inc. for use in the prep-  
27 aration of such annual report. The questionnaire shall require respon-  
28 dents to indicate utilization of the following credits and exemptions:

29 (a) Income tax credits authorized under the provisions of the job ex-  
30 pansion and investment credit act of 1976 and acts amendatory thereof  
31 and supplemental thereto;

32 (b) income tax credits for expenditures in research and development  
33 activities authorized by K.S.A. 79-32.182, and amendments thereto;

34 (c) income and financial institutions privilege tax credits for cash in-  
35 vestment in stock of Kansas Venture Capital, Inc. authorized by K.S.A.  
36 74-8205 and 74-8206, and amendments thereto;

37 (d) income tax credits for cash investment in certified Kansas venture  
38 capital companies authorized by K.S.A. 74-8304, and amendments  
39 thereto;

40 (e) income tax credits for cash investment in certified local seed cap-  
41 ital pools authorized by K.S.A. 74-8401, and amendments thereto;

42 (f) income tax credits for investment in the training and education of  
43 qualified firms' employees authorized by K.S.A. 74-50.132, and amend-

1 agents thereto:

2 (g) sales tax exemptions for property or services purchased for the  
3 purpose of and in conjunction with constructing, reconstructing, enlarg-  
4 ing or remodeling a business, or retail business meeting the requirements  
5 of K.S.A. 74-50,115, and amendments thereto, and machinery and equip-  
6 ment for installation at such business or retail business authorized by  
7 subsection (cc) of K.S.A. 79-3606, and amendments thereto;

8 (h) sales tax exemptions for machinery and equipment used directly  
9 and primarily for the purposes of manufacturing, assembling, processing,  
10 finishing, storing, warehousing or distributing articles of tangible personal  
11 property in this state intended for resale by a manufacturing or processing  
12 plant or facility or a storage, warehousing or distribution facility. The  
13 secretary of revenue shall provide the completed questionnaires and cop-  
14 ies of sales tax exemption certificates to Kansas, Inc. for the preparation  
15 of such report; ~~and~~

16 (i) distribution from the special economic revitalization fund pursuant  
17 to the provisions of the economic revitalization reinvestment act, K.S.A.  
18 2003 Supp. 74-50,136, and amendments thereto;

19 (j) *special obligation bonds authorized by K.S.A. 12-1774, and*  
20 *amendments thereto; and*

21 (k) *distribution from the emerging industry investment*  
22 *fund pursuant to the provisions of the emerging industry investment act,*  
23 *and amendments thereto, and income, investment and income tax credits*  
24 *and exemptions pursuant to the bioscience tax investment incentive act,*  
25 *and amendments thereto.*

26 Sec. 24. K.S.A. 2003 Supp. 74-8905 is hereby amended to read as  
27 follows: 74-8905 (a) The authority may issue bonds, either for a specific  
28 activity or on a pooled basis for a series of related or unrelated activities  
29 or projects duly authorized by a political subdivision or group of political  
30 subdivisions of the state in amounts determined by the authority for the  
31 purpose of financing projects of statewide as well as local importance as  
32 defined pursuant to K.S.A. 12-1744, and amendments thereto, capital  
33 improvement facilities, educational facilities, health care facilities and  
34 housing developments. Nothing in this act shall be construed to authorize  
35 the authority to issue bonds or use the proceeds thereof to:

36 (1) Purchase, condemn or otherwise acquire a utility plant or distri-  
37 bution system owned or operated by a regulated public utility;

38 (2) finance any capital improvement facilities, educational facilities or  
39 health care facilities which may be financed by the issuance of general  
40 obligation or utility revenue bonds of a political subdivision, except that  
41 the acquisition by the authority of general obligation or utility revenue  
42 bonds issued by political subdivisions with the proceeds of pooled bonds  
43 shall not violate the provisions of the foregoing; or

1 bioscience entities to locate and grow. In so doing, the Kansas bioscience  
2 development financing act will foster employment, encourage research  
3 and development, investment in real property and improvements, in-  
4 vestment in equipment and supplies and lead to bioscience discoveries  
5 and products.

6 ~~□ New Sec. 27. As used in sections 25 to 32, inclusive, and amend-  
7 ments thereto, the following words and phrases have the following mean-  
8 ings unless a different meaning clearly appears from the content:~~

9 ~~(a) "Authority" means the Kansas bioscience authority as created by  
10 section 4, and amendments thereto.~~

11 ~~(b) "Base year assessed valuation" means the assessed valuation of all  
12 real property within the boundaries of a redevelopment district on the  
13 date the redevelopment district was established.~~

14 ~~(c) "Bioscience" means the use of compositions, methods and organ-  
15 isms in cellular and molecular research, development and manufacturing  
16 processes for such diverse areas as pharmaceuticals, medical therapeutics,  
17 medical diagnostics, medical devices, medical instruments, biochemistry,  
18 microbiology, veterinary medicine, plant biology, agriculture, industrial  
19 environmental and homeland security applications of bioscience and fu-  
20 ture developments in the biosciences. Bioscience includes biotechnology  
21 and life sciences.~~

22 ~~(d) "Bioscience company" means a corporation, limited liability com-  
23 pany, S corporation, partnership, registered limited liability partnership,  
24 foundation, association, nonprofit entity, sole proprietorship, business  
25 trust, person, group or other entity that is engaged in the business of  
26 bioscience in the state and has business operations in the state, including,  
27 without limitation, research, development or production directed towards  
28 developing or providing bioscience products or processes for specific  
29 commercial or public purposes and are identified by the following SIC  
30 industry groups or SIC codes: (and/or related NAICS codes): 2833  
31 (325411), 2834 (325412), 2835 (325412, 325413), 2836 (325414), 2869  
32 (325193, 325199), 2873 (325311), 2879 (32532), 3521 (339111), 3526  
33 (334516), 384 (339111, 339112, 339113, 334510, 334517), 3851 (339113,  
34 339115), 807 (621511, 621512), 8731 (54171), 8734 (54138, 54194).~~

35 ~~(e) "Bioscience development area" means an area that:~~

36 ~~(1) is or shall be owned, operated, or leased by, or otherwise under  
37 the control of the authority;~~

38 ~~(2) is or shall be used and maintained by a bioscience company; or~~

39 ~~(3) includes a bioscience facility.~~

40 ~~(f) "Bioscience development district" means the specific area, created  
41 under section 2S, and amendments thereto, where one or more biosci-  
42 ence development projects may be undertaken.~~

43 ~~(g) "Bioscience development project" means an approved project to~~ □

Amendments adopted to here

1 implement a project plan in a bioscience development district.

2 (h) "Bioscience development project costs" or "project costs" means  
3 those costs necessary to implement a project plan, including, without  
4 limitation, costs incurred for:

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

24 (i) "Bioscience development project plan" or "project plan" means  
25 the plan adopted by the authority for a bioscience development project  
26 pursuant to section 28, and amendments thereto, in a bioscience devel-

27 opment district.  
28 (j) "Bioscience facility" means real property and all improvements  
29 thereof used to conduct bioscience research, including, without limita-

30 tion, laboratory space, incubator space, office space and any and all fa-  
31 cilities directly related and necessary to the operation of a bioscience  
32 facility.

33 (k) "Bioscience project area" or "project area" means an area desig-  
34 nated by the authority within a bioscience development district.

35 (l) "Biotechnology" means those fields focusing on technological de-  
36 velopments in such areas as molecular biology, genetic engineering, gen-  
37 omics, proteomics, physiomics, nanotechnology, biodefense, biocomput-  
38 ing, bioinformatics and future developments associated with  
39 biotechnology.

40 (m) "Board" means the board of directors of the authority.

41 (n) "De minimus" means an amount less than 15% of the land area  
42 within a redevelopment district.

43 (o) "Feasibility study" means a study that shows whether a bioscience

1 development project's benefits and tax increment revenue and other  
 2 available revenues are expected to exceed or be sufficient to pay for the  
 3 bioscience development project costs.

4 (p) "Life sciences" means the areas of medical sciences, pharmaceu-  
 5 tical sciences, biological sciences, zoology, botany, horticulture, ecology,  
 6 toxicology, organic chemistry, physical chemistry, physiology and any fu-  
 7 ture advances associated with life sciences.

8 (q) "NAICS" means the north American industry classification  
 9 system.

10 (r) "Real property taxes" means all taxes levied on an ad valorem basis  
 11 upon land and improvements thereon.

12 (s) "SIC industry groups" or "SIC codes" means the standard indus-  
 13 trial classification system promulgated by the United States department  
 14 of labor in the 1987 standard industrial classification manual, as may be  
 15 amended or revised from time-to-time.

16 (t) "Substantial change" means, as applicable, a change wherein the  
 17 proposed plan or plans differ substantially from the intended purpose for  
 18 which the project plan was approved.

19 (u) "Revenue increase" means that amount of real property taxes col-  
 20 lected from real property located within the bioscience development dis-  
 21 trict that is in excess of the amount of real property taxes which is col-  
 22 lected from the base year assessed valuation.

23 (v) "Taxing subdivision" means the county, city, unified school district  
 24 and any other taxing agency levying real property taxes, the territory or  
 25 jurisdiction of which includes any currently existing or subsequently cre-  
 26 ated bioscience development district.

27 (w) "Taxpayer" means a person, corporation, limited liability com-  
 28 pany, S corporation, partnership, registered limited liability partnership,  
 29 foundation, association, nonprofit entity, sole proprietorship, business  
 30 trust, group or other entity that is subject to the Kansas income tax act  
 31 K.S.A. 79-3201 *et seq.* and amendments thereto.

32 (x) "This act" means the bioscience development financing act.

33 New Sec. 28. (a) When the authority is considering establishment of  
 34 a bioscience development district, the board shall adopt a resolution stat-  
 35 ing this intention. Such resolution shall:

36 (1) Give notice that a public hearing will be held to consider the  
 37 establishment of a bioscience development district and fix the date, hour  
 38 and place of such public hearing;

39 (2) describe the proposed boundaries of the bioscience development  
 40 district; and

41 (3) state that a description and map of the proposed bioscience de-  
 42 velopment district are available for inspection at a time and place  
 43 designated.

(b) A copy of the resolution providing for the public hearing shall be by certified mail, return receipt requested sent to the city, if the property is within the boundaries of an incorporated city, board of county commissioners of the county and the board of education of any school district levying taxes on property within the proposed bioscience development district. Copies also shall be sent by certified mail, return receipt requested to each owner and occupant of land within the proposed bioscience development district not more than 10 days following the date of the adoption of the resolution by the board. The resolution shall be published once in both the official city and county newspaper not less than one week nor more than two weeks preceding the date fixed for the public hearing. A sketch clearly delineating the area in sufficient detail to advise the reader of the particular land proposed to be included within the bioscience development district shall be published with the resolution.

(c) Upon the conclusion of the public hearing, the board may pass a resolution establishing a bioscience development district. Such resolution shall:

(1) Make a finding that: (A) The area satisfies the definition of a bioscience development area; and (B) the creation of a bioscience development district in this area will contribute to the development of bioscience in the state.

(2) The boundaries of such bioscience development district shall not include any area not designated in the notice required by subsection (b) above.

(d) Any addition of any area to the bioscience development district shall be subject to the same procedure for public notice and hearing as is required for the establishment of the bioscience development district. The base year assessed valuation of the bioscience development district following the addition of a bioscience development area shall be revised to reflect the base year assessed valuation of the original area and the added bioscience development area as of the date of the original establishment of the bioscience development district.

(e) The authority may remove real property from a bioscience development district by a resolution of the board. If more than a de minimus amount of real property is removed from a bioscience development district, the base year assessed valuation of the bioscience development district shall be revised to reflect the base year assessed valuation of the remaining real property as of the date of the original establishment of the bioscience development district.

(f) The authority may divide the real property in a bioscience development district into separate bioscience development districts. The base year assessed valuation of each resulting bioscience development district following such division of real property shall be revised to reflect the base

(d) In creating a bioscience development district, eminent domain shall not be used to acquire agricultural land.

And by relettering the remaining subsections accordingly.

1 (k) A copy of the resolution providing for the public hearing shall be  
 2 by certified mail, return receipt requested sent to the city, if the property  
 3 is within the boundaries of an incorporated city, board of county com-  
 4 missioners of the county and the board of education of any school district  
 5 levying taxes on property within the proposed bioscience development  
 6 district. Copies also shall be sent by certified mail, return receipt re-  
 7 quested to each owner and occupant of land within the proposed biosci-  
 8 ence development district not more than 10 days following the date of  
 9 the adoption of the resolution by the board. The resolution shall be pub-  
 10 lished once in both the official city and county newspaper not less than  
 11 one week nor more than two weeks preceding the date fixed for the public  
 12 hearing. A sketch clearly delineating the area in sufficient detail to advise  
 13 the reader of the particular land proposed to be included within the bi-  
 14 oscience development district shall be published with the resolution.

15 (c) Upon the conclusion of the public hearing, the board may pass a  
 16 resolution establishing a bioscience development district. Such resolution  
 17 shall:

18 (1) Make a finding that: (A) The area satisfies the definition of a  
 19 bioscience development area; and (B) the creation of a bioscience devel-  
 20 opment district in this area will contribute to the development of biosci-  
 21 ence in the state.

22 (2) The boundaries of such bioscience development district shall not  
 23 include any area not designated in the notice required by subsection (b)  
 24 above.

25 (d) Any addition of any area to the bioscience development district  
 26 shall be subject to the same procedure for public notice and hearing as  
 27 is required for the establishment of the bioscience development district.  
 28 The base year assessed valuation of the bioscience development district  
 29 following the addition of a bioscience development area shall be revised  
 30 to reflect the base year assessed valuation of the original area and the  
 31 added bioscience development area as of the date of the original estab-  
 32 lishment of the bioscience development district.

33 (e) The authority may remove real property from a bioscience devel-  
 34 opment district by a resolution of the board. If more than a de minimus  
 35 amount of real property is removed from a bioscience development dis-  
 36 trict, the base year assessed valuation of the bioscience development dis-  
 37 trict shall be revised to reflect the base year assessed valuation of the  
 38 remaining real property as of the date of the original establishment of the  
 39 bioscience development district.

40 (f) The authority may divide the real property in a bioscience devel-  
 41 opment district into separate bioscience development districts. The base  
 42 year assessed valuation of each resulting bioscience development district  
 43 following such division of real property shall be revised to reflect the base

1 near assessed valuation of the area of each resulting bioscience develop-  
2 ment district as of the date of the original establishment of the bioscience  
3 development district. Any division of real property within a bioscience  
4 development district into more than one bioscience development district  
5 shall be subject to the same procedure or public notice and hearing as is  
6 required for the establishment of the bioscience development district.

7 New Sec. 29. (a) One or more bioscience development projects may  
8 be undertaken within an established bioscience development district.  
9 When proposing to undertake a bioscience development project within a  
10 bioscience development district, the authority shall prepare a project  
11 plan. Any such bioscience development project plan may be implemented  
12 in separate development stages. The project plan shall include:

13 (1) A summary of the feasibility study;

14 (2) a description and map of the bioscience project area to be  
15 developed;

16 (3) a detailed description of the buildings and facilities proposed to  
17 be constructed or improved in such bioscience project area; and

18 (4) any other information that the authority deems necessary to advise  
19 the public of the intent of the project plan.

20 (b) When the authority intends to establish a bioscience development  
21 project plan, the board shall adopt a resolution stating this intention. Such  
22 resolution shall:

23 (1) Give notice that a public hearing will be held to consider the  
24 establishment of a bioscience development project plan and fix the date,  
25 hour and place of such public hearing;

26 (2) designate a time and place that a description and map of the  
27 proposed bioscience development district are available to the public for  
28 inspection; and

29 (3) state that the project plan, including a summary of the feasibility  
30 study, and a description and map of the bioscience project area to be  
31 developed are available for inspection upon request from the authority.

32 (c) A copy of the resolution providing for the public hearing shall be  
33 by certified mail, return receipt requested sent to the city, if the property  
34 is within the boundaries of an incorporated city, board of county com-  
35 missioners of the county and the board of education of any school district  
36 levying taxes on property within the bioscience development district.  
37 Copies also shall be sent by certified mail, return receipt requested to  
38 each owner and occupant of land within the bioscience development dis-  
39 trict not more than 10 days following the date of the adoption of the  
40 resolution by the board. The resolution shall be published once in both  
41 the official city and county newspaper not less than one week nor more  
42 than two weeks preceding the date fixed for the public hearing. A sketch  
43 clearly delineating the area in sufficient detail to advise the reader of the



1 particular land proposed to be included within the project area shall be  
2 published with the resolution.

3 (d) At the public hearing, a representative of the bioscience devel-  
4 opment district shall present the proposed project plan. Following the  
5 presentation of the project plan, all interested persons shall be given an  
6 opportunity to be heard. The authority for good cause shown may recess  
7 such hearing until another time and date, which shall be fixed in the  
8 presence of persons in attendance at the hearing.

9 (e) The public hearing records and feasibility study shall be subject  
10 to the Kansas open records act, K.S.A. 45-215 and amendments thereto.

11 (f) After the public hearing, the authority may adopt the project plan  
12 by resolution passed by the board.

13 (g) Any substantial change to the project plan as adopted shall be  
14 subject to a public hearing following publication of notice thereof at least  
15 twice in the official newspaper.

16 (h) Any bioscience development project shall be completed within 20  
17 years from the date of the approval of the project plan.

See attached Sec. 27, Sec. 28 and Sec. 29

18 New Sec. 30. (a) The Kansas development finance authority shall  
19 have the power to issue special obligation bonds in one or more series to  
20 finance the undertaking of any bioscience development project in ac-  
21 cordance with the provisions of this act. Such special obligation bonds  
22 shall be made payable, both as to principal and interest:

23 (1) From ad valorem tax increments allocated to, and paid into the  
24 bioscience development bond fund for the payment of the bioscience  
25 development project costs under the provisions of this section;

26 (2) from any private sources, contributions or other financial assis-  
27 tance from the state or federal government;

28 (3) from a pledge of a portion or all of the revenue received from  
29 transient guest, sales and use taxes collected pursuant to K.S.A. 12-1696  
30 et seq., 79-3601 et seq., 79-3701 et seq. and 12-187 et seq., and amend-  
31 ments thereto, and which are collected from taxpayers doing business  
32 within that portion of the bioscience development district and paid into  
33 the bioscience development bond fund;

34 (4) from a pledge of a portion or all increased revenue received by  
35 any city from franchise fees collected from utilities and other businesses  
36 using public right-of-way within the bioscience development district; or

37 (5) by any combination of these methods.

38 (b) All tangible taxable property located within a bioscience devel-  
39 opment district shall be assessed and taxed for ad valorem tax purposes  
40 pursuant to law in the same manner that such property would be assessed  
41 and taxed if located outside such district, and all ad valorem taxes levied  
42 on such property shall be paid to and collected by the county treasurer  
43 in the same manner as other taxes are paid and collected. Except as

Sec. 27. K.S.A. 2003 Supp. 12-1770a 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 or bioscience development 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 or bioscience development 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 or bioscience development project 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 except for property taxes levied for schools.

(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.

(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 including a bioscience development 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 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" 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.

(gg) "Bioscience" means the use of compositions, methods and organisms in cellular and molecular research, development and manufacturing processes for such diverse areas as pharmaceuticals, medical therapeutics, medical diagnostics, medical devices, medical instruments, biochemistry, microbiology, veterinary medicine, plant biology, agriculture, industrial environmental and homeland security applications of bioscience and future developments in the biosciences. Bioscience includes biotechnology and life sciences.

(hh) "Bioscience development area" means an area that:

(1) Is or shall be owned, operated, or leased by, or otherwise under the control of the Kansas bioscience authority;

(2) is or shall be used and maintained by a bioscience company; or

(3) includes a bioscience facility.

(ii) "Bioscience development district" means the specific area, created under section 28, and amendments thereto, where one or more bioscience development projects may be undertaken.

(jj) "Bioscience development project" means an approved project to implement a project plan in a bioscience development district.

(kk) "Bioscience development project plan" or "project plan"

means the plan adopted by the authority for a bioscience development project pursuant to section 28, and amendments thereto, in a bioscience development district.

(ll) "Bioscience facility" means real property and all improvements thereof used to conduct bioscience research, including, without limitation, laboratory space, incubator space, office space and any and all facilities directly related and necessary to the operation of a bioscience facility.

(mm) "Bioscience project area" or "project area" means an area designated by the authority within a bioscience development district.

(nn) "Biotechnology" means those fields focusing on technological developments in such area as molecular biology, genetic engineering, genomics, proteomics, physiomics, nanotechnology, biodefense, biocomputing, bioinformatics and future developments associated with biotechnology.

(oo) "Board" means the board of directors of the Kansas bioscience authority.

(pp) "Life sciences" means the areas of medical sciences, pharmaceutical sciences, biological sciences, zoology, botany, horticulture, ecology, toxicology, organic chemistry, physical chemistry, physiology and any future advances associated with life sciences.

(qq) "Revenue increase" means that amount of real property taxes collected from real property located within the bioscience development district that is in excess of the amount of real

property taxes which is collected from the base year assessed valuation.

(rr) "Taxpayer" means a person, corporation, limited liability company, S corporation, partnership, registered limited liability partnership, foundation, association, nonprofit entity, sole proprietorship, business trust, group or other entity that is subject to the Kansas income tax act K.S.A. 79-3201 et seq., and amendments thereto.

Sec. 28. K.S.A. 12-1771 is hereby amended to read as follows: 12-1771. (a) Resolution procedure for a redevelopment district. Any city proposing to establish a redevelopment district within an eligible area shall adopt a resolution stating that the city is considering the establishment of a redevelopment district or when the Kansas bioscience authority proposes to establish a bioscience development district. Such resolution shall:

(1) Give notice that a public hearing will be held to consider the establishment of a redevelopment or bioscience development district and fix the date, hour and place of such public hearing;

(2) describe the proposed boundaries of the redevelopment or bioscience development district;

(3) describe the district plan;

(4) state that a description and map of the proposed redevelopment or bioscience development district are available for inspection at a time and place designated;

(5) state that the governing body will consider findings necessary for the establishment of a redevelopment or bioscience development district.

Notice shall be given as provided in subsection (b) of K.S.A. 12-1772, and amendments thereto.

(b) Posthearing procedure. Upon the conclusion of the public hearing, the governing body may pass an ordinance. Such (1) An ordinance for a redevelopment district shall: ~~(1)~~ (A) Make a ~~finding~~ findings that: ~~(A)~~ the redevelopment district proposed to be developed is an eligible area; and ~~(B)~~ the conservation, development or redevelopment of such area is necessary to promote the general and economic welfare of the city; ~~(2)~~ (B) contain the district plan as approved; and ~~(3)~~ (C) contain the legal description of the redevelopment district and may establish the redevelopment district. Such ordinance shall contain a district plan that identifies all of the proposed redevelopment project areas and identifies in a general manner all of the buildings and facilities that are proposed to be constructed or improved in each redevelopment project area. The boundaries of such district shall not include any area not designated in the notice required by subsection (a).

(2) An ordinance for a bioscience development district shall make findings that the area satisfies the definition of a bioscience area and the creation of a bioscience district will contribute to the development of bioscience in the state and promote the general and economic welfare of the city. Such

ordinance shall also contain the district plan as approved and contain the legal description of the bioscience development district. Such ordinance shall contain a development district plan that identifies all of the proposed bioscience development project areas and identifies in a general manner all of the buildings and facilities that are proposed to be constructed or improved in each bioscience development project area. The boundaries of such district shall not include any area not designated in the notice required by subsection (a). No bioscience development district shall be established without the approval of the bioscience authority.

(c) The governing body of a city may establish a redevelopment <sup>0</sup> ~~and,~~ <sup>at city will</sup> with the bioscience authority's approval, a bioscience development district within that city. Such city may establish a district inclusive of land outside the boundaries of the city upon written consent of the board of county commissioners. Prior to providing written consent, the board of county commissioners shall be subject to the same procedure for public notice and hearing as is required of a city pursuant to subsection (a) for the establishment of a redevelopment or bioscience development district. One or more redevelopment or bioscience development projects may be undertaken by a city within a redevelopment or bioscience development district after such redevelopment or bioscience development district has been established in the manner provided by this section.

(d) No privately owned property subject to ad valorem taxes

shall be acquired and redeveloped under the provisions of K.S.A. 12-1770 et seq., and amendments thereto, if the board of county commissioners or the board of education levying taxes on such property determines by resolution adopted within 30 days following the conclusion of the hearing for the establishment of the redevelopment or bioscience development district required by subsection (b) that the proposed redevelopment or bioscience development district will have an adverse effect on such county or school district. The board of county commissioners or board of education shall deliver a copy of such resolution to the city. The city shall within 30 days of receipt of such resolution pass an ordinance terminating the redevelopment or bioscience development district.

(e) Addition to area; substantial change. Any addition of area to the redevelopment or bioscience development district or any substantial change as defined in K.S.A. 12-1770a, and amendments thereto, to the district plan shall be subject to the same procedure for public notice and hearing as is required for the establishment of the district.

(f) Any addition of any area to the redevelopment or bioscience development district shall be subject to the same procedure for public notice and hearing as is required for the establishment of the redevelopment or bioscience development district. The base year assessed valuation of the redevelopment or bioscience development district following the addition of area shall be revised to reflect the base year assessed valuation of

the original area and the added area as of the date of the original establishment of the redevelopment or bioscience development district.

(g) A city may remove real property from a redevelopment or bioscience development district by an ordinance of the governing body. If more than a de minimus amount of real property is removed from a redevelopment or bioscience development district, the base year assessed valuation of the redevelopment or bioscience development district shall be revised to reflect the base year assessed valuation of the remaining real property as of the date of the original establishment of the redevelopment or bioscience development district.

(h) A city may divide the real property in a redevelopment or bioscience development district, including real property in different redevelopment or bioscience development project areas within a redevelopment or bioscience development district, into separate redevelopment or bioscience development districts. The base year assessed valuation of each resulting redevelopment or bioscience development district following such division of real property shall be revised to reflect the base year assessed valuation of the area of each resulting redevelopment or bioscience development district as of the date of the original establishment of the redevelopment or bioscience development district. Any division of real property within a redevelopment or bioscience development district into more than one redevelopment or bioscience development district shall be subject to the same



procedure or public notice and hearing as is required for the establishment of the redevelopment or bioscience development district.

(i) If a city has undertaken a redevelopment or bioscience development project within a redevelopment district, and either the city wishes to subsequently remove more than a de minimus amount of real property from the redevelopment or bioscience development district or the city wishes to subsequently divide the real property in the redevelopment or bioscience development district into more than one redevelopment district, then prior to any such removal or division the city must provide a feasibility study which shows that the tax increment revenue from the resulting redevelopment or bioscience development district within which the redevelopment or bioscience development project is located is expected to be sufficient to pay the redevelopment or bioscience development project costs.

(j) Removal of real property from one redevelopment or bioscience development district and addition of all or a portion of that real property to another redevelopment or bioscience development district may be accomplished by the adoption of an ordinance and in such event the determination of the existence or nonexistence of an adverse effect on the county or school district under subsection (d) shall apply to both such removal and such addition of real property to a redevelopment or bioscience development district.

(k) Any addition to, removal from or division of real

property or a substantial change as defined in K.S.A. 12-1770a, and amendments thereto, to a bioscience development district may be made only with the approval of the bioscience authority.

Sec. 29. K.S.A. 12-1772 is hereby amended to read as follows: 12-1772.

(a) Redevelopment projects. One or more redevelopment or bioscience development projects may be undertaken by a city within an established redevelopment or bioscience development district. Any such project plan may be implemented in separate development stages. Any city proposing to undertake a redevelopment or bioscience development project within a redevelopment or bioscience development district established pursuant to K.S.A. 12-1771, and amendments thereto, shall prepare a project plan in consultation with the planning commission of the city and, in the case of a bioscience development district, with the approval of the bioscience authority. The project plan shall include:

(1) A summary of the feasibility study done as defined in K.S.A. 12-1770a, and amendments thereto, which will be an open record;

(2) a reference to the district plan established under K.S.A. 12-1771, and amendments thereto, that identifies the redevelopment or bioscience development project area that is set forth in the project plan that is being considered;

(3) a description and map of the redevelopment or bioscience development project area to be redeveloped;

(4) the relocation assistance plan required by K.S.A. 12-1777, and amendments thereto;

(5) a detailed description of the buildings and facilities proposed to be constructed or improved in such area; and

(6) any other information the governing body deems necessary to advise the public of the intent of the project plan.

(b) Resolution requirements. A copy of the redevelopment or bioscience development project plan shall be delivered to the board of county commissioners of the county and the board of education of any school district levying taxes on property within the proposed redevelopment or bioscience development project area. Upon a finding by the planning commission that the project plan is consistent with the intent of the comprehensive plan for the development of the city, the governing body of the city shall adopt a resolution stating that the city is considering the adoption of the project plan. Such resolution shall:

(1) Give notice that a public hearing will be held to consider the adoption of the redevelopment or bioscience development project plan and fix the date, hour and place of such public hearing;

(2) describe the boundaries of the redevelopment or bioscience development district within which the redevelopment or bioscience development project will be located and the date of establishment of such district;

(3) describe the boundaries of the area proposed to be included within the redevelopment or bioscience development

project area; and

(4) state that the project plan, including a summary of the feasibility study, relocation assistance plan and financial guarantees of the prospective developer and a description and map of the area to be redeveloped or developed are available for inspection during regular office hours in the office of the city clerk.

Except as provided in paragraph (3) of subsection (b) of K.S.A. 12-1774, and amendments thereto, if the governing body determines that it may issue full faith and credit tax increment bonds to finance the redevelopment or bioscience development project, in whole or in part, the resolution also shall include notice thereof.

(c) (1) Hearing. The date fixed for the public hearing shall be not less than 30 nor more than 70 days following the date of the adoption of the resolution fixing the date of the hearing.

(2) A copy of the resolution providing for the public hearing shall be by certified mail, return receipt requested sent to the board of county commissioners of the county and the board of education of any school district levying taxes on property within the proposed redevelopment or bioscience development project area. Copies also shall be sent by certified mail, return receipt requested to each owner and occupant of land within the proposed redevelopment or bioscience development project area not more than 10 days following the date of the adoption of the resolution. The resolution shall be published once in the

official city newspaper not less than one week nor more than two weeks preceding the date fixed for the public hearing. A sketch clearly delineating the area in sufficient detail to advise the reader of the particular land proposed to be included within the project area shall be published with the resolution.

(3) At the public hearing, a representative of the city shall present the city's proposed project plan and a representative of the Kansas bioscience authority if the hearing is for a proposed bioscience development project. Following the presentation of the project plan, all interested persons shall be given an opportunity to be heard. The governing body for good cause shown may recess such hearing to a time and date certain, which shall be fixed in the presence of persons in attendance at the hearing.

(d) The public hearing records and feasibility study shall be subject to the open records act, K.S.A. 45-215, and amendments thereto.

(e) Posthearing procedure. Following the public hearing, the governing body may adopt the project plan by ordinance passed upon a 2/3 vote and, in the case of a bioscience project plan, with the approval of the bioscience authority.

(f) Any substantial changes as defined in K.S.A. 12-1770a, and amendments thereto, to the project plan as adopted shall be subject to a public hearing following publication of notice thereof at least twice in the official city newspaper.

(g) Any project shall be completed within 20 years from the date of the approval of the project plan.

Amendments adopted from here

1 otherwise provided in this section, the county treasurer shall distribute  
2 such taxes as may be collected in the same manner as if such property  
3 were located outside a bioscience development district. Each bioscience  
4 development district established under the provisions of this act shall  
5 constitute a separate taxing unit for the purpose of the computation and  
6 levy of taxes.

7 (c) Beginning with the first payment of taxes which are levied follow-  
8 ing the date of the establishment of the bioscience development district  
9 real property taxes received by the county treasurer resulting from taxes  
10 which are levied subject to the provisions of this act by and for the benefit  
11 of a taxing subdivision, as defined in section 27, and amendments thereto,  
12 on property located within such bioscience development district consti-  
13 tuting a separate taxing unit under the provisions of this section, shall be  
14 divided as follows:

15 (1) From the taxes levied each year subject to the provisions of this  
16 act by or for each of the taxing subdivisions upon property located within  
17 a bioscience development district constituting a separate taxing unit under  
18 the provisions of this act, the county treasurer first shall allocate and pay  
19 to each such taxing subdivision all of the real property taxes collected  
20 which are produced from the base year assessed valuation.

, except for property taxes levied for schools

21 (2) Any real property taxes produced from that portion of the current  
22 assessed valuation of real property within the bioscience development  
23 district constituting a separate taxing unit under the provisions of this  
24 section in excess of the base year assessed valuation shall be allocated and  
25 paid by the county treasurer to the bioscience development bond fund  
26 to pay the bioscience development project costs including the payment  
27 of principal and interest on any special obligation bonds to finance, in  
28 whole or in part, such bioscience development projects.

29 (d) The authority may pledge such revenue to the repayment of such  
30 special obligation bonds prior to, simultaneously with, or subsequent to  
31 the issuance of such special obligation bonds.

32 (e) Any bonds issued under the provisions of this act and the interest  
33 paid thereon, unless specifically declared to be taxable in the authorizing  
34 resolution, shall be exempt from all state, county and municipal taxes, and  
35 the exemption shall include income, inheritance and property taxes.

estate

36 New Sec. 31. (a) The bioscience development bond fund is hereby  
37 created. The bioscience development bond fund shall not be a part of  
38 the state treasury and the funds in the bioscience development bond fund  
39 shall belong exclusively to the authority. A separate account within the  
40 bioscience development bond fund will be created for each bioscience  
41 development district created pursuant to this act.

42 (b) Distributions from a bioscience development bond fund shall be  
43 used to pay the bioscience development project costs undertaken in a

1 bioscience development district.

2 (c) The state treasurer shall credit all revenue collected or received  
3 from a bioscience development district to that bioscience development  
4 district's account in the bioscience development bond fund. On or before  
5 the 10th day of each month, the director of accounts and reports shall  
6 transfer from the state general fund to the bioscience development bond  
7 fund interest earnings based on:

as certified by the secretary of revenue

8 (1) The average daily balance of moneys in the bioscience develop-  
9 ment bond fund for the preceding month; and

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

or county

12 New Sec. 32. Notwithstanding any other provision of law, it is hereby  
13 stated that it is an object of all ad valorem taxes levied by or for the benefit  
14 of any city, county or school district of the state on taxable tangible real  
15 property located within any bioscience development district created pur-  
16 suant to this act, that such taxes may be applied and allocated to and when  
17 collected paid into the bioscience development bond fund pursuant to  
18 the procedures and limitations of this act to pay the cost of a bioscience  
19 development project, including principal and interest on special obliga-  
20 tion bonds issued to finance, in whole or in part, such bioscience devel-  
21 opment project.

Amendments adopted to here

22 ~~New Sec. 33. Sections 33 to 36, inclusive, and amendments thereto,  
23 shall be known and may be cited as the bioscience tax investment incen-  
24 tive act.~~

25 New Sec. 34. The purpose of the bioscience tax investment incentive  
26 act is to make Kansas the most desirable state in which to conduct the  
27 business of bioscience. The bioscience tax investment incentive act will  
28 incentivize individuals and organizations engaged in the business of bio-  
29 science to locate and grow in the state in order to make Kansas a national  
30 leader in bioscience, create new jobs, foster economic growth, advance  
31 scientific knowledge and improve the quality of life for the citizens of the  
32 state. The bioscience tax investment incentive act promotes private re-  
33 search and development, investment in real property and improvements,  
34 and investment in equipment and supplies to enhance bioscience re-  
35 search and commercialization of bioscience products and technologies in  
36 the state.

37 New Sec. 35. As used in sections 33 to 41, inclusive, and amend-  
38 ments thereto, the following words and phrases have the following mean-  
39 ings unless a different meaning clearly appears from the content:

40 (a) "Authority" means the Kansas bioscience authority as created by  
41 section 4 and amendments thereto.

42 (b) "Bioscience" means the use of compositions, methods and organ-  
43 isms in cellular and molecular research, development and manufacturing

1 Processes for such diverse areas as pharmaceuticals, medical therapeutics,  
2 medical diagnostics, medical devices, medical instruments, biochemistry,  
3 microbiology, veterinary medicine, plant biology, agriculture, industrial,  
4 environmental and homeland security applications of bioscience and fu-  
5 ture developments in the biosciences. Bioscience includes biotechnology  
6 and life sciences.

7 (c) "Bioscience company" means a corporation, limited liability com-  
8 pany, S corporation, partnership, registered limited liability partnership,  
9 foundation, association, nonprofit entity, sole proprietorship, business  
10 trust, person, group or other entity that is engaged in the business of  
11 bioscience in the state and has business operations in the state, including,  
12 without limitation, research, development, or production directed to-  
13 wards developing or providing bioscience products or processes for spe-  
14 cific commercial or public purposes and are identified by the following  
15 SIC industry groups or SIC codes (and/or related NAICS codes): 2833  
16 (325411), 2834 (325412), 2835 (325412, 325413), 2836 (325414), 2869  
17 (325193, 325199), 2873 (325311), 2879 (32532), 3821 (339111), 3826  
18 (334516), 384 (339111, 339112, 339113, 334510, 334517), 3851 (339113,  
19 339115), 807 (621511, 621512), 8731 (54171), 8734 (54138, 54194).

20 (d) "Bioscience employee" means any employee, officer or director  
21 of a bioscience company who is employed after the effective date of this  
22 act and who is also a state taxpayer.

23 (e) "Bioscience facility" means real property, buildings, laboratory  
24 space, incubator space, office space, and all improvements thereof, and  
25 any facilities directly related and necessary to the operation of a biosci-  
26 ence facility.

27 (f) "Bioscience facilities project" means the purchase, construction,  
28 renovation, expansion or improvement of a bioscience facility. Such pro-  
29 jects may also include, without limitation, any improvements, road con-  
30 struction, alteration, relocation and construction of facilities to provide  
31 utility service for any of the bioscience facilities, along with any fixtures,  
32 equipment, and machinery, and any demolition and relocation expenses  
33 used in connection with any such project, and including any capital used  
34 to promote and facilitate such bioscience facilities.

35 (g) "Bioscience research" means any original investigation for the ad-  
36 vancement of scientific or technological knowledge of bioscience and any  
37 activity that seeks to utilize, synthesize, or apply existing knowledge, in-  
38 formation or resources to the resolution of a specific problem, question  
39 or issue of bioscience.

40 (h) "Biotechnology" means, without limitation, those fields focusing  
41 on technological developments in such areas as molecular biology, genetic  
42 engineering, genomics, proteomics, physiomics, nanotechnology, biode-  
43 fence, biocomputing, bioinformatics and future developments associated



1 with biotechnology.

2 (i) "Financial assistance" means, without limitation, the payment or  
3 transfer of cash or cash equivalents to a bioscience company by a taxpayer  
4 to be used for operational and related expenditures, fixed assets, real  
5 estate construction costs, expansion or renovation, acquisition and devel-  
6 opment, start-up and materials costs, tenant renovation, working capital,  
7 salaries, research, development, manufacturing and marketing expenses.

8 (j) "Life sciences" means, without limitation, the areas of medical  
9 sciences, pharmaceutical sciences, biological sciences, zoology, botany,  
10 horticulture, ecology, toxicology, organic chemistry, physical chemistry,  
11 physiology and any future advances associated with life sciences.

12 (k) "NAICS" means the north American industry classification  
13 system.

14 (l) "NOL" means a bioscience company's net operating loss that may  
15 be carried forward pursuant to the Kansas income tax act.

16 (m) "NOL certificate" means the certificate issued to a recipient tax-  
17 payer for use in claiming NOL on its income tax return.

18 (n) "NOL notice" means the written notice provided to a bioscience  
19 company by the Kansas department of revenue notifying the bioscience  
20 company that it is qualified to sell its NOL in compliance with this act.

21 (o) "Recipient taxpayer" means a taxpayer that enters into a written  
22 agreement with a bioscience company concerning the terms and condi-  
23 tions of the financial assistance made in exchange for the NOL certificate  
24 issued by the Kansas department of revenue.

25 (p) "SIC industry groups" or "SIC codes" means the standard indus-  
26 trial classification system promulgated by the United States department  
27 of labor in the 1987 standard industrial classification manual, as may be  
28 amended or revised from time-to-time.

29 (q) "State" means the state of Kansas.

30 (r) "Surrendered tax benefit" means the amount of the NOL multi-  
31 plied by the recipient taxpayer's applicable state income tax rate for the  
32 year in which the NOL is transferred.

33 (s) "Tangible personal property" includes capital equipment, instru-  
34 ments, apparatus and supplies used in laboratories, including, without  
35 limitation, microscopes, machines, glassware, chemical reagents, com-  
36 puters, computer software and technical books and manuals.

37 (t) "Taxpayer" means a person, corporation, limited liability company,  
38 S corporation, partnership, registered limited liability partnership, founda-  
39 tion, association, nonprofit entity, sole proprietorship, business trust,  
40 group or other entity that is subject to the Kansas income tax act K.S.A.  
41 79-3201 *et seq.* and amendments thereto.

42 (u) "This act" means the Kansas bioscience tax investment incentive  
43 act.

1 New Sec. 36. (a) The Kansas department of revenue shall establish  
2 an NOL certificate transfer program ("NOL transfer program") to allow  
3 a bioscience company with an unused NOL to surrender, sell or transfer  
4 such NOL for use by a recipient taxpayer.

5 (b) As part of the NOL transfer program, the Kansas department of  
6 revenue shall establish an application process to determine whether an  
7 applicant is a bioscience company that is authorized to surrender, sell or  
8 transfer NOL to a recipient taxpayer in exchange for financial assistance.  
9 If the Kansas department of revenue determines that an applicant is qual-  
10 ified, then the Kansas department of revenue shall issue an NOL notice  
11 to the bioscience company.

12 (c) No application to participate in the NOL transfer program will be  
13 approved if the bioscience company has surrendered tax benefits in excess  
14 of \$1,000,000.

15 (d) Once an NOL notice has been issued, the bioscience company  
16 shall be permitted to surrender, sell or transfer, subject to the limitation  
17 set forth above in subsection (c), the NOL to a recipient taxpayer regard-  
18 less of whether the bioscience company continues to meet the eligibility  
19 criteria in subsequent years. The Kansas department of revenue shall  
20 require a recipient taxpayer to enter into a written agreement with the  
21 bioscience company setting forth the terms and conditions of the financial  
22 assistance to be made in exchange for the NOL certificate.

23 (e) The Kansas department of revenue shall issue an NOL certificate  
24 to the recipient taxpayer in an amount that is equal to at least 100% of  
25 the amount of the surrendered tax benefit of the bioscience company in  
26 exchange for the financial assistance to be made by the recipient taxpayer  
27 to the bioscience company. The recipient taxpayer shall attach the NOL  
28 certificate to any tax return that the recipient taxpayer is required to file  
29 under the Kansas income tax act on which the recipient taxpayer claims  
30 an NOL deduction. The recipient taxpayer shall otherwise apply the NOL  
31 carryover deduction as evidenced by the NOL certificate according to the  
32 provisions of this act.

33 (f) A recipient taxpayer who purchases or receives the NOL may not  
34 be affiliated with the bioscience company that is surrendering, selling or  
35 transferring its NOL. For purposes of this section, a recipient taxpayer  
36 will be deemed to be affiliated with a bioscience company if it directly or  
37 indirectly owns or controls 51% or more of the voting rights or 51% or  
38 more of the value of all classes of stock or other equity interest of the  
39 bioscience company that is surrendering, selling or transferring its NOL.

40 (g) A bioscience company that has surrendered, sold or transferred  
41 an unused NOL carryover pursuant to the provisions of this act shall not  
42 be allowed a deduction for such NOL.

43 New Sec. 37. Sections 37 to 43, inclusive, and amendments thereto,

See attached New Sec. 36

New Sec. 36. (a) For taxable years commencing after December 31, 2004, any bioscience company as defined in subsection (d) of section 21, and amendments thereto, shall be allowed a payment from the bioscience authority not to exceed 50% of such bioscience company's Kansas net operating loss incurred during the claimed taxable year. No bioscience company as defined in subsection (d) of section 21 shall claim more than one payment on a bioscience research and development project per taxable year.

(b) In no event shall the total amount of payments authorized and made by the bioscience authority pursuant to subsection (a) exceed \$1,000,000 for any one fiscal year.

(c) The department of revenue shall annually certify to the bioscience authority any bioscience company claiming the payment, the amount of Kansas net operating loss claimed and the payment due to the bioscience company. The bioscience authority shall thereafter make the payment to the bioscience company.

(d) The secretary of revenue shall adopt rules and regulations to implement the provisions of this section.

House Economic Development  
2-17-04  
Attachment 4

**HOUSE BILL No. 2647**

By Committee on Economic Development

1-29

Proposed Amendment  
Requested by the department of revenue

[material within brackets would be deleted]

AN ACT concerning bioscience; creating a Kansas bioscience authority and providing for the powers and duties thereof; providing for bioscience development and funding; amending K.S.A. 2003 Supp. 74-8017 and 74-8905 and repealing the existing sections.

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

New Section 1. Sections 1 to 18, inclusive, and amendments thereto, shall be known and may be cited as the bioscience authority act.

New Sec. 2. (a) The legislature of the state of Kansas hereby finds and declares that:

(1) Biosciences develop uses of biochemistry, molecular biology, genetics, biotechnology, bioengineering and life sciences to promote and enhance health care, veterinary medicine, agriculture, forestry, energy, pharmacy, environment and other industries in the state of Kansas;

(2) high-paying jobs and innovative commercial products ensue from the biosciences, which requires an educated workforce with advanced technical skills;

(3) the universities, colleges, nonprofit institutions and private enterprises in the state of Kansas will be able to further educate and train scientists, health care professionals and technicians to provide a supportive environment for bioscience research, development, testing and product commercialization activities through increased targeted investments;

(4) manufacturing, licensing and commercialization of products derived from the biosciences will benefit the state's economy and will facilitate the development of the bioscience industry and associated educational institutions in the state of Kansas;

(5) the mission of the Kansas bioscience authority is to make Kansas the most desirable state in which to conduct, facilitate, support, fund and perform bioscience research, development and commercialization, to make Kansas a national leader in bioscience, to create new jobs, foster economic growth, advance scientific knowledge and improve the quality of life for the citizens of the state of Kansas;

(6) the needs of the citizens of the state of Kansas and the public and private entities engaged in the biosciences will be best served by an independent public authority charged with the mission of facilitating, sup-

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1 (1) The authority shall prepare an annual report to the legislature and  
 2 the governor on all distributions from the emerging industry investment  
 3 fund pursuant to the provisions of the emerging industry investment act  
 4 and income, investment and income tax credits and exemptions pursuant  
 5 to the bioscience tax investment incentive act. The authority shall prepare  
 6 an annual report summarizing the growth of bioscience research and in-  
 7 dustry in Kansas.

with assistance from the department of revenue

8 New Sec. 10. (a) (1) The Kansas development finance authority is  
 9 hereby authorized to issue bonds on behalf of the authority in such prin-  
 10 cipal amounts as the board decides are necessary to provide sufficient  
 11 funds for achieving any of the authority's purposes under this act, includ-  
 12 ing the payment of interest on bonds of the authority, the establishment  
 13 of reserves to secure such bonds, refunding any outstanding bonds and  
 14 all other expenditures of the authority incident to and necessary or con-  
 15 venient to carry out its purposes and powers under this act.

16 (2) Except as may otherwise be expressly provided by the board,  
 17 every issue of the authority's bonds shall be obligations of the authority  
 18 payable out of any revenues or moneys of the authority, subject only to  
 19 any agreements with the holders of particular bonds pledging any partic-  
 20 ular revenues.

21 (b) Except as otherwise provided in this act, bonds issued by the  
 22 Kansas development finance authority under authority of this act shall be  
 23 subject to the provisions of K.S.A. 74-8901 *et seq.* and amendments  
 24 thereto.

25 (c) Any resolution by the board authorizing any bonds or any issue  
 26 thereof by the Kansas development finance authority may contain such  
 27 provisions as deemed appropriate by the board for the purpose of carrying  
 28 out the authority's purposes under this act and securing such bonds,  
 29 which shall be a part of the contract with the holders thereof, including,  
 30 without limitation:

31 (1) Pledging all or any part of the revenues of the authority to secure  
 32 the payment of the bonds or of any issue thereof, subject to such agree-  
 33 ments with bondholders as may then exist;

34 (2) pledging all or any part of the assets of the authority to secure the  
 35 payment of the bonds or of any issue of bonds, subject to such agreements  
 36 with bondholders as may then exist, such assets to include any grant or  
 37 contribution from the Federal government or any corporation, associa-  
 38 tion, institution or person;

39 (3) the setting aside of reserves or sinking funds and the regulation  
 40 and disposition thereof;

41 (4) limitations on the purpose to which the proceeds of sale of bonds  
 42 may be applied and pledging such proceeds to secure the payment of the  
 43 bonds or of any issues thereof;

1 any other law of the state, and this act is cumulative to any such powers.  
 2 This act does and shall be construed to provide a complete, additional  
 3 and alternative method for the doing of the things authorized thereby  
 4 and shall be regarded as supplemental and additional to powers conferred  
 5 by other laws. The issuance of bonds under the provisions of this act,  
 6 however, need not comply with the requirements of any other state law  
 7 applicable to the issuance of bonds. No proceedings, notice or approval  
 8 shall be required for the issuance of any bonds or any instrument as  
 9 security therefor, except as is provided in this act.

10 (s) Any of the provisions relating to bonds described in this section  
 11 may be included in any contracts between the authority and the Kansas  
 12 development finance authority relating to obligations of the Kansas de-  
 13 velopment finance authority issued on behalf of the authority.

14 New Sec. 11. (a) The authority may employ such employees as it may  
 15 require and upon such terms and conditions as it may establish. The  
 16 authority shall establish personnel, payroll, benefit and other such systems  
 17 as authorized by the board, such systems to be initially established or  
 18 contracted as designated by the board. The authority shall determine the  
 19 qualifications and duties of its employees. The board shall develop and  
 20 adopt policies and procedures that will afford its employees grievance  
 21 rights, ensure that employment decisions shall be based upon merit and  
 22 fitness of applicants and shall prohibit discrimination because of race,  
 23 religion, color, sex or national origin.

24 (b) Nothing in this act or any act of which it is amendatory shall be  
 25 construed as placing any officer or employee of the authority or member  
 26 of the board in the classified or the unclassified service under the Kansas  
 27 civil service act.

28 (c) The authority is authorized to establish a health insurance plan  
 29 for the benefit of its employees.

30 New Sec. 12. The authority shall be exempt from any general ad  
 31 valorem taxes upon any property of the authority acquired and used for  
 32 its public purposes, and from any taxes or assessments upon any projects  
 33 or upon any operations of the authority or the income therefrom, and  
 34 from any taxes or assessments upon any project or any property or local  
 35 obligation acquired or used by the authority under the provisions of this  
 36 act or upon the income therefrom. Purchases by the authority to be used  
 37 for its public purposes shall not be subject to sales or use tax under K.S.A.  
 38 79-3601 et seq., K.S.A. 79-3701 et seq. and subsection (b) of K.S.A. 79-  
 39 3606 et seq. and amendments thereto. The exemptions hereby granted  
 40 shall not extend to persons or entities conducting business on the au-  
 41 thority's property for which payment of state and local taxes would oth-  
 42 erwise be required.

real and personal property

43 New Sec. 13. Notwithstanding any other provision of law to the con-

1 New Sec. 19. Sections 19 to 22, inclusive, and amendments thereto,  
2 shall be known and may be cited as the emerging industry investment  
3 act.

4 New Sec. 20. The purpose of the emerging industry investment act  
5 is to foster the growth of the bioscience in Kansas, to make Kansas a  
6 national leader in bioscience, and to make Kansas a desirable location for  
7 bioscience entities to locate and grow. In so doing, the emerging industry  
8 investment act will foster employment, encourage research and devel-  
9 opment, investment in real property and improvements, investment in  
10 equipment and supplies, the employment of eminent scholars and rising  
11 star scholars by the state universities and the Kansas bioscience authority,  
12 or both, and will lead to bioscience discoveries and products.

13 New Sec. 21. As used in sections 19 to 22, inclusive, and amend-  
14 ments thereto, the following words and phrases have the following mean-  
15 ings unless a different meaning clearly appears from the content:

16 (a) "Authority" means the Kansas bioscience authority as created by  
17 section 4, and amendments thereto.

18 (b) "Base year taxation" means the ~~2004~~ taxes payable by all biosci-  
19 ence companies and bioscience research institutions currently located in  
20 or operating in the state, and for bioscience companies which locate in  
21 the state or commence operating in the state after the effective date of  
22 this act, the taxes payable in the year immediately preceding their location  
23 in the state or their commencement of operations in the state.

2003

24 (c) "Bioscience" means the use of compositions, methods and organ-  
25 isms in cellular and molecular research, development and manufacturing  
26 processes for such diverse areas as pharmaceuticals, medical therapeutics,  
27 medical diagnostics, medical devices, medical instruments, biochemistry,  
28 microbiology, veterinary medicine, plant biology, agriculture, industrial,  
29 environmental, and homeland security applications of bioscience and fu-  
30 ture developments in the biosciences. Bioscience includes biotechnology  
31 and life sciences.

32 (d) "Bioscience company" or "bioscience companies" means a cor-  
33 poration, limited liability company, S corporation, partnership, registered  
34 limited liability partnership, foundation, association, nonprofit entity, sole  
35 proprietorship, business trust, person, group or other entity that is en-  
36 gaged in the business of bioscience in the state and has business opera-  
37 tions in the state, including, without limitation, research, development or  
38 production directed towards developing or providing bioscience products  
39 or processes for specific commercial or public purposes and are identified  
40 by the following SIC industry groups or SIC codes (and/or related NAICS  
41 codes): 2833 (325411), 2834 (325412), 2835 (325412, 325413), 2836  
42 (325414), 2869 (325193, 325199), 2873 (325311), 2879 (32532), 3821  
43 (339111), 3826 (334516), 384 (339111, 339112, 339113, 334510, 334517).

1 3851 (339113, 339115), 807 (621511, 621512), 8731 (54171), 8734  
2 (54138, 54194)

3 (e) "Bioscience employee" means any employee, officer or director  
4 of a bioscience company who is employed after the effective date of this  
5 act and who is also a state taxpayer and any employee of state universities  
6 who is associated with bioscience research after the effective date of this  
7 act and who is also a state taxpayer.

8 (f) "Bioscience research" means any original investigation for the ad-  
9 vancement of scientific or technological knowledge of bioscience and any  
10 activity that seeks to utilize, synthesize, or apply existing knowledge, in-  
11 formation or resources to the resolution of a specific problem, question  
12 or issue of bioscience.

13 (g) "Bioscience research institutions" means all state universities and  
14 colleges and private universities and colleges located in the state con-  
15 ducting bioscience research.

16 (h) "Biotechnology" means those fields focusing on technological de-  
17 velopments in such areas as molecular biology, genetic engineering, gen-  
18 omics, proteomics, physiomics, nanotechnology, biodefense, biocomput-  
19 ing and bioinformatics and future developments associated with  
20 biotechnology.

21 (i) "Emerging industry investment act investment fund" means the  
22 fund created by section 22, and amendments thereto.

23 (j) "Board" means the board of directors of the authority.

24 (k) "Eminent scholar" means world-class, distinguished and estab-  
25 lished investigators recognized nationally for their research, achievements  
26 and ability to garner significant federal funding on an annual basis. Em-  
27 inent scholars are recognized for their scientific knowledge and entre-  
28 preneurial spirit to enhance the innovative research that leads to eco-  
29 nomic gains. Eminent scholars are either members of or likely candidates  
30 for the national academy of sciences or other prominent national aca-  
31 demic science organizations.

32 (l) "Life sciences" means, without limitation, the areas of medical  
33 sciences, pharmaceutical sciences, biological sciences, zoology, botany,  
34 horticulture, ecology, toxicology, organic chemistry, physical chemistry  
35 and physiology and any future advances associated with the life sciences.

36 (m) "NAICS" means the north American industry classification  
37 system.

38 (n) "Rising star scholar" means up-and-coming distinguished inves-  
39 tigators growing in their national reputations in their fields, who are active  
40 and demonstrate leadership in their associated professional societies, and  
41 who attract significant federal research grant support. Rising star scholars  
42 would be likely candidates for the national academy of science or other  
43 prominent national academic science organizations in the future.



1 (o) "SIC industry groups" or "SIC codes" means the standard industrial classification system promulgated by the United States department of labor in the 1987 standard industrial classification manual, as may be amended or revised from time-to-time.

and by relettering the remaining subsections accordingly

2 (p) "State" means the state of Kansas.

3 (q) "State income taxes" means all of the taxes levied pursuant to K.S.A. 79-3201 et seq. and amendments thereto.

4 (r) "State taxes" means all of state taxes on property, sales and use, excise, license, individual income tax and corporate net income tax pursuant to law.

except for property taxes levied for schools

5 (s) "Taxpayer" means a person, corporation, limited liability company, S corporation, partnership, registered limited liability partnership, foundation, association, nonprofit entity, sole proprietorship, business trust, group or other entity that is subject to the Kansas income tax act, K.S.A. 79-3201 et seq. and amendments thereto.

6 (t) "This act" means the emerging industry investment act.

7 New Sec. 22. (a) The emerging industry investment act investment fund is hereby created. The emerging industry investment act investment fund shall not be a part of the state treasury and the funds in the emerging industry investment act investment fund shall belong exclusively to the authority.

8 (b) Distributions from the emerging industry investment act investment fund shall be for the exclusive benefit of the authority, under the control of the board and used to fulfill the purpose, powers and duties of the authority pursuant to the provisions of section 1 et seq., and amendments thereto.

9 (c) The secretary of revenue and the authority shall establish the base year taxation for all bioscience companies and state universities associated with bioscience research in the state. The secretary of revenue, the authority and the board of regents shall establish the number of bioscience employees associated with state universities and report annually and determine the taxation base annually.

10 (d) For a period of 15 years from the effective date of this act, the state treasurer shall pay to the emerging industry investment act investment fund the state taxes in excess of the base year taxation from all bioscience companies.

as certified by the secretary of revenue

11 (e) In addition, the state treasurer shall pay all revenue collected or received from state income taxes upon Kansas wages paid by bioscience employees to the emerging industry investment act investment fund. On or before the 10th day of each month, the director of accounts and reports shall transfer from the state general fund to the bioscience development and investment fund interest earnings based on:

annually, 95% of withholding above the base, as certified by the secretary of revenue

12 (1) The average daily balance of moneys in the emerging industry

1 investment act investment fund for the preceding month; and  
2 (2) the net earnings rate of the pooled money investment portfolio  
3 for the preceding month.

4 (f) State tax and bioscience employee income tax refunds and bal-  
5 ances due shall be reconciled on at least an annual basis by a method  
6 defined in an agreement between the secretary of revenue, state treasurer  
7 and the authority.

8 (g) The division of post audit is hereby authorized to conduct a post  
9 audit in accordance with the provisions of the state post audit act to K.S.A.  
10 46-1106 *et seq.* and amendments thereto.

(f)

11 Sec. 23. K.S.A. 2003 Supp. 74-8017 is hereby amended to read as  
12 follows: 74-8017. On and after January 1, ~~2003~~ 2006 it shall be the duty  
13 of Kansas, Inc. to prepare an annual report evaluating the cost effective-  
14 ness of the various income tax credits and sales tax exemptions enacted  
15 to encourage economic development within this state and submit the  
16 same to the standing committees on taxation and economic development  
17 of the house and assessment and taxation and commerce of the senate at  
18 the beginning of each regular session of the legislature. The secretary of  
19 revenue, in consultation with the president of Kansas, Inc., shall develop  
20 a questionnaire on the utilization of state income tax credits and sales tax  
21 exemptions that shall be completed by all corporate taxpayers that: (1)  
22 Are subject to state income tax and (2) utilize any of the state income tax  
23 credits and exemptions described in subsections (a) through ~~(j)~~ (i) below  
24 that shall be submitted to the department of revenue concurrently with  
25 the filing of an annual corporate income tax return. The secretary shall  
26 provide the completed questionnaires to Kansas, Inc. for use in the prep-  
27 aration of such annual report. The questionnaire shall require respon-  
28 dents to indicate utilization of the following credits and exemptions:

2006

of the department of revenue

29 (a) Income tax credits authorized under the provisions of the job ex-  
30 pansion and investment credit act of 1976 and acts amendatory thereof  
31 and supplemental thereto;

32 (b) income tax credits for expenditures in research and development  
33 activities authorized by K.S.A. 79-32,152, and amendments thereto;

34 (c) income and financial institutions privilege tax credits for cash in-  
35 vestment in stock of Kansas Venture Capital, Inc. authorized by K.S.A.  
36 74-8205 and 74-8206, and amendments thereto;

37 (d) income tax credits for cash investment in certified Kansas venture  
38 capital companies authorized by K.S.A. 74-8304, and amendments  
39 thereto;

40 (e) income tax credits for cash investment in certified local seed cap-  
41 ital pools authorized by K.S.A. 74-8401, and amendments thereto;

42 (f) income tax credits for investment in the training and education of  
43 qualified firms' employees authorized by K.S.A. 74-50,132, and amend-

1 [ments thereto;

2 (g) sales tax exemptions for property or services purchased for the  
3 purpose of and in conjunction with constructing, reconstructing, enlarg-  
4 ing or remodeling a business, or retail business meeting the requirements  
5 of K.S.A. 74-50,115, and amendments thereto, and machinery and equip-  
6 ment for installation at such business or retail business authorized by  
7 subsection (cc) of K.S.A. 79-3606, and amendments thereto;

8 (h) sales tax exemptions for machinery and equipment used directly  
9 and primarily for the purposes of manufacturing, assembling, processing,  
10 finishing, storing, warehousing or distributing articles of tangible personal  
11 property in this state intended for resale by a manufacturing or processing  
12 plant or facility or a storage, warehousing or distribution facility. The  
13 secretary of revenue shall provide the completed questionnaires and cop-  
14 ies of sales tax exemption certificates to Kansas, Inc. for the preparation  
15 of such report; ~~and~~

16 (i) distribution from the special economic revitalization fund pursuant  
17 to the provisions of the economic revitalization reinvestment act, K.S.A.  
18 2003 Supp. 74-50,136, and amendments thereto;

19 (j) *special obligation bonds authorized by K.S.A. 12-1774, and*  
20 *amendments thereto; and*

21 (k) *distribution from the emerging industry investment act investment*  
22 *fund pursuant to the provisions of the emerging industry investment act,*  
23 *and amendments thereto, and income, investment and income tax credits*  
24 *and exemptions pursuant to the bioscience tax investment incentive act,*  
25 *and amendments thereto.*

26 Sec. 24. K.S.A. 2003 Supp. 74-8905 is hereby amended to read as  
27 follows: 74-8905. (a) The authority may issue bonds, either for a specific  
28 activity or on a pooled basis for a series of related or unrelated activities  
29 or projects duly authorized by a political subdivision or group of political  
30 subdivisions of the state in amounts determined by the authority for the  
31 purpose of financing projects of statewide as well as local importance as  
32 defined pursuant to K.S.A. 12-1744, and amendments thereto, capital  
33 improvement facilities, educational facilities, health care facilities and  
34 housing developments. Nothing in this act shall be construed to authorize  
35 the authority to issue bonds or use the proceeds thereof to:

36 (1) Purchase, condemn or otherwise acquire a utility plant or distri-  
37 bution system owned or operated by a regulated public utility;

38 (2) finance any capital improvement facilities, educational facilities or  
39 health care facilities which may be financed by the issuance of general  
40 obligation or utility revenue bonds of a political subdivision, except that  
41 the acquisition by the authority of general obligation or utility revenue  
42 bonds issued by political subdivisions with the proceeds of pooled bonds  
43 shall not violate the provisions of the foregoing; or

1 bioscience entities to locate and grow. In so doing, the Kansas bioscience  
2 development financing act will foster employment, encourage research  
3 and development, investment in real property and improvements, in-  
4 vestment in equipment and supplies and lead to bioscience discoveries  
5 and products.

6 New Sec. 27. As used in sections 25 to 32, inclusive, and amend-  
7 ments thereto, the following words and phrases have the following mean-  
8 ings unless a different meaning clearly appears from the content:

9 (a) "Authority" means the Kansas bioscience authority as created by  
10 section 4, and amendments thereto.

11 (b) "Base year assessed valuation" means the assessed valuation of all  
12 real property within the boundaries of a redevelopment district on the  
13 date the redevelopment district was established.

14 (c) "Bioscience" means the use of compositions, methods and organ-  
15 isms in cellular and molecular research, development and manufacturing  
16 processes for such diverse areas as pharmaceuticals, medical therapeutics,  
17 medical diagnostics, medical devices, medical instruments, biochemistry,  
18 microbiology, veterinary medicine, plant biology, agriculture, industrial  
19 environmental and homeland security applications of bioscience and fu-  
20 ture developments in the biosciences. Bioscience includes biotechnology  
21 and life sciences.

22 (d) "Bioscience company" means a corporation, limited liability com-  
23 pany, S corporation, partnership, registered limited liability partnership,  
24 foundation, association, nonprofit entity, sole proprietorship, business  
25 trust, person, group or other entity that is engaged in the business of  
26 bioscience in the state and has business operations in the state, including,  
27 without limitation, research, development or production directed towards  
28 developing or providing bioscience products or processes for specific  
29 commercial or public purposes and are identified by the following SIC  
30 industry groups or SIC codes: (and/or related NAICS codes): 2833  
31 (325411), 2834 (325412), 2835 (325412, 325413), 2836 (325414), 2869  
32 (325193, 325199), 2873 (325311), 2879 (32532), 3821 (339111), 3826  
33 (334516), 384 (339111, 339112, 339113, 334510, 334517), 3951 (339113,  
34 339115), 807 (621511, 621512), 8731 (54171), 8734 (54138, 54194).

35 (e) "Bioscience development area" means an area that:

36 (1) Is or shall be owned, operated, or leased by, or otherwise under  
37 the control of the authority;

38 (2) is or shall be used and maintained by a bioscience company; or

39 (3) includes a bioscience facility.

40 (f) "Bioscience development district" means the specific area, created  
41 under section 28, and amendments thereto, where one or more biosci-  
42 ence development projects may be undertaken.

43 (g) "Bioscience development project" means an approved project to

- 1 [i]mplement a project plan in a bioscience development district.
- 2 (h) "Bioscience development project costs" or "project costs" means
- 3 those costs necessary to implement a project plan, including, without
- 4 limitation, costs incurred for:
- 5 (1) Acquisition of property within the redevelopment project area;
- 6 (2) site preparation including utility relocations;
- 7 (3) sanitary and storm sewers and lift stations;
- 8 (4) drainage conduits, channels, levees and river walk canal facilities;
- 9 (5) street grading, paving, graveling, macadamizing, curbing, gutter-
- 10 ing and surfacing;
- 11 (6) street light fixtures, connections and facilities;
- 12 (7) underground gas, water, heating and electrical services and con-
- 13 nections located within the public right-of-way;
- 14 (8) sidewalks and pedestrian underpasses or overpasses;
- 15 (9) drives and driveway approaches located within the public right-
- 16 of-way;
- 17 (10) water mains and extensions;
- 18 (11) plazas and arcades;
- 19 (12) parking facilities;
- 20 (13) landscaping and plantings, fountains, shelters, benches, sculp-
- 21 tures, lighting, decorations and similar amenities; and
- 22 (14) all related expenses to redevelop and finance the redevelopment
- 23 project.
- 24 (i) "Bioscience development project plan" or "project plan" means
- 25 the plan adopted by the authority for a bioscience development project
- 26 pursuant to section 28, and amendments thereto, in a bioscience devel-
- 27 opment district.
- 28 (j) "Bioscience facility" means real property and all improvements
- 29 thereof used to conduct bioscience research, including, without limita-
- 30 tion, laboratory space, incubator space, office space and any and all fa-
- 31 cilities directly related and necessary to the operation of a bioscience
- 32 facility.
- 33 (k) "Bioscience project area" or "project area" means an area desig-
- 34 nated by the authority within a bioscience development district.
- 35 (l) "Biotechnology" means those fields focusing on technological de-
- 36 velopments in such areas as molecular biology, genetic engineering, gen-
- 37 omics, proteomics, physiomics, nanotechnology, biodefense, biocomput-
- 38 ing, bioinformatics and future developments associated with
- 39 biotechnology.
- 40 (m) "Board" means the board of directors of the authority.
- 41 (n) "De minimus" means an amount less than 15% of the land area
- 42 within a redevelopment district.
- 43 (o) "Feasibility study" means a study that shows whether a bioscience ]

1 development project's benefits and tax increment revenue and other  
2 available revenues are expected to exceed or be sufficient to pay for the  
3 bioscience development project costs.

4 (p) "Life sciences" means the areas of medical sciences, pharmaceu-  
5 tical sciences, biological sciences, zoology, botany, horticulture, ecology,  
6 toxicology, organic chemistry, physical chemistry, physiology and any fu-  
7 ture advances associated with life sciences.

8 (q) "NAICS" means the north American industry classification  
9 system.

10 (r) "Real property taxes" means all taxes levied on an ad valorem basis  
11 upon land and improvements thereon.

12 (s) "SIC industry groups" or "SIC codes" means the standard indus-  
13 trial classification system promulgated by the United States department  
14 of labor in the 1987 standard industrial classification manual, as may be  
15 amended or revised from time-to-time.

16 (t) "Substantial change" means, as applicable, a change wherein the  
17 proposed plan or plans differ substantially from the intended purpose for  
18 which the project plan was approved.

19 (u) "Revenue increase" means that amount of real property taxes col-  
20 lected from real property located within the bioscience development dis-  
21 trict that is in excess of the amount of real property taxes which is col-  
22 lected from the base year assessed valuation.

23 (v) "Taxing subdivision" means the county, city, unified school district  
24 and any other taxing agency levying real property taxes, the territory or  
25 jurisdiction of which includes any currently existing or subsequently cre-  
26 ated bioscience development district.

27 (w) "Taxpayer" means a person, corporation, limited liability com-  
28 pany, S corporation, partnership, registered limited liability partnership,  
29 foundation, association, nonprofit entity, sole proprietorship, business  
30 trust, group or other entity that is subject to the Kansas income tax act  
31 K.S.A. 79-3201 *et seq.* and amendments thereto.

32 (x) "This act" means the bioscience development financing act.

33 New Sec. 28. (a) When the authority is considering establishment of  
34 a bioscience development district, the board shall adopt a resolution stat-  
35 ing this intention. Such resolution shall:

36 (1) Give notice that a public hearing will be held to consider the  
37 establishment of a bioscience development district and fix the date, hour  
38 and place of such public hearing;

39 (2) describe the proposed boundaries of the bioscience development  
40 district; and

41 (3) state that a description and map of the proposed bioscience de-  
42 velopment district are available for inspection at a time and place  
43 designated.]

1 (b) A copy of the resolution providing for the public hearing shall be  
2 by certified mail, return receipt requested sent to the city, if the property  
3 is within the boundaries of an incorporated city, board of county com-  
4 missioners of the county and the board of education of any school district  
5 levying taxes on property within the proposed bioscience development  
6 district. Copies also shall be sent by certified mail, return receipt re-  
7 quested to each owner and occupant of land within the proposed biosci-  
8 ence development district not more than 10 days following the date of  
9 the adoption of the resolution by the board. The resolution shall be pub-  
10 lished once in both the official city and county newspaper not less than  
11 one week nor more than two weeks preceding the date fixed for the public  
12 hearing. A sketch clearly delineating the area in sufficient detail to advise  
13 the reader of the particular land proposed to be included within the bi-  
14 oscience development district shall be published with the resolution.

15 (c) Upon the conclusion of the public hearing, the board may pass a  
16 resolution establishing a bioscience development district. Such resolution  
17 shall:

18 (1) Make a finding that: (A) The area satisfies the definition of a  
19 bioscience development area; and (B) the creation of a bioscience devel-  
20 opment district in this area will contribute to the development of biosci-  
21 ence in the state.

22 (2) The boundaries of such bioscience development district shall not  
23 include any area not designated in the notice required by subsection (b)  
24 above.

25 (d) Any addition of any area to the bioscience development district  
26 shall be subject to the same procedure for public notice and hearing as  
27 is required for the establishment of the bioscience development district.  
28 The base year assessed valuation of the bioscience development district  
29 following the addition of a bioscience development area shall be revised  
30 to reflect the base year assessed valuation of the original area and the  
31 added bioscience development area as of the date of the original estab-  
32 lishment of the bioscience development district.

33 (e) The authority may remove real property from a bioscience devel-  
34 opment district by a resolution of the board. If more than a de minimus  
35 amount of real property is removed from a bioscience development dis-  
36 trict, the base year assessed valuation of the bioscience development dis-  
37 trict shall be revised to reflect the base year assessed valuation of the  
38 remaining real property as of the date of the original establishment of the  
39 bioscience development district.

40 (f) The authority may divide the real property in a bioscience devel-  
41 opment district into separate bioscience development districts. The base  
42 year assessed valuation of each resulting bioscience development district  
43 following such division of real property shall be revised to reflect the base

1 year assessed valuation of the area of each resulting bioscience develop-  
2 ment district as of the date of the original establishment of the bioscience  
3 development district. Any division of real property within a bioscience  
4 development district into more than one bioscience development district  
5 shall be subject to the same procedure or public notice and hearing as is  
6 required for the establishment of the bioscience development district.

7 New Sec. 29. (a) One or more bioscience development projects may  
8 be undertaken within an established bioscience development district.  
9 When proposing to undertake a bioscience development project within a  
10 bioscience development district, the authority shall prepare a project  
11 plan. Any such bioscience development project plan may be implemented  
12 in separate development stages. The project plan shall include:

- 13 (1) A summary of the feasibility study;
- 14 (2) a description and map of the bioscience project area to be  
15 developed;
- 16 (3) a detailed description of the buildings and facilities proposed to  
17 be constructed or improved in such bioscience project area; and
- 18 (4) any other information that the authority deems necessary to advise  
19 the public of the intent of the project plan.

20 (b) When the authority intends to establish a bioscience development  
21 project plan, the board shall adopt a resolution stating this intention. Such  
22 resolution shall:

- 23 (1) Give notice that a public hearing will be held to consider the  
24 establishment of a bioscience development project plan and fix the date,  
25 hour and place of such public hearing;

26 (2) designate a time and place that a description and map of the  
27 proposed bioscience development district are available to the public for  
28 inspection; and

29 (3) state that the project plan, including a summary of the feasibility  
30 study, and a description and map of the bioscience project area to be  
31 developed are available for inspection upon request from the authority.

32 (c) A copy of the resolution providing for the public hearing shall be  
33 by certified mail, return receipt requested sent to the city, if the property  
34 is within the boundaries of an incorporated city, board of county com-  
35 missioners of the county and the board of education of any school district  
36 levying taxes on property within the bioscience development district.  
37 Copies also shall be sent by certified mail, return receipt requested to  
38 each owner and occupant of land within the bioscience development dis-  
39 trict not more than 10 days following the date of the adoption of the  
40 resolution by the board. The resolution shall be published once in both  
41 the official city and county newspaper not less than one week nor more  
42 than two weeks preceding the date fixed for the public hearing. A sketch  
43 clearly delineating the area in sufficient detail to advise the reader of the



1 particular land proposed to be included within the project area shall be  
2 published with the resolution.

3 (d) At the public hearing, a representative of the bioscience devel-  
4 opment district shall present the proposed project plan. Following the  
5 presentation of the project plan, all interested persons shall be given an  
6 opportunity to be heard. The authority for good cause shown may recess  
7 such hearing until another time and date, which shall be fixed in the  
8 presence of persons in attendance at the hearing.

9 (e) The public hearing records and feasibility study shall be subject  
10 to the Kansas open records act, K.S.A. 45-215 and amendments thereto.

11 (f) After the public hearing, the authority may adopt the project plan  
12 by resolution passed by the board.

13 (g) Any substantial change to the project plan as adopted shall be  
14 subject to a public hearing following publication of notice thereof at least  
15 twice in the official newspaper.

16 (h) Any bioscience development project shall be completed within 20  
17 years from the date of the approval of the project plan.

See attached Sec. 27, Sec. 28 and Sec. 29

18 New Sec. 30. (a) The Kansas development finance authority shall  
19 have the power to issue special obligation bonds in one or more series to  
20 finance the undertaking of any bioscience development project in ac-  
21 cordance with the provisions of this act. Such special obligation bonds  
22 shall be made payable, both as to principal and interest:

23 (1) From ad valorem tax increments allocated to, and paid into the  
24 bioscience development bond fund for the payment of the bioscience  
25 development project costs under the provisions of this section;

26 (2) from any private sources, contributions or other financial assis-  
27 tance from the state or federal government;

28 (3) from a pledge of a portion or all of the revenue received from  
29 transient guest, sales and use taxes collected pursuant to K.S.A. 12-1696  
30 et seq., 79-3601 et seq., 79-3701 et seq. and 12-187 et seq., and amend-  
31 ments thereto, and which are collected from taxpayers doing business  
32 within that portion of the bioscience development district and paid into  
33 the bioscience development bond fund;

34 (4) from a pledge of a portion or all increased revenue received by  
35 any city from franchise fees collected from utilities and other businesses  
36 using public right-of-way within the bioscience development district; or

37 (5) by any combination of these methods.

38 (b) All tangible taxable property located within a bioscience devel-  
39 opment district shall be assessed and taxed for ad valorem tax purposes  
40 pursuant to law in the same manner that such property would be assessed  
41 and taxed if located outside such district, and all ad valorem taxes levied  
42 on such property shall be paid to and collected by the county treasurer  
43 in the same manner as other taxes are paid and collected. Except as

Sec. 27. K.S.A. 2003 Supp. 12-1770a 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 or bioscience development 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 or bioscience development 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 or bioscience development project 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 except for property taxes levied for schools.

(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.

(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 including a bioscience development 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 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" 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.

(gg) "Bioscience" means the use of compositions, methods and organisms in cellular and molecular research, development and manufacturing processes for such diverse areas as pharmaceuticals, medical therapeutics, medical diagnostics, medical devices, medical instruments, biochemistry, microbiology, veterinary medicine, plant biology, agriculture, industrial environmental and homeland security applications of bioscience and future developments in the biosciences. Bioscience includes biotechnology and life sciences.

(hh) "Bioscience development area" means an area that:

(1) Is or shall be owned, operated, or leased by, or otherwise under the control of the Kansas bioscience authority;

(2) is or shall be used and maintained by a bioscience company; or

(3) includes a bioscience facility.

(ii) "Bioscience development district" means the specific area, created under section 28, and amendments thereto, where one or more bioscience development projects may be undertaken.

(jj) "Bioscience development project" means an approved project to implement a project plan in a bioscience development district.

(kk) "Bioscience development project plan" or "project plan"

means the plan adopted by the authority for a bioscience development project pursuant to section 28, and amendments thereto, in a bioscience development district.

(ll) "Bioscience facility" means real property and all improvements thereof used to conduct bioscience research, including, without limitation, laboratory space, incubator space, office space and any and all facilities directly related and necessary to the operation of a bioscience facility.

(mm) "Bioscience project area" or "project area" means an area designated by the authority within a bioscience development district.

(nn) "Biotechnology" means those fields focusing on technological developments in such area as molecular biology, genetic engineering, genomics, proteomics, physiomics, nanotechnology, biodefense, biocomputing, bioinformatics and future developments associated with biotechnology.

(oo) "Board" means the board of directors of the Kansas bioscience authority.

(pp) "Life sciences" means the areas of medical sciences, pharmaceutical sciences, biological sciences, zoology, botany, horticulture, ecology, toxicology, organic chemistry, physical chemistry, physiology and any future advances associated with life sciences.

(qq) "Revenue increase" means that amount of real property taxes collected from real property located within the bioscience development district that is in excess of the amount of real

property taxes which is collected from the base year assessed valuation.

(rr) "Taxpayer" means a person, corporation, limited liability company, S corporation, partnership, registered limited liability partnership, foundation, association, nonprofit entity, sole proprietorship, business trust, group or other entity that is subject to the Kansas income tax act K.S.A. 79-3201 et seq., and amendments thereto.

Sec. 28. K.S.A. 12-1771 is hereby amended to read as follows: 12-1771. (a) Resolution procedure for a redevelopment district. Any city proposing to establish a redevelopment district within an eligible area shall adopt a resolution stating that the city is considering the establishment of a redevelopment district or when the Kansas bioscience authority proposes to establish a bioscience development district. Such resolution shall:

(1) Give notice that a public hearing will be held to consider the establishment of a redevelopment or bioscience development district and fix the date, hour and place of such public hearing;

(2) describe the proposed boundaries of the redevelopment or bioscience development district;

(3) describe the district plan;

(4) state that a description and map of the proposed redevelopment or bioscience development district are available for inspection at a time and place designated;

(5) state that the governing body will consider findings necessary for the establishment of a redevelopment or bioscience development district.

Notice shall be given as provided in subsection (b) of K.S.A. 12-1772, and amendments thereto.

(b) Posthearing procedure. Upon the conclusion of the public hearing, the governing body may pass an ordinance. Such (1) An ordinance for a redevelopment district shall: ~~(1)~~ (A) Make a ~~finding~~ findings that:--~~(A)~~ the redevelopment district proposed to be developed is an eligible area; and ~~(B)~~ the conservation, development or redevelopment of such area is necessary to promote the general and economic welfare of the city; ~~(2)~~ (B) contain the district plan as approved; and ~~(3)~~ (C) contain the legal description of the redevelopment district and may establish the redevelopment district. Such ordinance shall contain a district plan that identifies all of the proposed redevelopment project areas and identifies in a general manner all of the buildings and facilities that are proposed to be constructed or improved in each redevelopment project area. The boundaries of such district shall not include any area not designated in the notice required by subsection (a).

(2) An ordinance for a bioscience development district shall make findings that the area satisfies the definition of a bioscience area and the creation of a bioscience district will contribute to the development of bioscience in the state and promote the general and economic welfare of the city. Such

ordinance shall also contain the district plan as approved and contain the legal description of the bioscience development district. Such ordinance shall contain a development district plan that identifies all of the proposed bioscience development project areas and identifies in a general manner all of the buildings and facilities that are proposed to be constructed or improved in each bioscience development project area. The boundaries of such district shall not include any area not designated in the notice required by subsection (a). No bioscience development district shall be established without the approval of the bioscience authority.

(c) The governing body of a city may establish a redevelopment or, with the bioscience authority's approval, a bioscience development district within that city. Such city may establish a district inclusive of land outside the boundaries of the city upon written consent of the board of county commissioners. Prior to providing written consent, the board of county commissioners shall be subject to the same procedure for public notice and hearing as is required of a city pursuant to subsection (a) for the establishment of a redevelopment or bioscience development district. One or more redevelopment or bioscience development projects may be undertaken by a city within a redevelopment or bioscience development district after such redevelopment or bioscience development district has been established in the manner provided by this section.

(d) No privately owned property subject to ad valorem taxes

shall be acquired and redeveloped under the provisions of K.S.A. 12-1770 et seq., and amendments thereto, if the board of county commissioners or the board of education levying taxes on such property determines by resolution adopted within 30 days following the conclusion of the hearing for the establishment of the redevelopment or bioscience development district required by subsection (b) that the proposed redevelopment or bioscience development district will have an adverse effect on such county or school district. The board of county commissioners or board of education shall deliver a copy of such resolution to the city. The city shall within 30 days of receipt of such resolution pass an ordinance terminating the redevelopment or bioscience development district.

(e) Addition to area; substantial change. Any addition of area to the redevelopment or bioscience development district or any substantial change as defined in K.S.A. 12-1770a, and amendments thereto, to the district plan shall be subject to the same procedure for public notice and hearing as is required for the establishment of the district.

(f) Any addition of any area to the redevelopment or bioscience development district shall be subject to the same procedure for public notice and hearing as is required for the establishment of the redevelopment or bioscience development district. The base year assessed valuation of the redevelopment or bioscience development district following the addition of area shall be revised to reflect the base year assessed valuation of

the original area and the added area as of the date of the original establishment of the redevelopment or bioscience development district.

(g) A city may remove real property from a redevelopment or bioscience development district by an ordinance of the governing body. If more than a de minimus amount of real property is removed from a redevelopment or bioscience development district, the base year assessed valuation of the redevelopment or bioscience development district shall be revised to reflect the base year assessed valuation of the remaining real property as of the date of the original establishment of the redevelopment or bioscience development district.

(h) A city may divide the real property in a redevelopment or bioscience development district, including real property in different redevelopment or bioscience development project areas within a redevelopment or bioscience development district, into separate redevelopment or bioscience development districts. The base year assessed valuation of each resulting redevelopment or bioscience development district following such division of real property shall be revised to reflect the base year assessed valuation of the area of each resulting redevelopment or bioscience development district as of the date of the original establishment of the redevelopment or bioscience development district. Any division of real property within a redevelopment or bioscience development district into more than one redevelopment or bioscience development district shall be subject to the same



procedure or public notice and hearing as is required for the establishment of the redevelopment or bioscience development district.

(i) If a city has undertaken a redevelopment or bioscience development project within a redevelopment district, and either the city wishes to subsequently remove more than a de minimus amount of real property from the redevelopment or bioscience development district or the city wishes to subsequently divide the real property in the redevelopment or bioscience development district into more than one redevelopment district, then prior to any such removal or division the city must provide a feasibility study which shows that the tax increment revenue from the resulting redevelopment or bioscience development district within which the redevelopment or bioscience development project is located is expected to be sufficient to pay the redevelopment or bioscience development project costs.

(j) Removal of real property from one redevelopment or bioscience development district and addition of all or a portion of that real property to another redevelopment or bioscience development district may be accomplished by the adoption of an ordinance and in such event the determination of the existence or nonexistence of an adverse effect on the county or school district under subsection (d) shall apply to both such removal and such addition of real property to a redevelopment or bioscience development district.

(k) Any addition to, removal from or division of real

property or a substantial change as defined in K.S.A. 12-1770a, and amendments thereto, to a bioscience development district may be made only with the approval of the bioscience authority.

Sec. 29. K.S.A. 12-1772 is hereby amended to read as follows: 12-1772.

(a) Redevelopment projects. One or more redevelopment or bioscience development projects may be undertaken by a city within an established redevelopment or bioscience development district. Any such project plan may be implemented in separate development stages. Any city proposing to undertake a redevelopment or bioscience development project within a redevelopment or bioscience development district established pursuant to K.S.A. 12-1771, and amendments thereto, shall prepare a project plan in consultation with the planning commission of the city and, in the case of a bioscience development district, with the approval of the bioscience authority. The project plan shall include:

(1) A summary of the feasibility study done as defined in K.S.A. 12-1770a, and amendments thereto, which will be an open record;

(2) a reference to the district plan established under K.S.A. 12-1771, and amendments thereto, that identifies the redevelopment or bioscience development project area that is set forth in the project plan that is being considered;

(3) a description and map of the redevelopment or bioscience development project area to be redeveloped;

(4) the relocation assistance plan required by K.S.A. 12-1777, and amendments thereto;

(5) a detailed description of the buildings and facilities proposed to be constructed or improved in such area; and

(6) any other information the governing body deems necessary to advise the public of the intent of the project plan.

(b) Resolution requirements. A copy of the redevelopment or bioscience development project plan shall be delivered to the board of county commissioners of the county and the board of education of any school district levying taxes on property within the proposed redevelopment or bioscience development project area. Upon a finding by the planning commission that the project plan is consistent with the intent of the comprehensive plan for the development of the city, the governing body of the city shall adopt a resolution stating that the city is considering the adoption of the project plan. Such resolution shall:

(1) Give notice that a public hearing will be held to consider the adoption of the redevelopment or bioscience development project plan and fix the date, hour and place of such public hearing;

(2) describe the boundaries of the redevelopment or bioscience development district within which the redevelopment or bioscience development project will be located and the date of establishment of such district;

(3) describe the boundaries of the area proposed to be included within the redevelopment or bioscience development

project area; and

(4) state that the project plan, including a summary of the feasibility study, relocation assistance plan and financial guarantees of the prospective developer and a description and map of the area to be redeveloped or developed are available for inspection during regular office hours in the office of the city clerk.

Except as provided in paragraph (3) of subsection (b) of K.S.A. 12-1774, and amendments thereto, if the governing body determines that it may issue full faith and credit tax increment bonds to finance the redevelopment or bioscience development project, in whole or in part, the resolution also shall include notice thereof.

(c) (1) Hearing. The date fixed for the public hearing shall be not less than 30 nor more than 70 days following the date of the adoption of the resolution fixing the date of the hearing.

(2) A copy of the resolution providing for the public hearing shall be by certified mail, return receipt requested sent to the board of county commissioners of the county and the board of education of any school district levying taxes on property within the proposed redevelopment or bioscience development project area. Copies also shall be sent by certified mail, return receipt requested to each owner and occupant of land within the proposed redevelopment or bioscience development project area not more than 10 days following the date of the adoption of the resolution. The resolution shall be published once in the

official city newspaper not less than one week nor more than two weeks preceding the date fixed for the public hearing. A sketch clearly delineating the area in sufficient detail to advise the reader of the particular land proposed to be included within the project area shall be published with the resolution.

(3) At the public hearing, a representative of the city shall present the city's proposed project plan and a representative of the Kansas bioscience authority if the hearing is for a proposed bioscience development project. Following the presentation of the project plan, all interested persons shall be given an opportunity to be heard. The governing body for good cause shown may recess such hearing to a time and date certain, which shall be fixed in the presence of persons in attendance at the hearing.

(d) The public hearing records and feasibility study shall be subject to the open records act, K.S.A. 45-215, and amendments thereto.

(e) Posthearing procedure. Following the public hearing, the governing body may adopt the project plan by ordinance passed upon a 2/3 vote and, in the case of a bioscience project plan, with the approval of the bioscience authority.

(f) Any substantial changes as defined in K.S.A. 12-1770a, and amendments thereto, to the project plan as adopted shall be subject to a public hearing following publication of notice thereof at least twice in the official city newspaper.

(g) Any project shall be completed within 20 years from the date of the approval of the project plan.

1 otherwise provided in this section, the county treasurer shall distribute  
2 such taxes as may be collected in the same manner as if such property  
3 were located outside a bioscience development district. Each bioscience  
4 development district established under the provisions of this act shall  
5 constitute a separate taxing unit for the purpose of the computation and  
6 levy of taxes.

7 (c) Beginning with the first payment of taxes which are levied follow-  
8 ing the date of the establishment of the bioscience development district  
9 real property taxes received by the county treasurer resulting from taxes  
10 which are levied subject to the provisions of this act by and for the benefit  
11 of a taxing subdivision, as defined in section 27, and amendments thereto,  
12 on property located within such bioscience development district consti-  
13 tuting a separate taxing unit under the provisions of this section, shall be  
14 divided as follows:

15 (1) From the taxes levied each year subject to the provisions of this  
16 act by or for each of the taxing subdivisions upon property located within  
17 a bioscience development district constituting a separate taxing unit under  
18 the provisions of this act, the county treasurer first shall allocate and pay  
19 to each such taxing subdivision all of the real property taxes collected  
20 which are produced from the base year assessed valuation.

[ , except for property taxes levied for schools

21 (2) Any real property taxes produced from that portion of the current  
22 assessed valuation of real property within the bioscience development  
23 district constituting a separate taxing unit under the provisions of this  
24 section in excess of the base year assessed valuation shall be allocated and  
25 paid by the county treasurer to the bioscience development bond fund  
26 to pay the bioscience development project costs including the payment  
27 of principal and interest on any special obligation bonds to finance, in  
28 whole or in part, such bioscience development projects.

29 (d) The authority may pledge such revenue to the repayment of such  
30 special obligation bonds prior to, simultaneously with, or subsequent to  
31 the issuance of such special obligation bonds.

32 (e) Any bonds issued under the provisions of this act and the interest  
33 paid thereon, unless specifically declared to be taxable in the authorizing  
34 resolution, shall be exempt from all state, county and municipal taxes, and  
35 the exemption shall include income, inheritance and property taxes.

[ estate

36 New Sec. 31. (a) The bioscience development bond fund is hereby  
37 created. The bioscience development bond fund shall not be a part of  
38 the state treasury and the funds in the bioscience development bond fund  
39 shall belong exclusively to the authority. A separate account within the  
40 bioscience development bond fund will be created for each bioscience  
41 development district created pursuant to this act.

42 (b) Distributions from a bioscience development bond fund shall be  
43 used to pay the bioscience development project costs undertaken in a

1 bioscience development district.

2 (c) The state treasurer shall credit all revenue collected or received  
3 from a bioscience development district to that bioscience development  
4 district's account in the bioscience development bond fund. On or before  
5 the 10th day of each month, the director of accounts and reports shall  
6 transfer from the state general fund to the bioscience development bond  
7 fund interest earnings based on:

as certified by the secretary of revenue

8 (1) The average daily balance of moneys in the bioscience develop-  
9 ment bond fund for the preceding month; and

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

12 New Sec. 32. Notwithstanding any other provision of law, it is hereby  
13 stated that it is an object of all ad valorem taxes levied by or for the benefit  
14 of any city, county or school district of the state on taxable tangible real  
15 property located within any bioscience development district created pur-  
16 suant to this act, that such taxes may be applied and allocated to and when  
17 collected paid into the bioscience development bond fund pursuant to  
18 the procedures and limitations of this act to pay the cost of a bioscience  
19 development project, including principal and interest on special obliga-  
20 tion bonds issued to finance, in whole or in part, such bioscience devel-  
21 opment project.

or county

22 New Sec. 33. Sections 33 to 36, inclusive, and amendments thereto,  
23 shall be known and may be cited as the bioscience tax investment incen-  
24 tive act.

25 New Sec. 34. The purpose of the bioscience tax investment incentive  
26 act is to make Kansas the most desirable state in which to conduct the  
27 business of bioscience. The bioscience tax investment incentive act will  
28 incentivize individuals and organizations engaged in the business of bio-  
29 science to locate and grow in the state in order to make Kansas a national  
30 leader in bioscience, create new jobs, foster economic growth, advance  
31 scientific knowledge and improve the quality of life for the citizens of the  
32 state. The bioscience tax investment incentive act promotes private re-  
33 search and development, investment in real property and improvements,  
34 and investment in equipment and supplies to enhance bioscience re-  
35 search and commercialization of bioscience products and technologies in  
36 the state.

37 New Sec. 35. As used in sections 33 to 41, inclusive, and amend-  
38 ments thereto, the following words and phrases have the following mean-  
39 ings unless a different meaning clearly appears from the content:

40 (a) "Authority" means the Kansas bioscience authority as created by  
41 section 4 and amendments thereto.

42 (b) "Bioscience" means the use of compositions, methods and organ-  
43 isms in cellular and molecular research, development and manufacturing

1 [Processes for such diverse areas as pharmaceuticals, medical therapeutics,  
2 medical diagnostics, medical devices, medical instruments, biochemistry,  
3 microbiology, veterinary medicine, plant biology, agriculture, industrial,  
4 environmental and homeland security applications of bioscience and fu-  
5 ture developments in the biosciences. Bioscience includes biotechnology  
6 and life sciences.

7 (c) "Bioscience company" means a corporation, limited liability com-  
8 pany, S corporation, partnership, registered limited liability partnership,  
9 foundation, association, nonprofit entity, sole proprietorship, business  
10 trust, person, group or other entity that is engaged in the business of  
11 bioscience in the state and has business operations in the state, including,  
12 without limitation, research, development, or production directed to-  
13 wards developing or providing bioscience products or processes for spe-  
14 cific commercial or public purposes and are identified by the following  
15 SIC industry groups or SIC codes (and/or related NAICS codes): 2833  
16 (325411), 2834 (325412), 2835 (325412, 325413), 2836 (325414), 2869  
17 (325193, 325199), 2873 (325311), 2879 (32532), 3821 (339111), 3826  
18 (334516), 384 (339111, 339112, 339113, 334510, 334517), 3851 (339113,  
19 339115), 807 (621511, 621512), 8731 (54171), 8734 (54138, 54194).

20 (d) "Bioscience employee" means any employee, officer or director  
21 of a bioscience company who is employed after the effective date of this  
22 act and who is also a state taxpayer.

23 (e) "Bioscience facility" means real property, buildings, laboratory  
24 space, incubator space, office space, and all improvements thereof, and  
25 any facilities directly related and necessary to the operation of a biosci-  
26 ence facility.

27 (f) "Bioscience facilities project" means the purchase, construction,  
28 renovation, expansion or improvement of a bioscience facility. Such pro-  
29 jects may also include, without limitation, any improvements, road con-  
30 struction, alteration, relocation and construction of facilities to provide  
31 utility service for any of the bioscience facilities, along with any fixtures,  
32 equipment, and machinery, and any demolition and relocation expenses  
33 used in connection with any such project, and including any capital used  
34 to promote and facilitate such bioscience facilities.

35 (g) "Bioscience research" means any original investigation for the ad-  
36 vancement of scientific or technological knowledge of bioscience and any  
37 activity that seeks to utilize, synthesize, or apply existing knowledge, in-  
38 formation or resources to the resolution of a specific problem, question  
39 or issue of bioscience.

40 (h) "Biotechnology" means, without limitation, those fields focusing  
41 on technological developments in such areas as molecular biology, genetic  
42 engineering, genomics, proteomics, physiomics, nanotechnology, biode-  
43 fense, biocomputing, bioinformatics and future developments associated



1 with biotechnology.

2 (i) "Financial assistance" means, without limitation, the payment or  
3 transfer of cash or cash equivalents to a bioscience company by a taxpayer  
4 to be used for operational and related expenditures, fixed assets, real  
5 estate construction costs, expansion or renovation, acquisition and devel-  
6 opment, start-up and materials costs, tenant renovation, working capital,  
7 salaries, research, development, manufacturing and marketing expenses.

8 (j) "Life sciences" means, without limitation, the areas of medical  
9 sciences, pharmaceutical sciences, biological sciences, zoology, botany,  
10 horticulture, ecology, toxicology, organic chemistry, physical chemistry,  
11 physiology and any future advances associated with life sciences.

12 (k) "NAICS" means the north American industry classification  
13 system.

14 (l) "NOL" means a bioscience company's net operating loss that may  
15 be carried forward pursuant to the Kansas income tax act.

16 (m) "NOL certificate" means the certificate issued to a recipient tax-  
17 payer for use in claiming NOL on its income tax return.

18 (n) "NOL notice" means the written notice provided to a bioscience  
19 company by the Kansas department of revenue notifying the bioscience  
20 company that it is qualified to sell its NOL in compliance with this act.

21 (o) "Recipient taxpayer" means a taxpayer that enters into a written  
22 agreement with a bioscience company concerning the terms and condi-  
23 tions of the financial assistance made in exchange for the NOL certificate  
24 issued by the Kansas department of revenue.

25 (p) "SIC industry groups" or "SIC codes" means the standard indus-  
26 trial classification system promulgated by the United States department  
27 of labor in the 1987 standard industrial classification manual, as may be  
28 amended or revised from time-to-time.

29 (q) "State" means the state of Kansas.

30 (r) "Surrendered tax benefit" means the amount of the NOL multi-  
31 plied by the recipient taxpayer's applicable state income tax rate for the  
32 year in which the NOL is transferred.

33 (s) "Tangible personal property" includes capital equipment, instru-  
34 ments, apparatus and supplies used in laboratories, including, without  
35 limitation, microscopes, machines, glassware, chemical reagents, com-  
36 puters, computer software and technical books and manuals.

37 (t) "Taxpayer" means a person, corporation, limited liability company,  
38 S corporation, partnership, registered limited liability partnership, found-  
39 dation, association, nonprofit entity, sole proprietorship, business trust,  
40 group or other entity that is subject to the Kansas income tax act K.S.A.  
41 79-3201 *et seq.* and amendments thereto.

42 (u) "This act" means the Kansas bioscience tax investment incentive  
43 act.

1 New Sec. 36. (a) The Kansas department of revenue shall establish  
2 an NOL certificate transfer program ("NOL transfer program") to allow  
3 a bioscience company with an unused NOL, to surrender, sell or transfer  
4 such NOL for use by a recipient taxpayer.

5 (b) As part of the NOL transfer program, the Kansas department of  
6 revenue shall establish an application process to determine whether an  
7 applicant is a bioscience company that is authorized to surrender, sell or  
8 transfer NOL to a recipient taxpayer in exchange for financial assistance.  
9 If the Kansas department of revenue determines that an applicant is qual-  
10 ified, then the Kansas department of revenue shall issue an NOL notice  
11 to the bioscience company.

12 (c) No application to participate in the NOL transfer program will be  
13 approved if the bioscience company has surrendered tax benefits in excess  
14 of \$1,000,000.

15 (d) Once an NOL notice has been issued, the bioscience company  
16 shall be permitted to surrender, sell or transfer, subject to the limitation  
17 set forth above in subsection (c), the NOL to a recipient taxpayer regard-  
18 less of whether the bioscience company continues to meet the eligibility  
19 criteria in subsequent years. The Kansas department of revenue shall  
20 require a recipient taxpayer to enter into a written agreement with the  
21 bioscience company setting forth the terms and conditions of the financial  
22 assistance to be made in exchange for the NOL certificate.

23 (e) The Kansas department of revenue shall issue an NOL certificate  
24 to the recipient taxpayer in an amount that is equal to at least 100% of  
25 the amount of the surrendered tax benefit of the bioscience company in  
26 exchange for the financial assistance to be made by the recipient taxpayer  
27 to the bioscience company. The recipient taxpayer shall attach the NOL  
28 certificate to any tax return that the recipient taxpayer is required to file  
29 under the Kansas income tax act on which the recipient taxpayer claims  
30 an NOL deduction. The recipient taxpayer shall otherwise apply the NOL  
31 carryover deduction as evidenced by the NOL certificate according to the  
32 provisions of this act.

33 (f) A recipient taxpayer who purchases or receives the NOL may not  
34 be affiliated with the bioscience company that is surrendering, selling or  
35 transferring its NOL. For purposes of this section, a recipient taxpayer  
36 will be deemed to be affiliated with a bioscience company if it directly or  
37 indirectly owns or controls 51% or more of the voting rights or 51% or  
38 more of the value of all classes of stock or other equity interest of the  
39 bioscience company that is surrendering, selling or transferring its NOL.

40 (g) A bioscience company that has surrendered, sold or transferred  
41 an unused NOL carryover pursuant to the provisions of this act shall not  
42 be allowed a deduction for such NOL.

43 New Sec. 37. Sections 37 to 43, inclusive, and amendments thereto,

See attached New Sec. 36

New Sec. 36. (a) For taxable years commencing after December 31, 2004, any bioscience company as defined in subsection (d) of section 21, and amendments thereto, shall be allowed a payment from the bioscience authority not to exceed 50% of such bioscience company's Kansas net operating loss incurred during the claimed taxable year. No bioscience company as defined in subsection (d) of section 21 shall claim more than one payment on a bioscience research and development project per taxable year.

(b) In no event shall the total amount of payments authorized and made by the bioscience authority pursuant to subsection (a) exceed \$1,000,000 for any one fiscal year.

(c) The department of revenue shall annually certify to the bioscience authority any bioscience company claiming the payment, the amount of Kansas net operating loss claimed and the payment due to the bioscience company. The bioscience authority shall thereafter make the payment to the bioscience company.

(d) The secretary of revenue shall adopt rules and regulations to implement the provisions of this section.

## DRAFT 1

Notwithstanding any other provision of this Act, the terms “bioscience,” “biotechnology” and “life sciences” shall not be construed to include:

- (A) induced abortion in humans or the use of cells or tissues derived therefrom,
- (B) use of cells or tissues that were derived by destroying live human embryos,
- (C) any research the federal funding of which would be contrary to federal laws that are in effect on the date of enactment of this Act.

## **DRAFT 2**

Notwithstanding any other provision of this Act, the terms “bioscience,” “biotechnology” and “life sciences” shall not be construed to include:

(A) induced abortion in humans in state supported hospitals or their clinics or the use of cells or tissues derived therefrom,

(B) use of cells or tissues that were derived by destroying live human embryos in a state sponsored research institution.

(C) any research the federal funding of which would be contrary to federal laws that are in effect on the date of enactment of this Act.

House Economic Development  
2-17-04  
Attachment 6

Proposed amendment  
Requested by KDFA

[material within brackets would be deleted]

Session of 2004

**HOUSE BILL No. 2647**

By Committee on Economic Development

1-29

AN ACT concerning bioscience; creating a Kansas bioscience authority and providing for the powers and duties thereof; providing for bioscience development and funding; amending K.S.A. 2003 Supp. 74-8017 and 74-8905 and repealing the existing sections.

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

New Section 1. Sections 1 to 18, inclusive, and amendments thereto, shall be known and may be cited as the bioscience authority act.

New Sec. 2. (a) The legislature of the state of Kansas hereby finds and declares that:

(1) Biosciences develop uses of biochemistry, molecular biology, genetics, biotechnology, bioengineering and life sciences to promote and enhance health care, veterinary medicine, agriculture, forestry, energy, pharmacy, environment and other industries in the state of Kansas;

(2) high-paying jobs and innovative commercial products ensue from the biosciences, which requires an educated workforce with advanced technical skills;

(3) the universities, colleges, nonprofit institutions and private enterprises in the state of Kansas will be able to further educate and train scientists, health care professionals and technicians to provide a supportive environment for bioscience research, development, testing and product commercialization activities through increased targeted investments;

(4) manufacturing, licensing and commercialization of products derived from the biosciences will benefit the state's economy and will facilitate the development of the bioscience industry and associated educational institutions in the state of Kansas;

(5) the mission of the Kansas bioscience authority is to make Kansas the most desirable state in which to conduct, facilitate, support, fund and perform bioscience research, development and commercialization, to make Kansas a national leader in bioscience, to create new jobs, foster economic growth, advance scientific knowledge and improve the quality of life for the citizens of the state of Kansas;

(6) the needs of the citizens of the state of Kansas and the public and private entities engaged in the biosciences will be best served by an independent public authority charged with the mission of facilitating, sup-

1 porting, funding and performing bioscience projects for the benefit of its  
2 citizens to promote the state's research, development and commercializa-  
3 tion objectives.

4 (b) The exercise of the powers permitted by this act are deemed to  
5 be an essential governmental function in matters of public necessity in  
6 the provision of bioscience, education, research, development and  
7 commercialization.

8 New Sec. 3. As used in the bioscience authority act, and amend-  
9 ments thereto, the following words and phrases shall have the following  
10 meanings unless a different meaning clearly appears from the content:

11 (a) "Authority" means the Kansas bioscience authority created by this  
12 act.

13 (b) "Authority employee" means an employee of the authority who  
14 performs services for the authority and whose salary is paid in whole or  
15 in part by the authority. An authority employee will not be considered to  
16 be a state employee, as such term is defined in this act or in any other  
17 statute or regulation.

18 (c) "Bioscience" means the use of compositions, methods and organ-  
19 isms in cellular and molecular research, development and manufacturing  
20 processes for such diverse areas as pharmaceuticals, medical therapeutics,  
21 medical diagnostics, medical devices, medical instruments, biochemistry,  
22 microbiology, veterinary medicine, plant biology, agriculture and indus-  
23 trial, environmental, and homeland security applications of bioscience,  
24 and future developments in the biosciences. Bioscience includes biotech-  
25 nology and life sciences.

26 (d) "Bioscience company" means a corporation, limited liability com-  
27 pany, S corporation, partnership, registered limited liability partnership,  
28 foundation, association, nonprofit entity, sole proprietorship, business  
29 trust, person, group, or other entity that is engaged in the business of  
30 bioscience in the state and has business operations in the state, including,  
31 without limitation, research, development, or production directed to-  
32 wards developing or providing bioscience products or processes for spe-  
33 cific commercial or public purposes and are identified by the following  
34 SIC industry groups or SIC codes (and/or related NAICS codes): 2833  
35 (325411), 2834 (325412), 2835 (325412, 325413), 2836 (325414), 2869  
36 (325193, 325199), 2873 (325311), 2879 (32532), 3821 (339111), 3826  
37 (334516), 384 (339111, 339112, 339113, 334510, 334517), 3851 (339113,  
38 339115), 807 (621511, 621512), 8731 (54171), 8734 (54138, 54194)

39 (e) "Bioscience research" means any original investigation for the ad-  
40 vancement of scientific or technological knowledge of bioscience and any  
41 activity that seeks to utilize, synthesize, or apply existing knowledge, in-  
42 formation or resources to the resolution of a specific problem, question  
43 or issue of bioscience.

1 (f) "Biotechnology" means those fields focusing on technological de-  
 2 velopments in such areas as molecular biology, genetic engineering, gen-  
 3 omics, proteomics, physiomics, nanotechnology, biodefense, biocomput-  
 4 ing and bioinformatics.

5 (g) "Board" means the board of directors of the authority created by  
 6 this act.

7 (h) "Bonds" means any bonds, notes, lease certificates of participa-  
 8 tion or other evidences of indebtedness, whether or not the interest on  
 9 which is subject to federal income taxation, issued by the Kansas devel-  
 10 opment finance authority pursuant to K.S.A. 74-8901 *et seq.* and amend-  
 11 ments thereto.

has the same meaning as in K.S.A. 74-8902, and amendments thereto

12 (i) "Bioscience development and investment fund" means the fund  
 13 created by section 22, and amendments thereto.

14 (j) "Eminent scholar" means world-class, distinguished and estab-  
 15 lished investigators recognized nationally for their research and garnering  
 16 significant funding annually from federal sources. They are noted for their  
 17 scientific and entrepreneurial spirit to drive the innovative research that  
 18 leads to economic gains and are either members of or likely candidates  
 19 for the national academy of sciences or other distinguished academic  
 20 organizations.

21 (k) "Kansas technology enterprise corporation" or "KTEC" means  
 22 the Kansas technology enterprise corporation created under K.S.A. 74-  
 23 S101, and amendments thereto.

24 (l) "Life sciences" means the areas of medical sciences, pharmaceu-  
 25 tical sciences, biological sciences, zoology, botany, horticulture, ecology,  
 26 toxicology, organic chemistry, physical chemistry, physiology and any fu-  
 27 ture advances associated with life sciences.

28 (m) "NAICS" means the north American industry classification  
 29 system.

30 (n) "NISTAC" means the national institute for strategic technology  
 31 acquisition and commercialization.

32 (o) "President" means the chief executive officer of the authority.

33 (p) "Rising star scholar" means up-and-coming distinguished inves-  
 34 tigators growing in their national reputations in their fields, active and  
 35 demonstrating leadership in their associated professional societies, and  
 36 attracting significant federal research grant support. Rising star scholars  
 37 would be likely national academy of science or other distinguished aca-  
 38 demic organization candidates in the future.

39 (q) "SIC industry groups" or "SIC codes" means the standard indus-  
 40 trial classification system promulgated by the United States department  
 41 of labor in the 1987 standard industrial classification manual, as may be  
 42 amended or revised from time-to-time.

43 (r) "State" means the state of Kansas.



1 (s) "State employee" means a person employed by the state of Kansas  
 2 whether or not a classified or unclassified employee in the state personnel  
 3 system. Authority employees shall not be considered state employees, as  
 4 such term is defined in this act or in any other statute or rule and  
 5 regulation.

6 (t) "Taxpayer" means a person, corporation, limited liability company,  
 7 S corporation, partnership, registered limited liability partnership, founda-  
 8 tion, association, nonprofit entity, sole proprietorship, business trust,  
 9 group or other entity that is subject to the Kansas income tax act K.S.A.  
 10 79-3201 *et seq.*, and amendments thereto.

11 (u) "Technology transfer" means, without limitation, assisting with  
 12 filing patent applications, executing licenses, paying maintenance fees and  
 13 managing the finance, production, sales and marketing of bioscience in-  
 14 tellectual property.

15 (v) "This act" means the bioscience authority act.

(w) "Bioscience research institutions" means all ~~state~~ universities and colleges located in the state of Kansas conducting bioscience research.

16 New Sec. 4. (a) There is hereby established a body politic and cor-  
 17 porate, with corporate succession, to be known as the Kansas bioscience  
 18 authority. The authority shall be an independent instrumentality of the  
 19 state. Its exercise of the rights, powers and privileges conferred by this  
 20 act shall be deemed and held to be the performance of an essential gov-  
 21 ernmental function.

22 (b) In order to accelerate any and all synergy and opportunities for  
 23 the growth of the authority, the authority shall be headquartered and  
 24 establish its principal operation in the county in the state with the highest  
 25 number of bioscience employees associated with bioscience companies  
 26 as of the effective date of this act. The exact location of the authority's  
 27 headquarters and principal operations in such county shall be at the dis-  
 28 cretion of the authority's board.

29 (c) The authority shall be governed by an eleven-member board.  
 30 Nine of the members of the board shall be representatives of the general  
 31 public who are recognized for outstanding knowledge and leadership in  
 32 the fields of finance, business, bioscience, bioscience research, basic re-  
 33 search, health care, legal affairs, bioscience manufacturing or product  
 34 commercialization, education or government. Of the nine members rep-  
 35 resenting the general public who are appointed to the board, five must  
 36 be residents of the state. The other two members of the board shall be  
 37 ex officio nonvoting members appointed by the Kansas board of regents.

38 (d) Of the nine members representing the general public who will  
 39 be appointed to the authority's first board, two shall be appointed by the  
 40 governor for a term of office of four years, two shall be appointed by the  
 41 speaker of the house of representatives for a term of office of three years,  
 42 two shall be appointed by the president of the senate for a term of office  
 43 of three years, one shall be appointed by the minority leader of the house

1 pension allowances, benefits and expenses as may be included in such  
2 agreement. The president shall direct and supervise administrative affairs  
3 and the general management of the authority. [The president, as a mem-  
4 ber of the board, may not vote on the president's salary as president.]

5 (o) The board may provide supplemental benefits to the president  
6 and other authority employees designated by the board in addition to the  
7 benefits provided under this act.

8 (p) The authority shall continue until terminated by law, except that  
9 no such law shall take effect so long as the authority has [bonds] outstand-  
10 ing, unless adequate provision has been made for the payment or retire-  
11 ment of such debts or obligations. Upon any such dissolution of the au-  
12 thority, all property, funds and assets thereof shall be vested in the state,  
13 university of Kansas, Kansas state university or other state university or  
14 college as designated by the board, or any other public institute or private  
15 enterprise engaged in the business of bioscience, or any combination  
16 thereof, as designated by the board and approved by act of the legislature.

debts or obligations

17 New Sec. 5. (a) The board shall establish an executive committee of  
18 the authority, to be composed of the chairperson, the vice-chairperson,  
19 the secretary and two additional members of the board to be chosen by  
20 the chairperson from the remaining directors.

21 (b) The executive committee, in intervals between meetings of the  
22 board, may transact any business of the board that has been delegated to  
23 the executive committee.

24 New Sec. 6. (a) All resolutions and orders of the board shall be re-  
25 corded and authenticated by the signature of the secretary or any assistant  
26 secretary of the board. The book of resolutions, orders, minutes of open  
27 meetings, annual reports and annual financial statements of the authority  
28 shall be public records as defined by K.S.A. 45-215 *et seq.* and amend-  
29 ments thereto. All public records shall be subject to regular audit as pro-  
30 vided in K.S.A. 46-1106 and amendments thereto.

31 (b) (1) Notwithstanding any provision of K.S.A. 45-215 *et seq.* and  
32 amendments thereto to the contrary, the following records of the au-  
33 thority shall not be subject to the provisions of the Kansas open records  
34 act, when in the opinion of the board, the disclosure of the information  
35 in the records would be harmful to the competitive position of the  
36 authority:

37 (A) Proprietary information gathered by or in the possession of the  
38 authority from third parties pursuant to a promise of confidentiality;

39 (B) contract cost estimates prepared for confidential use in awarding  
40 contracts for research development, construction, renovation, commer-  
41 cialization or the purchase of goods or services; and

42 (C) data, records or information of a proprietary nature produced or  
43 collected by or for the authority, its employees, officers or members of

1 (1) The authority shall prepare an annual report to the legislature and  
2 the governor on all distributions from the emerging industry investment  
3 fund pursuant to the provisions of the emerging industry investment act  
4 and income, investment and income tax credits and exemptions pursuant  
5 to the bioscience tax investment incentive act. The authority shall prepare  
6 an annual report summarizing the growth of bioscience research and in-  
7 dustry in Kansas.

8 New Sec. 10. (a) (1) The Kansas development finance authority is  
9 hereby authorized to issue bonds on behalf of the authority in such prin-  
10 cipal amounts as the board decides are necessary to provide sufficient  
11 funds for achieving any of the authority's purposes under this act, includ-  
12 ing the payment of interest on bonds of the authority, the establishment  
13 of reserves to secure such bonds, refunding any outstanding bonds and  
14 all other expenditures of the authority incident to and necessary or con-  
15 venient to carry out its purposes and powers under this act.

16 (2) Except as may otherwise be expressly provided by the board,  
17 every issue of the authority's bonds shall be obligations of the authority  
18 payable out of any revenues or moneys of the authority, subject only to  
19 any agreements with the holders of particular bonds pledging any partic-  
20 ular revenues.

21 (b) Except as otherwise provided in this act, bonds issued by the  
22 Kansas development finance authority under authority of this act shall be  
23 subject to the provisions of K.S.A. 74-8901 *et seq.* and amendments  
24 thereto.

25 (c) Any resolution by the board authorizing any bonds or any issue  
26 thereof by the Kansas development finance authority may contain such  
27 provisions as deemed appropriate by the board for the purpose of carrying  
28 out the authority's purposes under this act and securing such bonds,  
29 which shall be a part of the contract with the holders thereof, including,  
30 without limitation:

31 (1) Pledging all or any part of the revenues of the authority to secure  
32 the payment of the bonds or of any issue thereof, subject to such agree-  
33 ments with bondholders as may then exist;

34 (2) pledging all or any part of the assets of the authority to secure the  
35 payment of the bonds or of any issue of bonds, subject to such agreements  
36 with bondholders as may then exist, such assets to include any grant or  
37 contribution from the Federal government or any corporation, associa-  
38 tion, institution or person;

39 (3) the setting aside of reserves or sinking funds and the regulation  
40 and disposition thereof;

41 (4) limitations on the purpose to which the proceeds of sale of bonds  
42 may be applied and pledging such proceeds to secure the payment of the  
43 bonds or of any issues thereof;

1 (5) limitations on the issuance of additional bonds, the terms upon  
2 which additional bonds may be issued and secured, and the refunding of  
3 outstanding or other bonds;

4 (6) the procedure, if any, by which the terms of any contract with  
5 bondholders may be amended or abrogated, the amount of bonds the  
6 holders of which must consent thereto, and the manner in which such  
7 consent may be given;

8 (7) limitations on the amount of moneys to be expended by the au-  
9 thority for operating expenses of the authority;

10 (8) vesting in a trustee such property, rights, powers and duties in  
11 trust as the board may determine, which may include any or all of the  
12 rights, powers and duties of the trustee appointed by the bondholders  
13 pursuant to this act, and limiting or abrogating the right of the bond-  
14 holders to appoint a trustee under this act or limiting the rights, powers  
15 and duties of such trustee;

16 (9) defining the acts or omissions to act which shall constitute a de-  
17 fault in the obligations and duties of the authority to the holders of the  
18 bonds and providing for the rights and remedies of the holders of the  
19 bonds in the event of such default, including as a matter of right the  
20 appointment of a receiver, except that such rights and remedies shall not  
21 be inconsistent with the general laws of the state and the other provisions  
22 of this act; and

23 (10) any other matters, of like or different character, which in any  
24 way affect the security or protection of the holders of the notes or bonds.

25 (d) Any of the provisions relating to any bonds described in this sec-  
26 tion may be set forth in a trust indenture authorized by a resolution of  
27 the board.

28 (e) The bonds of each issue may, in the discretion of the board, be  
29 made redeemable before maturity at such prices and under such terms  
30 and conditions as may be determined by the board. Bonds shall mature  
31 at such time, not exceeding 30 years from their date of issue, as may be  
32 determined by the board. The bonds may be issued as serial bonds pay-  
33 able in annual installments or as term bonds or as a combination thereof.  
34 The bonds shall bear interest at such rate either fixed or variable, be in  
35 such denominations, be in such form, either coupon or registered, carry  
36 such registration privileges, be executed in such manner, be payable in  
37 such medium of payment and at such place, and be subject to such terms  
38 of redemption as provided in the resolution of trust indenture. The bonds  
39 of the authority may be sold by the authority, at public or private sale, at  
40 such price as the board shall determine.

41 (f) In case any director whose signature or a facsimile of whose sig-  
42 nature appears on any bonds or coupons attached thereto ceases to be a  
43 director before the delivery thereof, such signature or such facsimile shall

1 nevertheless be valid and sufficient for all purposes as if such director  
2 had remained in office until such delivery. The board may also provide  
3 for the authentication of the bonds by a trustee or fiscal agent.

4 (g) Before the preparation of definitive bonds, the Kansas develop-  
5 ment finance authority may issue interim receipts or temporary bonds  
6 until such definitive bonds have been executed and are available for  
7 delivery.

8 (h) The authority, subject to such agreements with bondholders as  
9 may then exist, may purchase bonds of the authority, which shall there-  
10 upon be canceled at a price not exceeding:

11 (1) If the bonds are then redeemable, the redemption price then  
12 applicable plus accrued interest to the next interest payment thereon; or

13 (2) If the bonds are not then redeemable, the redemption price ap-  
14 plicable on the first date after such purchase upon which the bonds be-  
15 come subject to redemption plus accrued interest to such date.

16 (i) In the discretion of the board, the bonds may be secured by a trust  
17 indenture by and between the authority and a corporate trustee, which  
18 may be any trust company or bank having the power of a trust company  
19 within or without the state. Such trust indenture may contain provisions  
20 to protect and enforce the rights and remedies of the bondholders as may  
21 be reasonable and proper and not in violation of law, including covenants  
22 setting forth the duties of the authority in relation to the exercise of its  
23 powers and the custody, safeguarding and application of all moneys. The  
24 board may provide by such trust indenture for the payment of the pro-  
25 ceeds of the bonds and the revenues to the trustee under such trust  
26 indenture or other depository and for the method of disbursement  
27 thereof, with such safeguards and restrictions as it may determine. All  
28 expenses incurred in carrying out such trust indenture may be treated as  
29 a part of the operating expenses of the authority.

30 (j) Any bonds issued pursuant to this section, and the income there-  
31 from (including any profit from the sale thereof) shall at all times be free  
32 from taxation by the state or any agency, political subdivision or instru-  
33 mentality of the state.

34 (k) Any holder of bonds issued under the provisions of this act, or  
35 any coupons relating thereto and the trustee under any trust agreement  
36 or resolution authorizing the issuance of such bonds, except the rights  
37 under this act may be restricted by such trust agreement or resolution,  
38 may, either at law or in equity by suit, action, mandamus or other pro-  
39 ceeding, protect and enforce any and all rights under the laws of the state  
40 or granted under this act or under such agreement or resolution, or under  
41 any other contract executed by the board pursuant to this act, and may  
42 enforce and compel the performance of all duties required by this act or  
43 by such trust agreement or resolution to be performed by the authority

1 or by a director thereof.

2 (l) Notwithstanding any of the foregoing provisions of this act or any  
3 recitals in any bonds issued under the provisions of this act, all such bonds  
4 and interest coupons relating thereto shall be negotiable instruments under  
5 the laws of the state, subject only to any applicable provisions for  
6 registration.

7 (m) Bonds issued under the provisions of this act are hereby made  
8 securities in which all insurance companies, trust companies, banking  
9 associations, savings and loan associations, investment companies, executors,  
10 administrators, trustees and other fiduciaries may properly and legally  
11 invest funds, including capital in their control or belonging to them.  
12 Such bonds are hereby made securities which may properly and legally  
13 be deposited with and received by any state or municipal officer or any  
14 agency or political subdivision of the state for any purpose for which the  
15 deposit of bonds or obligations of the state is authorized by law.

16 (n) Neither the state nor the Kansas development finance authority  
17 shall be liable for bonds of the authority, and such bonds shall not constitute  
18 a debt of the state. The bonds shall contain on the face thereof a  
19 statement to such effect.

20 (o) Neither the members of the board nor the members of the board  
21 of directors of the Kansas development finance authority shall be personally  
22 liable for such bonds by reason of the execution or issuance thereof.

23 (p) The authority shall submit to the governor and the state legislature  
24 within six months after the end of the fiscal year a report which shall  
25 set forth a complete and detailed operating and financial statement of the  
26 authority during such fiscal year. Also included in the report shall be  
27 comprehensive information regarding all audit reports performed in such  
28 year including any legislative post audit report performed under K.S.A.  
29 46-1106 *et seq.* and amendments thereto, and any recommendations with  
30 reference to additional legislation or other action that may be necessary  
31 to carry out the purposes of the authority.

32 (q) The state does hereby pledge to and agree with the holders of  
33 any bonds issued under this act that the state will not limit or alter the  
34 rights hereby vested in the authority to fulfill the terms of any agreements  
35 made with the such holders thereof or in any way impair the rights and  
36 remedies of such holders until such bonds, together with the interest  
37 thereon, with interest on any unpaid installments of interest, and all costs  
38 and expenses in connection with any action or proceeding by or on behalf  
39 of such holders are fully met and discharged. The authority is authorized  
40 to include this pledge and agreement of the state in any agreement with  
41 the holders of such bonds.

42 (r) Nothing in this act shall be construed as a restriction or limitation  
43 upon any other powers that the authority might otherwise have under

6-10

1 ~~any~~ other law of the state, and this act is cumulative to any such powers.  
 2 This act does and shall be construed to provide a complete, additional  
 3 and alternative method for the doing of the things authorized thereby  
 4 and shall be regarded as supplemental and additional to powers conferred  
 5 by other laws. The issuance of bonds under the provisions of this act,  
 6 however, need not comply with the requirements of any other state law  
 7 applicable to the issuance of bonds. No proceedings, notice or approval  
 8 shall be required for the issuance of any bonds or any instrument as  
 9 security therefor, except as is provided in this act.

10 (s) Any of the provisions relating to bonds described in this section  
 11 may be included in any contracts between the authority and the Kansas  
 12 development finance authority relating to obligations of the Kansas de-  
 13 velopment finance authority issued on behalf of the authority.

See attached New Sec. 10.

14 ~~New Sec. 11. (a) The authority may employ such employees as it may~~  
 15 ~~require and upon such terms and conditions as it may establish. The~~  
 16 ~~authority shall establish personnel, payroll, benefit and other such systems~~  
 17 ~~as authorized by the board, such systems to be initially established or~~  
 18 ~~contracted as designated by the board. The authority shall determine the~~  
 19 ~~qualifications and duties of its employees. The board shall develop and~~  
 20 ~~adopt policies and procedures that will afford its employees grievance~~  
 21 ~~rights, ensure that employment decisions shall be based upon merit and~~  
 22 ~~fitness of applicants and shall prohibit discrimination because of race,~~  
 23 ~~religion, color, sex or national origin.~~

24 (b) Nothing in this act or any act of which it is amendatory shall be  
 25 construed as placing any officer or employee of the authority or member  
 26 of the board in the classified or the unclassified service under the Kansas  
 27 civil service act.

28 (c) The authority is authorized to establish a health insurance plan  
 29 for the benefit of its employees.

30 New Sec. 12. The authority shall be exempt from any general ad  
 31 valorem taxes upon any property of the authority acquired and used for  
 32 its public purposes, and from any taxes or assessments upon any projects  
 33 or upon any operations of the authority or the income therefrom, and  
 34 from any taxes or assessments upon any project or any property or local  
 35 obligation acquired or used by the authority under the provisions of this  
 36 act or upon the income therefrom. Purchases by the authority to be used  
 37 for its public purposes shall not be subject to sales or use tax under K.S.A.  
 38 79-3601 *et seq.*, K.S.A. 79-3701 *et seq.*, and subsection (b) of K.S.A. 79-  
 39 3606 *et seq.* and amendments thereto. The exemptions hereby granted  
 40 shall not extend to persons or entities conducting business on the au-  
 41 thority's property for which payment of state and local taxes would oth-  
 42 erwise be required.

43 New Sec. 13. Notwithstanding any other provision of law to the con-

Sec. 10. (a) The Kansas development finance authority is hereby authorized to issue bonds pursuant to the Kansas development finance authority act, K.S.A. 74-8901 et seq., and amendments thereto, to finance: (1) Facilities, as defined in the Kansas development finance authority act; for the conduct of bioscience programs, activities and research of the authority, a bioscience company or a bioscience research institute; (2) bioscience programs, activities and research of the authority, a bioscience company or a bioscience research institute; and (3) to provide sufficient funds to the authority necessary or convenient to carryout the authority's purposes and powers under this act. No bonds may be issued pursuant to this section unless the Kansas development finance authority has received a resolution of the board of the authority requesting the issuance of such bonds. Bonds issued pursuant to this section shall not be subject to the notice requirements of K.S.A. 74-8905(c), and amendments thereto.

(b) Any resolution by the board of the authority requesting bonds to be issued by the Kansas development finance authority may (1) contain such requirements, parameters and provisions as deemed appropriate by the board for the purpose of carrying out the authority's purposes under this act and (2) authorize such contracts or obligations of the authority deemed appropriate by the board to secure the payment of such bonds, including a pledge of all or any part of the revenues and assets of the authority, including without limitation moneys in the bioscience and development investment fund.



(c) The state does hereby pledge to, and agree with, the holders of any bonds issued under this act that the state will not limit or alter the rights hereby vested in the authority to fulfill the terms of any agreements made with the Kansas development finance authority or in any way impair the rights and remedies of the Kansas development finance authority with respect to such bonds, or any holders of such bonds until the payment of principal of and interest on such bonds and all costs and expenses in connection with any action or proceeding by or on behalf of such holders is fully paid and discharged. The authority is authorized to include this pledge and agreement of the state in any agreement with the Kansas development finance authority and the Kansas development finance authority is authorized to include this pledge and agreement in an agreement for the benefit of the holders of such bonds.

1 (o) "SIC industry groups" or "SIC codes" means the standard industrial classification system promulgated by the United States department of labor in the 1987 standard industrial classification manual, as may be amended or revised from time-to-time.

2 (p) "State" means the state of Kansas.

3 (q) "State income taxes" means all of the taxes levied pursuant to K.S.A 79-3201 et seq. and amendments thereto.

4 (r) "State taxes" means all of state taxes on property, sales and use, excise, license, individual income tax and corporate net income tax pursuant to law.

5 (s) "Taxpayer" means a person, corporation, limited liability company, S corporation, partnership, registered limited liability partnership, foundation, association, nonprofit entity, sole proprietorship, business trust, group or other entity that is subject to the Kansas income tax act, K.S.A. 79-3201 et seq. and amendments thereto.

6 (t) "This act" means the emerging industry investment act  
7 New Sec. 22. (a) The emerging industry investment act investment fund is hereby created. The emerging industry investment act investment fund shall not be a part of the state treasury and the funds in the emerging industry investment act investment fund shall belong exclusively to the authority.

bioscience development and

8 (b) Distributions from the emerging industry investment act investment fund shall be for the exclusive benefit of the authority, under the control of the board and used to fulfill the purpose, powers and duties of the authority pursuant to the provisions of section 1 et seq., and amendments thereto.

bioscience development and

9 (c) The secretary of revenue and the authority shall establish the base year taxation for all bioscience companies and state universities associated with bioscience research in the state. The secretary of revenue, the authority and the board of regents shall establish the number of bioscience employees associated with state universities and report annually and determine the taxation base annually.

bioscience development and

10 (d) For a period of 15 years from the effective date of this act, the state treasurer shall pay to the emerging industry investment act investment fund the state taxes in excess of the base year taxation from all bioscience companies.

bioscience development and

11 (e) In addition, the state treasurer shall pay all revenue collected or received from state income taxes upon Kansas wages paid by bioscience employees to the emerging industry investment act investment fund. On or before the 10th day of each month, the director of accounts and reports shall transfer from the state general fund to the bioscience development and investment fund interest earnings based on:

12 (1) The average daily balance of moneys in the emerging industry



bioscience development and

1 investment act investment fund for the preceding month; and  
 2 (2) the net earnings rate of the pooled money investment portfolio  
 3 for the preceding month.

4 (f) State tax and bioscience employee income tax refunds and bal-  
 5 ances due shall be reconciled on at least an annual basis by a method  
 6 defined in an agreement between the secretary of revenue, state treasurer  
 7 and the authority.

8 (g) The division of post audit is hereby authorized to conduct a post  
 9 audit in accordance with the provisions of the state post audit act to K.S.A.  
 10 46-1106 *et seq.* and amendments thereto.

11 Sec. 23. K.S.A. 2003 Supp. 74-8017 is hereby amended to read as  
 12 follows: 74-8017. On and after January 1, ~~2003~~ 2004, it shall be the duty  
 13 of Kansas, Inc. to prepare an annual report evaluating the cost effective-  
 14 ness of the various income tax credits and sales tax exemptions enacted  
 15 to encourage economic development within this state and submit the  
 16 same to the standing committees on taxation and economic development  
 17 of the house and assessment and taxation and commerce of the senate at  
 18 the beginning of each regular session of the legislature. The secretary of  
 19 revenue, in consultation with the president of Kansas, Inc., shall develop  
 20 a questionnaire on the utilization of state income tax credits and sales tax  
 21 exemptions that shall be completed by all corporate taxpayers that: (1)  
 22 Are subject to state income tax and (2) utilize any of the state income tax  
 23 credits and exemptions described in subsections (a) through ~~(f)~~ (j) below  
 24 that shall be submitted to the department of revenue concurrently with  
 25 the filing of an annual corporate income tax return. The secretary shall  
 26 provide the completed questionnaires to Kansas, Inc. for use in the prep-  
 27 aration of such annual report. The questionnaire shall require respon-  
 28 dents to indicate utilization of the following credits and exemptions:

29 (a) Income tax credits authorized under the provisions of the job ex-  
 30 pansion and investment credit act of 1976 and acts amendatory thereof  
 31 and supplemental thereto;

32 (b) income tax credits for expenditures in research and development  
 33 activities authorized by K.S.A. 79-32,182, and amendments thereto;

34 (c) income and financial institutions privilege tax credits for cash in-  
 35 vestment in stock of Kansas Venture Capital, Inc. authorized by K.S.A.  
 36 74-8205 and 74-8206, and amendments thereto;

37 (d) income tax credits for cash investment in certified Kansas venture  
 38 capital companies authorized by K.S.A. 74-8304, and amendments  
 39 thereto;

40 (e) income tax credits for cash investment in certified local seed cap-  
 41 ital pools authorized by K.S.A. 74-8401, and amendments thereto;

42 (f) income tax credits for investment in the training and education of  
 43 qualified firms' employees authorized by K.S.A. 74-50,132, and amend-

1 ments thereto;

2 (g) sales tax exemptions for property or services purchased for the  
3 purpose of and in conjunction with constructing, reconstructing, enlarging  
4 or remodeling a business, or retail business meeting the requirements  
5 of K.S.A. 74-50,115, and amendments thereto, and machinery and equip-  
6 ment for installation at such business or retail business authorized by  
7 subsection (cc) of K.S.A. 79-3606, and amendments thereto;

8 (h) sales tax exemptions for machinery and equipment used directly  
9 and primarily for the purposes of manufacturing, assembling, processing,  
10 finishing, storing, warehousing or distributing articles of tangible personal  
11 property in this state intended for resale by a manufacturing or processing  
12 plant or facility or a storage, warehousing or distribution facility. The  
13 secretary of revenue shall provide the completed questionnaires and cop-  
14 ies of sales tax exemption certificates to Kansas, Inc. for the preparation  
15 of such report; ~~and~~

16 (i) distribution from the special economic revitalization fund pursuant  
17 to the provisions of the economic revitalization reinvestment act, K.S.A.  
18 2003 Supp. 74-50,136, and amendments thereto;

19 (j) special obligation bonds authorized by K.S.A. 12-1774, and  
20 amendments thereto; and

21 (k) ~~distribution from the~~ emerging industry investment act ~~investment~~  
22 fund pursuant to the provisions of the emerging industry investment act,  
23 and amendments thereto, and income, investment and income tax credits  
24 and exemptions pursuant to the bioscience tax investment incentive act,  
25 and amendments thereto.

bioscience development and

26 Sec. 24. K.S.A. 2003 Supp. 74-8905 is hereby amended to read as  
27 follows: 74-8905. (a) The authority may issue bonds, either for a specific  
28 activity or on a pooled basis for a series of related or unrelated activities  
29 or projects duly authorized by a political subdivision or group of political  
30 subdivisions of the state in amounts determined by the authority for the  
31 purpose of financing projects of statewide as well as local importance as  
32 defined pursuant to K.S.A. 12-1744, and amendments thereto, capital  
33 improvement facilities, educational facilities, health care facilities and  
34 housing developments. Nothing in this act shall be construed to authorize  
35 the authority to issue bonds or use the proceeds thereof to:

36 (1) Purchase, condemn or otherwise acquire a utility plant or distri-  
37 bution system owned or operated by a regulated public utility;

38 (2) finance any capital improvement facilities, educational facilities or  
39 health care facilities which may be financed by the issuance of general  
40 obligation or utility revenue bonds of a political subdivision, except that  
41 the acquisition by the authority of general obligation or utility revenue  
42 bonds issued by political subdivisions with the proceeds of pooled bonds  
43 shall not violate the provisions of the foregoing; or

1 (3) purchase, acquire, construct, reconstruct, improve, equip, fur-  
2 nish, repair, enlarge or remodel property for any swine production facility  
3 on agricultural land which is owned, acquired, obtained or leased by a  
4 corporation, limited liability company, limited partnership, corporate  
5 partnership or trust.

6 Nothing in this subsection (a) shall prohibit the issuance of bonds by  
7 the authority when any statute specifically authorizes the issuance of  
8 bonds by the authority or approves any activity or project of a state agency  
9 for purposes of authorizing any such issuance of bonds in accordance with  
10 this section and provides an exemption from the provisions of this sub-  
11 section (a).

12 (b) The authority may issue bonds for activities and projects of state  
13 agencies as requested by the secretary of administration. No bonds may  
14 be issued pursuant to this act for any activity or project of a state agency  
15 unless the activity or project either has been approved by an appropriation  
16 or other act of the legislature or has been approved by the state finance  
17 council acting on this matter which is hereby characterized as a matter  
18 of legislative delegation and subject to the guidelines prescribed in sub-  
19 section (c) of K.S.A. 75-3711c, and amendments thereto. When requested  
20 to do so by the secretary of administration, the authority may issue bonds  
21 for the purpose of refunding, whether at maturity or in advance of ma-  
22 turity, any outstanding bonded indebtedness of any state agency. The  
23 revenues of any state agency which are pledged as security for any bonds  
24 of such state agency which are refunded by refunding bonds of the au-  
25 thority may be pledged to the authority as security for the refunding  
26 bonds.

27 (c) The authority may issue bonds for the purpose of financing in-  
28 dustrial enterprises, agricultural business enterprises, educational facili-  
29 ties, health care facilities and housing developments, or any combination  
30 of such facilities, or any interest in facilities, including without limitation  
31 leasehold interests in and mortgages on such facilities. No less than 30  
32 days prior to the issuance of any bonds authorized under this act with  
33 respect to any project or activity which is to be undertaken for the direct  
34 benefit of any person or entity which is not a state agency or a political  
35 subdivision, written notice of the intention of the authority to provide  
36 financing and issue bonds therefor shall be given by the president of the  
37 authority to the governing body of the city in which the project or activity  
38 is to be located. If the project or activity is not proposed to be located  
39 within a city, such notice shall be given to the governing body of the  
40 county. No bonds for the financing of the project or activity shall be issued  
41 by the authority for a one-year period if, within 15 days after the giving  
42 of such notice, the governing body of the political subdivision in which  
43 the project or activity is proposed to be located shall have adopted an

1 Ordinance or resolution stating express disapproval of the project or ac-  
2 tivity and shall have notified the president of the authority of such  
3 disapproval.

4 (d) The authority may issue bonds for the purpose of establishing and  
5 funding one or more series of venture capital funds in such principal  
6 amounts, at such interest rates, in such maturities, with such security, and  
7 upon such other terms and in such manner as is approved by resolution  
8 of the authority. The proceeds of such bonds not placed in a venture  
9 capital fund or used to pay or reimburse organizational, offering and ad-  
10 ministrative expenses and fees necessary to the issuance and sale of such  
11 bonds shall be invested and reinvested in such securities and other in-  
12 struments as shall be provided in the resolution under which such bonds  
13 are issued. Moneys in a venture capital fund shall be used to make venture  
14 capital investments in new, expanding or developing businesses, includ-  
15 ing, but not limited to, equity and debt securities, warrants, options and  
16 other rights to acquire such securities, subject to the provisions of the  
17 resolution of the authority. The authority shall establish an investment  
18 policy with respect to the investment of the funds in a venture capital  
19 fund not inconsistent with the purposes of this act. The authority shall  
20 enter into an agreement with a management company experienced in  
21 venture capital investments to manage and administer each venture cap-  
22 ital fund upon terms not inconsistent with the purposes of this act and  
23 such investment policy. The authority may establish an advisory board to  
24 provide advice and consulting assistance to the authority and the man-  
25 agement company with respect to the management and administration of  
26 each venture capital fund and the establishment of its investment policy.  
27 All fees and expenses incurred in the management and administration of  
28 a venture capital fund not paid or reimbursed out of the proceeds of the  
29 bonds issued by the authority shall be paid or reimbursed out of such  
30 venture capital fund.

31 (e) The authority may issue bonds in one or more series for the pur-  
32 pose of financing a redevelopment plan project that is approved by the  
33 authority in accordance with K.S.A. 74-8921 and 74-8922, and amend-  
34 ments thereto, or by Johnson or Labette county in accordance with the  
35 provisions of this act.

36 (f) After receiving and approving the feasibility study required pur-  
37 suant to K.S.A. 74-8936, and amendments thereto, the authority may  
38 issue bonds in one or more series for the purpose of financing a multi-  
39 sport athletic project in accordance with K.S.A. 74-8936 through 74-8938,  
40 and amendments thereto. If the project is to be constructed in phases, a  
41 similar feasibility study shall be performed prior to issuing bonds for the  
42 purpose of financing each subsequent phase.

43 (g) The authority may issue bonds for the purpose of financing resort

1 facilities, as defined in subsection (a) of K.S.A. 32-867, and amendments  
2 thereto, in an amount or amounts not to exceed \$30,000,000 for any one  
3 resort. The bonds and the interest thereon shall be payable solely from  
4 revenues of the resort and shall not be deemed to be an obligation or  
5 indebtedness of the state within the meaning of section 6 of article 11 of  
6 the constitution of the state of Kansas. The authority may contract with  
7 a subsidiary corporation formed pursuant to subsection (v) of K.S.A. 74-  
8 8904, and amendments thereto, or others to lease or operate such resort.  
9 The provisions of K.S.A. 32-867, 32-868, 32-870 through 32-873 and 32-  
10 874a through 32-874d, and amendments thereto, shall apply to resorts  
11 and bonds issued pursuant to this subsection.

12 (h) The authority may use the proceeds of any bond issues herein  
13 authorized, together with any other available funds, for venture capital  
14 investments or for purchasing, leasing, constructing, restoring, renovat-  
15 ing, altering or repairing facilities as herein authorized, for making loans,  
16 purchasing mortgages or security interests in loan participations and pay-  
17 ing all incidental expenses therewith, paying expenses of authorizing and  
18 issuing the bonds, paying interest on the bonds until revenues thereof are  
19 available in sufficient amounts, purchasing bond insurance or other credit  
20 enhancements on the bonds, and funding such reserves as the authority  
21 deems necessary and desirable. All moneys received by the authority,  
22 other than moneys received by virtue of an appropriation, are hereby  
23 specifically declared to be cash funds, restricted in their use and to be  
24 used solely as provided herein. No moneys of the authority other than  
25 moneys received by appropriation shall be deposited with the state  
26 treasurer.

27 (i) Any time the authority is required to publish a notification pur-  
28 suant to the tax equity and fiscal responsibility act of 1982, the authority  
29 shall further publish such notification in the Kansas register.

30 (j) Any time the authority issues bonds pursuant to this section, the  
31 authority shall publish notification of such issuance at least 14 days prior  
32 to any bond hearing in the official county newspaper of the county in  
33 which the project or activity financed by such bonds are located and in  
34 the Kansas register.

35 (k) *The authority may issue bonds in one or more series for the pur-  
36 pose of financing a bioscience development project that is approved by  
37 the Kansas bioscience authority.*

38 New Sec. 25. Sections 25 to 32, inclusive, and amendments thereto,  
39 shall be known and may be cited as the bioscience development financing  
40 act.

41 New Sec. 26. The purpose of the bioscience development financing  
42 act is to foster the growth of bioscience in Kansas, to make Kansas a  
43 national leader in bioscience, and to make Kansas a desirable location for

and by renumbering the remaining sections accordingly

1 bioscience entities to locate and grow. In so doing, the Kansas bioscience  
2 development financing act will foster employment, encourage research  
3 and development, investment in real property and improvements, in-  
4 vestment in equipment and supplies and lead to bioscience discoveries  
5 and products.

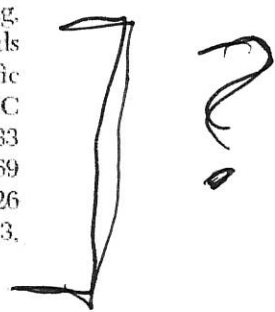
6 New Sec. 27. As used in sections 25 to 32, inclusive, and amend-  
7 ments thereto, the following words and phrases have the following mean-  
8 ings unless a different meaning clearly appears from the content:

9 (a) "Authority" means the Kansas bioscience authority as created by  
10 section 4, and amendments thereto.

11 (b) "Base year assessed valuation" means the assessed valuation of all  
12 real property within the boundaries of a redevelopment district on the  
13 date the redevelopment district was established.

14 (c) "Bioscience" means the use of compositions, methods and organ-  
15 isms in cellular and molecular research, development and manufacturing  
16 processes for such diverse areas as pharmaceuticals, medical therapeutics,  
17 medical diagnostics, medical devices, medical instruments, biochemistry,  
18 microbiology, veterinary medicine, plant biology, agriculture, industrial  
19 environmental and homeland security applications of bioscience and fu-  
20 ture developments in the biosciences. Bioscience includes biotechnology  
21 and life sciences.

22 (d) "Bioscience company" means a corporation, limited liability com-  
23 pany, S corporation, partnership, registered limited liability partnership,  
24 foundation, association, nonprofit entity, sole proprietorship, business  
25 trust, person, group or other entity that is engaged in the business of  
26 bioscience in the state and has business operations in the state, including,  
27 without limitation, research, development or production directed towards  
28 developing or providing bioscience products or processes for specific  
29 commercial or public purposes and are identified by the following SIC  
30 industry groups or SIC codes: (and/or related NAICS codes): 2833  
31 (325411), 2834 (325412), 2835 (325412, 325413), 2836 (325414), 2869  
32 (325193, 325199), 2873 (325311), 2879 (32532), 3821 (339111), 3826  
33 (334516), 384 (339111, 339112, 339113, 334510, 334517), 3851 (339113,  
34 339115), 807 (621511, 621512), 8731 (54171), 8734 (54138, 54194)



35 (e) "Bioscience development area" means an area that:

36 (1) Is or shall be owned, operated, or leased by, or otherwise under  
37 the control of the authority;

38 (2) is or shall be used and maintained by a bioscience company; or

39 (3) includes a bioscience facility.

40 (f) "Bioscience development district" means the specific area, created  
41 under section 28, and amendments thereto, where one or more biosci-  
42 ence development projects may be undertaken.

43 (g) "Bioscience development project" means an approved project to



1 (b) A copy of the resolution providing for the public hearing shall be  
 2 by certified mail, return receipt requested sent to the city, if the property  
 3 is within the boundaries of an incorporated city, board of county com-  
 4 missioners of the county and the board of education of any school district  
 5 levying taxes on property within the proposed bioscience development  
 6 district. Copies also shall be sent by certified mail, return receipt re-  
 7 quested to each owner and occupant of land within the proposed biosci-  
 8 ence development district not more than 10 days following the date of  
 9 the adoption of the resolution by the board. The resolution shall be pub-  
 10 lished once in both the official city and county newspaper not less than  
 11 one week nor more than two weeks preceding the date fixed for the public  
 12 hearing. A sketch clearly delineating the area in sufficient detail to advise  
 13 the reader of the particular land proposed to be included within the bi-  
 14 oscience development district shall be published with the resolution.

and the Kansas development finance authority

15 (c) Upon the conclusion of the public hearing, the board may pass a  
 16 resolution establishing a bioscience development district. Such resolution  
 17 shall:

18 (1) Make a finding that: (A) The area satisfies the definition of a  
 19 bioscience development area; and (B) the creation of a bioscience devel-  
 20 opment district in this area will contribute to the development of biosci-  
 21 ence in the state.

22 (2) The boundaries of such bioscience development district shall not  
 23 include any area not designated in the notice required by subsection (b)  
 24 above.

25 (d) Any addition of any area to the bioscience development district  
 26 shall be subject to the same procedure for public notice and hearing as  
 27 is required for the establishment of the bioscience development district.  
 28 The base year assessed valuation of the bioscience development district  
 29 following the addition of a bioscience development area shall be revised  
 30 to reflect the base year assessed valuation of the original area and the  
 31 added bioscience development area as of the date of the original estab-  
 32 lishment of the bioscience development district.

33 (e) The authority may remove real property from a bioscience devel-  
 34 opment district by a resolution of the board. If more than a de minimus  
 35 amount of real property is removed from a bioscience development dis-  
 36 trict, the base year assessed valuation of the bioscience development dis-  
 37 trict shall be revised to reflect the base year assessed valuation of the  
 38 remaining real property as of the date of the original establishment of the  
 39 bioscience development district.

40 (f) The authority may divide the real property in a bioscience devel-  
 41 opment district into separate bioscience development districts. The base  
 42 year assessed valuation of each resulting bioscience development district  
 43 following such division of real property shall be revised to reflect the base

1 year assessed valuation of the area of each resulting bioscience develop-  
2 ment district as of the date of the original establishment of the bioscience  
3 development district. Any division of real property within a bioscience  
4 development district into more than one bioscience development district  
5 shall be subject to the same procedure or public notice and hearing as is  
6 required for the establishment of the bioscience development district.

7 New Sec. 29. (a) One or more bioscience development projects may  
8 be undertaken within an established bioscience development district.  
9 When proposing to undertake a bioscience development project within a  
10 bioscience development district, the authority shall prepare a project  
11 plan. Any such bioscience development project plan may be implemented  
12 in separate development stages. The project plan shall include:

- 13 (1) A summary of the feasibility study;
- 14 (2) a description and map of the bioscience project area to be  
15 developed;
- 16 (3) a detailed description of the buildings and facilities proposed to  
17 be constructed or improved in such bioscience project area; and
- 18 (4) any other information that the authority deems necessary to advise  
19 the public of the intent of the project plan.

20 (b) When the authority intends to establish a bioscience development  
21 project plan, the board shall adopt a resolution stating this intention. Such  
22 resolution shall:

- 23 (1) Give notice that a public hearing will be held to consider the  
24 establishment of a bioscience development project plan and fix the date,  
25 hour and place of such public hearing;
- 26 (2) designate a time and place that a description and map of the  
27 proposed bioscience development district are available to the public for  
28 inspection; and
- 29 (3) state that the project plan, including a summary of the feasibility  
30 study, and a description and map of the bioscience project area to be  
31 developed are available for inspection upon request from the authority.

32 (c) A copy of the resolution providing for the public hearing shall be  
33 by certified mail, return receipt requested sent to the city, if the property  
34 is within the boundaries of an incorporated city, board of county com-  
35 missioners of the county and the board of education of any school district  
36 levying taxes on property within the bioscience development district.  
37 Copies also shall be sent by certified mail, return receipt requested to  
38 each owner and occupant of land within the bioscience development dis-  
39 trict not more than 10 days following the date of the adoption of the  
40 resolution by the board. The resolution shall be published once in both  
41 the official city and county newspaper not less than one week nor more  
42 than two weeks preceding the date fixed for the public hearing. A sketch  
43 clearly delineating the area in sufficient detail to advise the reader of the

and the Kansas development finance authority

1 particular land proposed to be included within the project area shall be  
2 published with the resolution.

3 (d) At the public hearing, a representative of the bioscience devel-  
4 opment district shall present the proposed project plan. Following the  
5 presentation of the project plan, all interested persons shall be given an  
6 opportunity to be heard. The authority for good cause shown may recess  
7 such hearing until another time and date, which shall be fixed in the  
8 presence of persons in attendance at the hearing.

9 (e) The public hearing records and feasibility study shall be subject  
10 to the Kansas open records act, K.S.A. 45-215 and amendments thereto.

11 (f) After the public hearing, the authority may adopt the project plan  
12 by resolution passed by the board.

13 (g) Any substantial change to the project plan as adopted shall be  
14 subject to a public hearing following publication of notice thereof at least  
15 twice in the official newspaper.

16 (h) Any bioscience development project shall be completed within 20  
17 years from the date of the approval of the project plan.

18 New Sec. 30. (a) The Kansas development finance authority shall  
19 have the power to issue special obligation bonds in one or more series to  
20 finance the undertaking of any bioscience development project in ac-  
21 cordance with the provisions of this act. Such special obligation bonds  
22 shall be made payable, both as to principal and interest.

23 (1) From ad valorem tax increments allocated to, and paid into the  
24 bioscience development bond fund for the payment of the bioscience  
25 development project costs under the provisions of this section;

26 (2) from any private sources, contributions or other financial assis-  
27 tance from the state or federal government;

28 (3) from a pledge of a portion or all of the revenue received from  
29 transient guest, sales and use taxes collected pursuant to K.S.A. 12-1696  
30 et seq., 79-3601 et seq., 79-3701 et seq. and 12-187 et seq., and amend-  
31 ments thereto, and which are collected from taxpayers doing business  
32 within that portion of the bioscience development district and paid into  
33 the bioscience development bond fund.

34 (4) from a pledge of a portion or all increased revenue received by  
35 any city from franchise fees collected from utilities and other businesses  
36 using public right-of-way within the bioscience development district; or  
37 (5) by any combination of these methods.

38 (b) All tangible taxable property located within a bioscience devel-  
39 opment district shall be assessed and taxed for ad valorem tax purposes  
40 pursuant to law in the same manner that such property would be assessed  
41 and taxed if located outside such district, and all ad valorem taxes levied  
42 on such property shall be paid to and collected by the county treasurer  
43 in the same manner as other taxes are paid and collected. Except as

is hereby authorized to issue special obligation bonds pursuant to K.S.A. 74-8901 *et seq.*, and amendments thereto, to in one or more series to finance the undertaking of any bioscience development project in accordance with the provisions of this act. No special obligation bonds may be issued pursuant to this section unless the Kansas development finance authority has received a resolution of the board of the authority requesting the issuance of such bonds.

from one or more of the following, as directed by the authority

1 otherwise provided in this section, the county treasurer shall distribute  
2 such taxes as may be collected in the same manner as if such property  
3 were located outside a bioscience development district. Each bioscience  
4 development district established under the provisions of this act shall  
5 constitute a separate taxing unit for the purpose of the computation and  
6 levy of taxes.

7 (c) Beginning with the first payment of taxes which are levied follow-  
8 ing the date of the establishment of the bioscience development district  
9 real property taxes received by the county treasurer resulting from taxes  
10 which are levied subject to the provisions of this act by and for the benefit  
11 of a taxing subdivision, as defined in section 27, and amendments thereto,  
12 on property located within such bioscience development district consti-  
13 tuting a separate taxing unit under the provisions of this section, shall be  
14 divided as follows:

15 (1) From the taxes levied each year subject to the provisions of this  
16 act by or for each of the taxing subdivisions upon property located within  
17 a bioscience development district constituting a separate taxing unit under  
18 the provisions of this act, the county treasurer first shall allocate and pay  
19 to each such taxing subdivision all of the real property taxes collected  
20 which are produced from the base year assessed valuation.

21 (2) Any real property taxes produced from that portion of the current  
22 assessed valuation of real property within the bioscience development  
23 district constituting a separate taxing unit under the provisions of this  
24 section in excess of the base year assessed valuation shall be allocated and  
25 paid by the county treasurer to the bioscience development bond fund  
26 to pay the bioscience development project costs including the payment  
27 of principal and interest on any special obligation bonds to finance, in  
28 whole or in part, such bioscience development projects.

29 (d) The authority may pledge ~~such~~ revenue to the repayment of such  
30 special obligation bonds prior to, simultaneously with, or subsequent to  
31 the issuance of such special obligation bonds.

32 (e) Any bonds issued under the provisions of this act and the interest  
33 paid thereon, unless specifically declared to be taxable in the authorizing  
34 resolution, shall be exempt from all state, county and municipal taxes, and  
35 the exemption shall include income, inheritance and property taxes.

36 New Sec. 31. (a) The bioscience development bond fund is hereby  
37 created. The bioscience development bond fund shall not be a part of  
38 the state treasury and the funds in the bioscience development bond fund  
39 shall belong exclusively to the authority. A separate account within the  
40 bioscience development bond fund will be created for each bioscience  
41 development district created pursuant to this act

42 (b) Distributions from a bioscience development bond fund shall be  
43 used to pay the bioscience development project costs undertaken in a

the bioscience development bond fund or other available

of the Kansas development finance authority

and subaccounts may be created for each bioscience development project or portion thereof

6-24

1 bioscience development district.

2 (c) The state treasurer shall credit all revenue collected or received  
 3 from a bioscience development district to that bioscience development  
 4 district's account in the bioscience development bond fund. On or before  
 5 the 10th day of each month, the director of accounts and reports shall  
 6 transfer from the state general fund to the bioscience development bond  
 7 fund interest earnings based on:

8 (1) The average daily balance of moneys in the bioscience develop-  
 9 ment bond fund for the preceding month; and

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

including principal and interest on special obligation bonds or other obligations issued by the Kansas development finance authority to finance, in whole or in part, a bioscience development

12 New Sec. 32. Notwithstanding any other provision of law, it is hereby  
 13 stated that it is an object of all ad valorem taxes levied by or for the benefit  
 14 of any city, county or school district of the state on taxable tangible real  
 15 property located within any bioscience development district created pur-  
 16 suant to this act, that such taxes may be applied and allocated to and when  
 17 collected paid into the bioscience development bond fund pursuant to  
 18 the procedures and limitations of this act to pay the cost of a bioscience  
 19 development project, including principal and interest on special obliga-  
 20 tion bonds issued to finance, in whole or in part, such bioscience devel-  
 21 opment project.

22 New Sec. 33. Sections 33 to 36, inclusive, and amendments thereto,  
 23 shall be known and may be cited as the bioscience tax investment incen-  
 24 tive act.

25 New Sec. 34. The purpose of the bioscience tax investment incentive  
 26 act is to make Kansas the most desirable state in which to conduct the  
 27 business of bioscience. The bioscience tax investment incentive act will  
 28 incentivize individuals and organizations engaged in the business of bio-  
 29 science to locate and grow in the state in order to make Kansas a national  
 30 leader in bioscience, create new jobs, foster economic growth, advance  
 31 scientific knowledge and improve the quality of life for the citizens of the  
 32 state. The bioscience tax investment incentive act promotes private re-  
 33 search and development, investment in real property and improvements,  
 34 and investment in equipment and supplies to enhance bioscience re-  
 35 search and commercialization of bioscience products and technologies in  
 36 the state.

37 New Sec. 35. As used in sections 33 to 41, inclusive, and amend-  
 38 ments thereto, the following words and phrases have the following mean-  
 39 ings unless a different meaning clearly appears from the content:

40 (a) "Authority" means the Kansas bioscience authority as created by  
 41 section 4 and amendments thereto.

42 (b) "Bioscience" means the use of compositions, methods and organ-  
 43 isms in cellular and molecular research, development and manufacturing