

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 3:30 p.m. on February 19, 2004, in Room 526-S of the Capitol.

All members were present.

Committee staff present:

Kathie Sparks, Legislative Research Department
Susan Kannarr, Legislative Research Department
Rena Jefferies, Office of Revisor of Statutes
Helen Pedigo, Office of Revisor of Statutes
Fulva Seufert, Secretary

Conferees appearing before the committee: Joan Wagon, Secretary of Revenue
Steve Weatherford, President, Kansas Development Finance Authority (K DFA)
Julie Edge, Ph. D., Inside Edge Solutions LLC

Others attending:

See Attached List.

Chairman Wilk opened the meeting of the Economic Development Committee on Thursday, February 19, 2004, at 3:30 p.m.

The Chair announced that discussion would continue on:

HB 2647 - Bioscience Authority and Development Acts

The Chair recognized Secretary Joan Wagon who addressed the NOL in New Sec. 1 (a) which changed the wording of shall to may. This makes it permissive and not required. (Attachment 1)

Representative Hill made a motion to adopt the language as presented by Secretary Wagon. Representative Brunk seconded. Motion passed.

Secretary Wagon called the committee's attention to amend **HB 2647** to put the provision of the original bill into the TIF bill. This involved amending the bill by deleting current language and putting in the TIF statute. No TIF district can be approved for bioscience without the approval of the bioscience authority.

Representative O'Malley made a motion for the above-mentioned amendment, and Representative Kuether seconded. Motion passed.

Before closing, Secretary Wagon thanked Mr. Steve Stotts by saying he runs all the numbers and is really appreciated in Revenue.

The Chairman recognized Mr. Steve Weatherford, President, Kansas Development Finance Authority (K DFA) who presented the following amendments:

- Page 23, line 7, striking definition of "bond" and inserting the definition of bonds.
- Page 4, line 15 - adding (w) and striking state
- Page 22, lines 17, 18, 20, 22, 34, 39, 43 to Line 1, page 23 - correcting the name of the fund to "bioscience development and investment fund."
- Page 22, line 26 - Striking Sec. 24
- Page 25 - Strike
- Page 26 - Strike
- Page 27 to line 37 - Strike
- Page 28 - strike NAICS codes

CONTINUATION SHEET

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE at 3:30 p.m. on February 19, 2004, in Room 526-S of the Capitol.

- Page 31, line 6 - adding the word “and” after mail
- Page 33, after line 17 - Add new Sec. 27, Sec. 28, and Sec. 29.
- Page 34, line 28 - striking “such”
- Page 34, line 34 - resolution

Representative Burroughs made a motion to approve these amendments to HB 2647, and Representative Gordon seconded. Motion passed.

Mr. Weatherford continued with the following amendments:

- Page 37, strike ex officio
- Page 4, non voting member of the board does not have to be confirmed by the Senate.
- Page 23, after line 10, add (h) At the direction of the authority, the fund may be held in the custody of and invested by the state treasurer, provided that the bioscience development and investment fund shall at all times be accounted for in a separate report from all other funds of the authority and the state.
- Page 35, after district in line 1, add “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.
- Page 35, after line 7, insert (d) At the direction of the authority, the fund may be held in the custody of and invested by the department of administration or the state treasurer provided that the biosciences development bond fund shall at all times be accounted for separate and apart from all other funds of the authority and the state.
- Page 41, line 41, strike comma after voucher
- Page 44, line 43 - strike “through the promulgation of administrative rules”
- Page 45, line 1 - strike “and regulations”

Mr. Weatherford said this completed the KDFA amendments. (Attachment 2)

Representative Boyer moved the committee adopt all the balloons as amended, and Representative Hill seconded. Motion passed.

The Chairman next opened the discussion on the stem cell controversy. The Chair recognized Dr. Julie Edge who had a written handout explaining the Missouri statutes regarding use of state funds for research involving cloning as follows: “No state funds shall be used for research with respect to the cloning of a human person. For purposes of this section, the term “cloning” means the replication of a human person by taking a cell with genetic material and cultivating such cell through the egg, embryo, fetal and newborn states of development into a new human person.” (Attachment 3)

Chairman Wilk shared some background information and offered the following proposal:

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, performed after the date of enactment of this Act, or the use of cells or tissues derived therefrom.

(B) 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.

Chairman Wilk made a motion to accept this balloon and to adopt the above mentioned language. Representative Hill seconded. Motion passed.

During discussion, Representative Kuether had concerns about this language being the “kiss of death.” Representative Huntington expressed concern about what would happen if the federal laws change.

CONTINUATION SHEET

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE at 3:30 p.m. on February 19, 2004, in Room 526-S of the Capitol.

The Chair recognized Representative Boyer who said he had an amendment. Rep. Boyer's amendment was to add the following: "The authority may direct a nonprofit entity created in subsection (d) (1) to issue grants to high schools that create biotechnology academies. The authority shall set application procedures, eligibility criteria, requirements for curricula and teaching credentials and any other items and procedures incidental to establishing the grant program." (Attachment 4)

Representative Boyer made a motion to approve his amendment, and Representative Novascone seconded. Motion failed.

Representative Burroughs made a motion to put all members of the board on the same level, and Representative Kuether seconded. Motion failed

Chairman Wilk announced that the committee was back on the bill.

Representative Burroughs made a motion to amend page 11, line 17 to insert the word "add," and lines 23-26 to strike "and do any and all things necessary or convenient to carry out the authority's purposes and exercise the powers given in this act. Representative Kuether seconded. Motion failed.

Representative Burroughs made a motion to amend line 4, page 9 to include and all officers of the authority. Representative Carlin seconded. Motion passed.

Representative Burroughs made a motion to add the following in line 36, page 11 after business: ", but the authority may not create any political action committee or contribute to any political action committee." Representative Brunk seconded. Motion passed.

Representative Burroughs moved to strike "The" and add "Prior to making any investments, the on page 12, line 8. Representative Novascone seconded. Motion passed.

Representative Burroughs made a motion to add the following on page 17, line 41 after the word bonds: "Nothing in this subsection shall be construed to limit the constitutional powers of the legislature." Representative Carlin seconded. Motion passed.

Representative Burroughs moved that on page 34, line 37 and 38 to remove The bioscience development bond fund shall not be a part of the state treasury and the funds and insert "in the state treasury. Moneys. Representative Kuether seconded. Motion failed.

Representative Burroughs moved that the revisors be authorized to make the necessary technical amendments. Representative Gordon seconded. Motion passed. (Attachment 5)

Representative Burroughs made a motion that **HB 2647** be passed out as House Substitute bill for **HB 2647** as amended. Representative Gordon seconded. Motion passed.

Chairman Wilk told the Committee that the following bill would now be worked:

HB 2713 - Establishing a boxing commissioner, athletic commission, athletic fee fund, licensing, procedures for complaints

The Chair recognized Representative Burroughs who explained in detail the balloon on page 2 of **HB 2713**. (Attachment 6)

Representative Burroughs made a motion to accept his amendments in the balloon for **HB 2713** and Representative Novascone seconded. Motion passed.

Representative Novascone made a motion that the commissioner has to be subject to a background check and that the revisors be instructed to use standard language. Representative Burroughs seconded. Motion passed.

CONTINUATION SHEET

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE at 3:30 p.m. on February 19, 2004, in Room 526-S of the Capitol.

Chairman Wilk said the committee was back on the bill.

Representative Burroughs made a motion to pass out a substitute bill for **HB 2713** as amended. Representative Gordon seconded. Motion passed.

The Chairman announced that Tuesday, February 24, 2004 the committee would work **SB 222**.

The meeting adjourned at 5:50 p.m.

•

HOUSE ECONOMIC DEVELOPMENT COMMITTEE
GUEST LIST

DATE: Thursday, February 19, 2004

NAME	REPRESENTING
JOHN DOUGHERTY	ESU
Bill Brady	KS ADP Consulting
Sean Tomb	Kansas Inc.
Julie Edge	Inside Edges Solutions.
Michael Faeu	KTEC
Tracy Taylor	KTEC
Steve Weatherford	KDFA
Richard Cron	KIDOR
Josh Wagon	"
Steve Stott	"
Renee Mung	Rep. Gordon
Ken RAJES	KSJA
Paully Clark	KDOC
LARRY R BAER	LKM
Harold Webb	KFB
M. P. Pomato	TSU
Jon Josselyn	KU
SUE PETERSON	K-STATE
Mike Farmer	Kansas Catholic Conf.

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]

House Economic Development
2-19-04
Attachment 1

(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 ~~2003~~ 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), ~~2833~~ (325412), ~~2835~~ (325412, 325413), ~~2836~~
42 (325414), ~~2869~~ (325193, 325199), ~~2873~~ (325311), ~~2879~~ (32532), ~~3821~~
43 (339111), ~~3826~~ (334516), ~~354~~ (339111, 339112, 339113, 334510, 334517).

[NOTE] parentheses will be stricken in committee report

1 ~~§85~~ (339113, 339115), ~~§9~~ (621511, 621512), ~~§73~~ (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 invest-
 39 igators 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

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
4
5 (q) "State income taxes" means all of the taxes levied pursuant to K.S.A. 79-3201 et seq. and amendments thereto.

6
7
8 (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

9
10
11 (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.

12
13
14
15 (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

16
17
18
19
20
21 (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.

22
23
24
25
26 (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

27
28
29
30
31
32 (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

33
34
35
36
37 (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

38
39
40
41
42
43 (1) The average daily balance of moneys in the emerging industry

bioscience development and

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

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

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

(f)

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

2006

of the department of revenue

(a) income tax credits authorized under the provisions of the job expansion and investment credit act of 1976 and acts amendatory thereof and supplemental thereto;

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

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

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

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

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

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, invest-
4 ment in equipment and supplies and lead to bioscience discoveries
5 and products.

Amendments adopted to here

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 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 design-
34 ated 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, pharmaco-
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 de-
 34 velopment 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

(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 (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 de-
34 velopment 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 and, 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.

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.~~

Amendments adopted to here

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 future
5 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), 3521 (339111), 3526
18 (334516), 384 (339111, 339112, 339113, 334510, 334517), 3551 (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.

See attached New Sec. 36

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

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.

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.

See attached Sec. 54

8 ~~Sec. 54~~ K.S.A. 2003 Supp. 74-8017 and 74-8905 are hereby
9 repealed.

And by renumbering the sections accordingly

10 Sec. ~~55~~⁵⁴ This act shall take effect and be in force from and after its
11 publication in the statute book.

12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43

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.

(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

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

1 of representatives for a term of office of two years, one shall be appointed
2 by the minority leader of the senate for a term of office of two years, and
3 one shall be appointed by the Kansas ~~technology enterprise corporation~~ *[voting]*
4 for a term of office of one year. All ~~members~~ of the board shall be subject
5 to senate confirmation as provided in K.S.A. 75-4315b and amendments
6 thereto. Any member of the board whose nomination is subject to con-
7 firmation during a regular session of the legislature shall be deemed ter-
8 minated when the senate rejects the nomination. No such termination
9 shall affect the validity of any action taken by such member of the board
10 before such termination.

11 (e) Terms of general public members appointed pursuant to this sec-
12 tion shall expire on March 15. Any general public member of the board
13 whose term expires and thereafter is reappointed shall be exempt from
14 the requirements of subsection (f).

15 (f) After the expiration of the terms of the authority's first board,
16 members other than ex officio members shall be appointed for terms of
17 four years each, except in the event of a vacancy the appointment shall
18 be for the remainder of the unexpired portion of the term. Each member
19 of the board shall hold office for the term of appointment and until a
20 successor has been confirmed. Any member of the board is eligible for
21 reappointment, but members of the board shall not be eligible to serve
22 more than three consecutive four-year terms.

23 (g) When a vacancy occurs or is announced regarding a member or
24 members of the board representing the general public, the nominating
25 committee of the board, after receiving input from the board and con-
26 ferring with the board, shall assemble a slate of not less than two nor
27 more than three persons for each vacancy and shall forward each slate to
28 the governor. The governor shall appoint one member to the board from
29 each slate and shall forward each appointment to the senate for confir-
30 mation as provided in K.S.A. 75-4315b and amendments thereto. Except
31 as provided by K.S.A. 2003 Supp. 46-2601 and amendments thereto, no
32 person appointed to the board shall exercise any power, duty or function
33 as a member of the board until confirmed by the senate. In case of a
34 vacancy when the senate is not in session, the governor may make a
35 temporary appointment to the board until the next meeting of the senate.
36 Any person who is temporarily appointed by the governor to the board
37 shall have all of the powers, duties and functions as a member of the
38 board during such temporary appointment.

39 (h) The terms of members of the board serving by virtue of their
40 office shall expire immediately upon termination of their holding such
41 office.

42 (i) The board annually shall elect one of their number as chairperson
43 and at least one other as vice-chairperson. The board also shall elect a

1-47

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 biosciences 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.

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-
isms in cellular and molecular research, development and manufacturing

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

(d) At the direction of the authority, the fund may be held in the custody of and invested by the department of administration or the state treasurer provided that the biosciences development bond fund shall at all times be accounted for separate and apart from all other funds of the authority and the state.

1 companies to undertake bioscience research and development work in
2 partnership with universities and colleges in the state.

3 (b) The purpose of the bioscience research and development voucher
4 program is to:

5 (1) Accelerate the transfer of bioscience knowledge and technological
6 innovation, improve economic competitiveness and stimulate economic
7 growth in small bioscience companies and medium-size bioscience
8 companies;

9 (2) support bioscience research and development activities in order
10 to develop commercial products, processes or services;

11 (3) stimulate bioscience enterprises within the state; and

12 (4) encourage partnerships and collaborative bioscience projects be-
13 tween private enterprises, bioscience companies and universities in the
14 state.

15 New Sec. 42. (a) On terms mutually acceptable to the authority and
16 KTEC the authority may contract with KTEC, to review applications and
17 to certify whether an applicant is a qualified company.

18 (b) On terms mutually acceptable to the authority and KTEC, the
19 authority may contract with KTEC to develop application criteria and an
20 application process subject to the following limitations. The proposed
21 bioscience research and development project must be likely to:

22 (1) Produce a measurable result and be technically sound;

23 (2) lead to innovative technology or new knowledge;

24 (3) lead to commercially successful products, processes or services;

25 (4) stimulate economic growth; or

26 (5) enhance employment opportunities within the state.

27 (c) As part of the application process, the applicant shall provide the
28 following information to the authority:

29 (1) Verification that the applicant is a small bioscience company or
30 medium-size bioscience company;

31 (2) a technical research plan that is sufficient for outside expert
32 review;

33 (3) a detailed financial analysis that includes the commitment of re-
34 sources by the applicant and others;

35 (4) sufficient detail concerning proposed project partners, type and
36 amount of work to be performed by each partner and expected product
37 or service with estimated costs to be reflected in the negotiated contract
38 or agreement; and

39 (5) a statement of the economic development potential of the project.

40 (d) Before providing the qualified company with a certificate author-
41 izing voucher, funding from the authority through KTEC, the authority
42 may negotiate with the qualified company the ownership of patents, cop-
43 yrights, trademarks, proprietary technology and any other intellectual

1 matching funds based on a finding that the bioscience research will have
2 economic or commercial value to the state.

3 (c) The authority shall promptly review applications for matching
4 funds for consistency with this act.

5 (d) The board shall ensure that no commitments for matching funds
6 shall be made in excess of funds available for any given year.

7 New Sec. 49. (a) The matching funds authorized by this act are to
8 be used to attract federal funds to the state for bioscience research and
9 to create endowment-funded positions for bioscience faculty, research
10 positions and scientists at universities in the state.

11 (b) The board may approve multi-year bioscience research grants.

12 New Sec. 50. (a) Funds used under the provisions of this act shall
13 adhere to the following criteria:

14 (1) Be used for the purposes of matching an approved grant from a
15 federal agency, including, without limitation, any of the following:

16 (A) The national science foundation;

17 (B) the national institutes of health;

18 (C) the department of agriculture;

19 (D) the environmental protection agency;

20 (E) the department of education;

21 (F) the national aeronautics and space administration;

22 (G) the department of energy;

23 (H) the department of defense;

24 (I) the department of transportation; and

25 (J) the department of commerce.

26 (2) Proposals for federal funds that contain a specific state or federal
27 match requirement, for the purposes of this act, shall not be matched at
28 a rate of more than 50%, except that any portion of the match over 50%
29 may be borne by the university;

30 (3) proposals for federal funds that do not contain a specific state or
31 federal match requirement, for the purposes of this article, shall not be
32 matched at a rate of more than 10%, provided that the state share is
33 matched dollar for dollar by the college or university for a combined
34 match of not more than 20%, except that any portion of the match over
35 20% may be borne by the university; and

36 (4) a state financial match requirement of at least \$20,000 for equip-
37 ment matching and at least \$50,000 for research project matching.

38 New Sec. 51. The authority shall present a report on the use of funds
39 from the bioscience research matching fund by April 1 of each even-
40 numbered year to the governor's office and the Kansas legislature.

41 New Sec. 52. The authority has the authority to establish guidelines
42 by which eligible institutions may receive funds from the bioscience re-
43 search matching fund through the promulgation of administrative rules

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. K.S.A. 2003 Supp. 74-8017 and 74-8905 are hereby
9 repealed.

10 Sec. 55. This act shall take effect and be in force from and after its
1 publication in the statute book.

New Sec. 1. (a) For taxable years commencing after December 31, 2004, any bioscience company as defined in subsection (d) of section 21, and amendments thereto, may 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.

(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 may 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
2-19-04
Attachment 2

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.
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.~~

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

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 of representatives for a term of office of two years, one shall be appointed
2 by the minority leader of the senate for a term of office of two years, and
3 one shall be appointed by the Kansas technology enterprise corporation
4 for a term of office of one year. All ~~members~~ ^{Electing} of the board shall be subject
5 to senate confirmation as provided in K.S.A. 75-4315b and amendments
6 thereto. Any member of the board whose nomination is subject to con-
7 firmation during a regular session of the legislature shall be deemed ter-
8 minated when the senate rejects the nomination. No such termination
9 shall affect the validity of any action taken by such member of the board
10 before such termination.

11 (e) Terms of general public members appointed pursuant to this sec-
12 tion shall expire on March 15. Any general public member of the board
13 whose term expires and thereafter is reappointed shall be exempt from
14 the requirements of subsection (f).

15 (f) After the expiration of the terms of the authority's first board,
16 members other than ex officio members shall be appointed for terms of
17 four years each, except in the event of a vacancy the appointment shall
18 be for the remainder of the unexpired portion of the term. Each member
19 of the board shall hold office for the term of appointment and until a
20 successor has been confirmed. Any member of the board is eligible for
21 reappointment, but members of the board shall not be eligible to serve
22 more than three consecutive four-year terms.

23 (g) When a vacancy occurs or is announced regarding a member or
24 members of the board representing the general public, the nominating
25 committee of the board, after receiving input from the board and con-
26 ferring with the board, shall assemble a slate of not less than two nor
27 more than three persons for each vacancy and shall forward each slate to
28 the governor. The governor shall appoint one member to the board from
29 each slate and shall forward each appointment to the senate for confir-
30 mation as provided in K.S.A. 75-4315b and amendments thereto. Except
31 as provided by K.S.A. 2003 Supp. 46-2601 and amendments thereto, no
32 person appointed to the board shall exercise any power, duty or function
33 as a member of the board until confirmed by the senate. In case of a
34 vacancy when the senate is not in session, the governor may make a
35 temporary appointment to the board until the next meeting of the senate.
36 Any person who is temporarily appointed by the governor to the board
37 shall have all of the powers, duties and functions as a member of the
38 board during such temporary appointment.

39 (h) The terms of members of the board serving by virtue of their
40 office shall expire immediately upon termination of their holding such
41 office.

42 (i) The board annually shall elect one of their number as chairperson
43 and at least one other as vice-chairperson. The board also shall elect a

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 ~~(i)~~ (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-

(h) At the direction of the authority, the fund may be held in the custody of and invested by the state treasurer, provided that the bioscience development and investment fund shall at all times be accounted for in a separate report from all other funds of the authority and the state.

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.

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-
isms in cellular and molecular research, development and manufacturing

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

(d) At the direction of the authority, the fund may be held in the custody of and invested by the department of administration or the state treasurer provided that the biosciences development bond fund shall at all times be accounted for separate and apart from all other funds of the authority and the state.

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.

more than 50%
more than 50%

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,

1 companies to undertake bioscience research and development work in
2 partnership with universities and colleges in the state.

3 (b) The purpose of the bioscience research and development voucher
4 program is to:

5 (1) Accelerate the transfer of bioscience knowledge and technological
6 innovation, improve economic competitiveness and stimulate economic
7 growth in small bioscience companies and medium-size bioscience
8 companies;

9 (2) support bioscience research and development activities in order
10 to develop commercial products, processes or services;

11 (3) stimulate bioscience enterprises within the state; and

12 (4) encourage partnerships and collaborative bioscience projects be-
13 tween private enterprises, bioscience companies and universities in the
14 state.

15 New Sec. 42. (a) On terms mutually acceptable to the authority and
16 KTEC the authority may contract with KTEC, to review applications and
17 to certify whether an applicant is a qualified company.

18 (b) On terms mutually acceptable to the authority and KTEC, the
19 authority may contract with KTEC to develop application criteria and an
20 application process subject to the following limitations. The proposed
21 bioscience research and development project must be likely to:

22 (1) Produce a measurable result and be technically sound;

23 (2) lead to innovative technology or new knowledge;

24 (3) lead to commercially successful products, processes or services;

25 (4) stimulate economic growth; or

26 (5) enhance employment opportunities within the state.

27 (c) As part of the application process, the applicant shall provide the
28 following information to the authority:

29 (1) Verification that the applicant is a small bioscience company or
30 medium-size bioscience company;

31 (2) a technical research plan that is sufficient for outside expert
32 review;

33 (3) a detailed financial analysis that includes the commitment of re-
34 sources by the applicant and others;

35 (4) sufficient detail concerning proposed project partners, type and
36 amount of work to be performed by each partner and expected product
37 or service with estimated costs to be reflected in the negotiated contract
38 or agreement; and

39 (5) a statement of the economic development potential of the project.

40 (d) Before providing the qualified company with a certificate author-
41 izing voucher, funding from the authority through KTEC, the authority
42 may negotiate with the qualified company the ownership of patents, cop-
43 yrights, trademarks, proprietary technology and any other intellectual

1 matching funds based on a finding that the bioscience research will have
2 economic or commercial value to the state.

3 (c) The authority shall promptly review applications for matching
4 funds for consistency with this act.

5 (d) The board shall ensure that no commitments for matching funds
6 shall be made in excess of funds available for any given year.

7 New Sec. 49. (a) The matching funds authorized by this act are to
8 be used to attract federal funds to the state for bioscience research and
9 to create endowment-funded positions for bioscience faculty, research
10 positions and scientists at universities in the state.

11 (b) The board may approve multi-year bioscience research grants.

12 New Sec. 50. (a) Funds used under the provisions of this act shall
13 adhere to the following criteria:

14 (1) Be used for the purposes of matching an approved grant from a
15 federal agency, including, without limitation, any of the following:

16 (A) The national science foundation;

17 (B) the national institutes of health;

18 (C) the department of agriculture;

19 (D) the environmental protection agency;

20 (E) the department of education;

21 (F) the national aeronautics and space administration;

22 (G) the department of energy;

23 (H) the department of defense;

24 (I) the department of transportation; and

25 (J) the department of commerce.

26 (2) Proposals for federal funds that contain a specific state or federal
27 match requirement, for the purposes of this act, shall not be matched at
28 a rate of more than 50%, except that any portion of the match over 50%
29 may be borne by the university;

30 (3) proposals for federal funds that do not contain a specific state or
31 federal match requirement, for the purposes of this article, shall not be
32 matched at a rate of more than 10%, provided that the state share is
33 matched dollar for dollar by the college or university for a combined
34 match of not more than 20%, except that any portion of the match over
35 20% may be borne by the university; and

36 (4) a state financial match requirement of at least \$20,000 for equip-
37 ment matching and at least \$50,000 for research project matching.

38 New Sec. 51. The authority shall present a report on the use of funds
39 from the bioscience research matching fund by April 1 of each even-
40 numbered year to the governor's office and the Kansas legislature.

41 New Sec. 52. The authority has the authority to establish guidelines
42 by which eligible institutions may receive funds from the bioscience re-
43 search matching fund through the promulgation of administrative rules

1 [and regulation].
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. K.S.A. 2003 Supp. 74-8017 and 74-8905 are hereby
9 repealed.
10 Sec. 55. This act shall take effect and be in force from and after its
11 publication in the statute book.

V.A.M.S. 1.217

C

Vernon's Annotated Missouri Statutes Currentness

Title I. Laws and Statutes

Chapter 1. Laws in Force and Construction of Statutes (Refs & Annos)

→ **1.217. Cloning, use of state funds for research**

No state funds shall be used for research with respect to the cloning of a human person. For purposes of this section, the term "cloning" means the replication of a human person by taking a cell with genetic material and cultivating such cell through the egg, embryo, fetal and newborn stages of development into a new human person.

CREDIT(S)

(L.1998, S.B. No. 722, § A(§ 17).)

LIBRARY REFERENCES

1969 Main Volume

States ↪ 119.

Westlaw Topic No. 360.

C.J.S. States §§ 204, 206 to 212, 214 to 215, 218, 221.

V. A. M. S. 1.217, MO ST 1.217

The Statutes and the Constitution are current through the End of the First Regular and Second Extraordinary Sessions of the 92nd General Assembly (2003).

Copyright © 2004 by West, a Thomson business. All rights reserved.

END OF DOCUMENT

Copr. © West 2004 No Claim to Orig. U.S. Govt. Works

<http://print.westlaw.com/delivery.html?dest=atp&dataid=B00558000002226000459271...> 02/19/2004

House Economic Development
2-19-04
Attachment 3

V.A.M.S. 188.036

C
Vernon's Annotated Missouri Statutes Currentness
Title XII. Public Health and Welfare
Chapter 188. Regulation of Abortions (Refs & Annos)

→ **188.036. Prohibited abortions, those done with intent to use fetal organs or tissue for transplant, experiments or for consideration, exceptions**

1. No physician shall perform an abortion on a woman if the physician knows that the woman conceived the unborn child for the purpose of providing **fetal organs or tissue** for medical transplantation to herself or another, and the physician knows that the woman intends to procure the abortion to utilize those organs or **tissue** for such use for herself or another.
2. No person shall utilize the **fetal organs or tissue** resulting from an abortion for medical transplantation, if the person knows that the abortion was procured for the purpose of utilizing those organs or **tissue** for such use.
3. No person shall offer any inducement, monetary or otherwise, to a woman or a prospective father of an unborn child for the purpose of conceiving an unborn child for the medical, scientific, experimental or therapeutic use of the **fetal organs or tissue**.
4. No person shall offer any inducement, monetary or otherwise, to the mother or father of an unborn child for the purpose of procuring an abortion for the medical, scientific, experimental or therapeutic use of the **fetal organs or tissue**.
5. No person shall knowingly offer or receive any valuable consideration for the **fetal organs or tissue** resulting from an abortion, provided that nothing in this subsection shall prohibit payment for burial or other final disposition of the **fetal** remains, or payment for a pathological examination, autopsy or postmortem examination of the **fetal** remains.
6. If any provision in this section or the application thereof to any person, circumstance or period of gestation is held invalid, such invalidity shall not affect the provisions or applications which can be given effect without the invalid provision or application, and to this end the provisions of this section are declared severable.

CREDIT(S)

(L.1988, H.B. No. 1479, § A.)

Copr. © West 2004 No Claim to Orig. U.S. Govt. Works

V.A.M.S. 188.036

V. A. M. S. 188.036, MO ST 188.036

The Statutes and the Constitution are current through the End
of the First Regular and Second Extraordinary Sessions
of the 92nd General Assembly (2003).

Copyright © 2004 by West, a Thomson business. All rights reserved.

END OF DOCUMENT

Copr. © West 2004 No Claim to Orig. U.S. Govt. Works

<http://print.westlaw.com/delivery.html?dest=atp&dataid=B00558000002226000459271...> 02/19/2004

Search Result Citations List - MO-ST-ANN - STEM /3 CELL

1. **C** V.A.M.S. 376.1200 VERNON'S ANNOTATED MISSOURI STATUTES TITLE XXIV. BUSINESS AND FINANCIAL INSTITUTIONS CHAPTER 376. LIFE, HEALTH AND ACCIDENT INSURANCE BREAST CANCER, OFFER OF COVERAGE 376.1200. Individual and group health insurance covering treatment of breast cancer--deductible or copayment--managed care program--short-term policies-- standard coverage
...after January 1, 1996, shall offer coverage for the treatment of breast cancer by dose-intensive chemotherapy/autologous bone marrow transplants or **stem cell** transplants when performed pursuant to nationally accepted peer review protocols utilized by breast cancer treatment centers experienced in dose- intensive...
...accepted peer review protocols utilized by breast cancer treatment centers experienced in dose-intensive chemotherapy/autologous bone marrow transplants or **stem cell** transplants. The offer of benefits under this section shall be in writing and must be accepted in writing by the...
...imposing a lifetime benefit maximum of not less than one hundred thousand dollars, for dose-intensive chemotherapy/autologous bone marrow transplants or **stem cell** transplants for breast cancer treatment.
3. Benefits may be administered for such health care service through a managed care program...

Copr. © West 2004 No Claim to Orig. U.S. Govt. Works

House Economic Development
2-19-04
Attachment 4

1 and to comply with the provisions of the terms and conditions thereof.

2 (22) acquire space, equipment, services, supplies and insurance nec-

3 essary to carry out the purposes of this act.

4 (23) deposit any moneys of the authority in any banking institution

5 within or without the state or in any depository authorized to receive such

6 deposits, one or more persons to act as custodians of the moneys of the

7 authority.

8 (24) procure such insurance, participate in such insurance plans or

9 provide such self-insurance or both as it deems necessary or convenient

10 to carry out the purposes and provisions of this act, the purchase of in-

11 surance, participation in an insurance plan or creation of a self-insurance

12 fund by the authority shall not be deemed as a waiver or relinquishment

13 of any sovereign immunity to which the authority or its officers, directors,

14 employees or agents are otherwise entitled.

15 (25) appoint, supervise and set the salary and compensation of the

16 president, who shall be appointed by and serve at the pleasure of the

17 board.

18 (26) fix, revise, charge and collect rates, rentals, fees and other

19 charges for the services or facilities furnished by or on behalf of the au-

20 thority, and to establish policies and procedures regarding any such serv-

21 ice rendered for the use, occupancy or operation of any such facility; such

22 charges and policies and procedures not to be subject to supervision or

23 regulation by any commission, board, bureau or agency of the state; and

24 (27) do any and all things necessary or convenient to carry out the

25 authority's purposes and exercise the powers given in this act.

26 (d) The authority may create, own in whole or in part, or otherwise

27 acquire or dispose of any entity organized for a purpose related to or in

28 support of the mission of the authority.

29 (e) The authority may participate in joint ventures and collaborate

30 with any taxpayer, governmental body or agency, insurer, university and

31 college of the state, or any other entity to facilitate any activities or pro-

32 grams consistent with the purpose and intent of this act.

33 (d) The authority may create a nonprofit entity or entities for the

34 purpose of soliciting, accepting and administering grants, outright gifts

35 and bequests, endowment gifts and bequests, and gifts and bequests in

36 trust, which entity or entities shall not engage in trust business.

37 (e) In carrying out any activities authorized by this act, the authority

38 may provide appropriate assistance, including the making of loans and

39 providing time of employees, to any taxpayer, governmental body or

40 agency, insurer, university and college of the state, or any other entity,

41 whether or not any such taxpayer, governmental body or agency, insurer,

42 university and college of the state, or any other entity is owned or con-

43 trolled in whole or in part, directly or indirectly, by the authority.

(1)

¶(2) The authority may direct a nonprofit entity created in subsection (d)(1) to issue grants to high schools that create biotechnology academies. The authority shall set application procedures, eligibility criteria, requirements for curricula and teaching credentials and any other items and procedures incidental to establishing the grant program.

Boyer

HOUSE BILL No. 2647

By Committee on Economic Development

I-29

[material within brackets would be deleted]

House Economic Development
2-19-04
Attachment 5

Bourroughs.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43

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-

(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. Eleven 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 eleven 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 eleven 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

a 13-member

Eleven

11

nine

of the board or any committee or subcommittee of the board

11

four

1 secretary and treasurer for terms to be determined by the board. The
 2 board may elect the same person to serve as both secretary and treasurer.
 3 The board shall establish an executive committee, nominating committee
 4 and other standing or special committees, and prescribe their duties and
 5 powers. Any executive committee of the board may exercise all such pow-
 6 ers and duties of the board as the board may delegate.

7 (j) Members of the board shall serve without compensation. Mem-
 8 bers of the board attending meetings of the board, or attending a sub-
 9 committee meeting thereof that is authorized by the board, shall be paid
 10 mileage and all other applicable expenses, provided such expenses are
 11 consistent with policies established from time-to-time by the board and
 12 as required by subsection (k).

13 (k) No part of the funds of the authority shall inure to the benefit of,
 14 or be distributed to, its employees, officers or members of the board,
 15 except that the authority may make reasonable payments for expenses
 16 incurred on its behalf relating to any of its lawful purposes and the au-
 17 thority shall be authorized and empowered to pay reasonable compen-
 18 sation for services rendered to or for its benefit relating to any of its lawful
 19 purposes, including to pay its employees reasonable compensation.

20 (l) Any member of the board other than an ex officio member may
 21 be removed by an affirmative vote by seven members of the board for
 22 malfeasance or misfeasance in office, regularly failing to attend meetings,
 23 or for any cause which renders the member incapable of or unfit to dis-
 24 charge the duties of director.

25 (m) The board shall meet at least four times per year and at such
 26 other times as it deems appropriate, or upon call by the president or the
 27 chairperson, or upon written request of a majority of the directors of the
 28 board. The board may adopt, repeal and amend such rules, procedures
 29 and bylaws, not contrary to law or inconsistent with this act, as it deems
 30 expedient for its own governance and for the governance and manage-
 31 ment of the authority. A majority of the total voting membership of the
 32 board shall constitute a quorum for meetings. The board may act by a
 33 majority of those at any meeting where a quorum is present, except upon
 34 such issues as the board may determine shall require a vote of six mem-
 35 bers of the board for approval. The board shall meet for the initial meeting
 36 upon call by the member of the board for the Kansas technology enter-
 37 prise corporation, who shall act as temporary chairperson until officers of
 38 the board are elected pursuant to subsection (i).

39 (n) The board shall appoint a president who shall serve at the pleasure
 40 of the board. The president shall serve as the chief executive officer of
 41 the authority. The president's salary shall be set by the board. The board
 42 may negotiate and enter into an employment agreement with the indi-
 43 vidual selected as president of the authority, which may provide for com-

The president shall not be a member of the board.

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.

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.

and records under subsection (b)

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 business of bioscience who is a member of the board, who has no personal
2 interest, from voting on the authorization of any such contract or trans-
3 action between the authority and such employee's employer.

and all officers of the authority

4 (b) All members of the board shall file a written statement pursuant
5 to K.S.A. 46-247 *et seq.* and amendments thereto, regarding any substan-
6 tial interests, within the meaning of K.S.A. 46-229 and amendments
7 thereto, that each director may hold. Any employee, other agent or ad-
8 visor of the authority who has a substantial interest in any contract or
9 transaction with the authority within the meaning of K.S.A. 46-229 and
10 amendments thereto, shall file a written statement of substantial interest
11 pursuant to K.S.A. 46-247 *et seq.* and amendments thereto.

12 New Sec. 9. (a) The authority shall have all of the powers necessary
13 to carry out the purposes and provisions of this act, including, without
14 limitation, the following powers to:

15 (1) Make, amend and repeal bylaws, rules and regulations for the
16 management of its affairs;

17 (2) have the duties, privileges, immunities, rights, liabilities and dis-
18 abilities of a body politic and corporate and independent instrumentality
19 of the state;

And by renumbering accordingly

20 (3) Have perpetual existence and succession;

21 (4) adopt, have and use a seal and to alter the same at its pleasure;

22 (5) sue and be sued in its own name;

23 (6) work with state universities to identify and recruit eminent schol-
24 ars and rising star scholars who shall become employed by state univer-
25 sities or the authority, or both, to perform bioscience research, develop-
26 ment and commercialization at state university campuses or at authority
27 facilities, or both;

28 (7) transfer funds to state universities in amounts to be determined
29 by the board for the purpose of attracting and then supplementing the
30 compensation of eminent scholars and rising star scholars;

31 (8) work with and collaborate with state universities to determine the
32 types of bioscience research that will be conducted by eminent scholars
33 and rising star scholars;

34 (9) work with state universities to determine the types of facilities
35 that may be constructed at state university campuses or at authority prem-
36 ises, or elsewhere, for eminent scholars and rising star scholars to perform
37 bioscience research and development;

38 (10) employ personnel to assist or complement the research of emi-
39 nent scholars and rising star scholars;

40 (11) establish policies and procedures to facilitate integrated biosci-
41 ence research activities by the authority and state universities;

42 (12) make and execute contracts, guarantees or any other instruments
43 and agreements necessary or convenient for the exercise of its powers

1 and to comply with the provisions of the terms and conditions thereof;

2 (22) acquire space, equipment, services, supplies and insurance nec-
3 essary to carry out the purposes of this act;

4 (23) deposit any moneys of the authority in any banking institution
5 within or without the state or in any depository authorized to receive such
6 deposits, one or more persons to act as custodians of the moneys of the
7 authority;

8 (24) procure such insurance, participate in such insurance plans or
9 provide such self-insurance or both as it deems necessary or convenient
10 to carry out the purposes and provisions of this act: the purchase of in-
11 surance, participation in an insurance plan or creation of a self-insurance
12 fund by the authority shall not be deemed as a waiver or relinquishment
13 of any sovereign immunity to which the authority or its officers, directors,
14 employees or agents are otherwise entitled;

15 (25) appoint, supervise and set the salary and compensation of the
16 president, who shall be appointed by and serve at the pleasure of the
17 board;

and

18 (26) fix, revise, charge and collect rates, rentals, fees and other
19 charges for the services or facilities furnished by or on behalf of the au-
20 thority, and to establish policies and procedures regarding any such serv-
21 ice rendered for the use, occupancy or operation of any such facility; such
22 charges and policies and procedures not to be subject to supervision or
23 regulation by any commission, board, bureau or agency of the state; and

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

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

29 (c) The authority may participate in joint ventures and collaborate
30 with any taxpayer, governmental body or agency, insurer, university and
31 college of the state, or any other entity to facilitate any activities or pro-
32 grams consistent with the purpose and intent of this act.

33 (d) The authority may create a nonprofit entity or entities for the
34 purpose of soliciting, accepting and administering grants, outright gifts
35 and bequests, endowment gifts and bequests, and gifts and bequests in
36 trust, which entity or entities shall not engage in trust business;

, but the authority may not create any political action committee or contribute to any political action committee

37 (e) In carrying out any activities authorized by this act, the authority
38 may provide appropriate assistance, including the making of loans and
39 providing time of employees, to any taxpayer, governmental body or
40 agency, insurer, university and college of the state, or any other entity,
41 whether or not any such taxpayer, governmental body or agency, insurer,
42 university and college of the state, or any other entity is owned or con-
43 trolled in whole or in part, directly or indirectly, by the authority.

1 (f) Notwithstanding any provision of law to the contrary, the authority
 2 may, on an independent basis for itself or from time-to-time through a
 3 contractual relationship with KTEC, invest the funds received from gifts,
 4 grants, donations and other operations of the authority in such invest-
 5 ments as would be lawful for a private corporation having purposes similar
 6 to the authority including preseed, seed capital and venture capital funds
 7 whose purpose is to commercialize bioscience intellectual property, and
 8 in any obligations or securities as authorized by the board. ~~The~~ board
 9 shall adopt written investment guidelines.

Prior to making any investments, the

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

15 (h) In accordance with subsection (i) below, the authority shall over-
 16 see the commercialization of bioscience intellectual property created by
 17 eminent scholars and rising star scholars who are employed by state uni-
 18 versities or the authority, or both. In the event of bioscience discoveries
 19 by such eminent scholars or rising star scholars for which the state uni-
 20 versity desires to explore the potential commercialization opportunities
 21 and technology transfer, the state university must notify the authority in
 22 writing of such plans. The authority shall have a reasonable period of time
 23 to evaluate whether it desires to participate in such commercialization
 24 opportunities or technology transfer. The authority must notify the state
 25 university in writing within a reasonable period of time if it desires to so
 26 participate in such commercialization opportunities and technology trans-
 27 fer. The authority and state university shall then negotiate and enter into
 28 a written agreement that sets forth the rights and responsibilities of each
 29 party, including the financial terms and assumptions of risks. Notwith-
 30 standing any provision of law or policy of any state university or the Kansas
 31 board of regents to the contrary, the agreement between the authority
 32 and the state university shall prevail and govern the terms of revenue
 33 sharing, cost sharing, ownership and licensure of bioscience intellectual
 34 property that is created by eminent scholars or rising star scholars who
 35 are employed by the state universities or the authority, or both.

36 (i) During the first five years after the effective date of this act, the
 37 authority may contract with KTEC, which will be able to subcontract with
 38 appropriate third parties as it deems necessary and appropriate, including
 39 without limitation, NISTAC, for the initial commercialization efforts for
 40 bioscience intellectual property, including without limitation, corporate
 41 patent donations. The contract between the authority and KTEC must
 42 be negotiated between the authority and KTEC and will set forth the
 43 rights and responsibilities of each party, including the financial terms,

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.

Nothing in this subsection shall be construed to limit the constitutional powers of the legislature.

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

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~~ for 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-

1 trary, the authority, its officers, directors, employees and agents shall be
2 subject to and covered by the Kansas tort claims act K.S.A. 75-6101 *et*
3 *seq.* and amendments thereto.

4 New Sec. 14. This act shall be liberally construed. Nothing contained
5 herein is or shall be construed as a restriction or limitation upon any
6 powers that the authority might otherwise have under other law of this
7 state, and the provisions of this act are cumulative to such powers. The
8 provisions hereof do and shall be construed to provide a complete, ad-
9 ditional and alternative method for the doing of the things authorized and
10 shall be regarded as supplemental and additional to any other laws. [In-
11sofar as the provisions of this act are inconsistent with the provisions of
12 any other law, general, specific or local, the provisions of this act shall be
13 controlling.]

14 New Sec. 15. Nothing in this act should be construed as allowing the
15 board to sell the authority or substantially all of the assets of the authority,
16 or to merge the authority with another institution, without prior legislative
17 authorization by statute.

18 New Sec. 16. (a) Notwithstanding any state laws or regulations to the
19 contrary, the authority shall not be subject to any further process or pro-
20 cedure that requires the submission, review or approval to any capital
21 project. The authority shall ensure that nationally recognized fire preven-
22 tion code and life safety inspections under K.S.A. 31-132 *et seq.* and
23 amendments thereto, of any capital project are conducted and that such
24 projects are inspected by the state fire marshal, or the state fire marshal's
25 designee, prior to certification for building occupancy.

26 (b) The authority shall not be subject to any county and local building
27 codes.]

28 New Sec. 17. The authority is exempt from the provisions of K.S.A.
29 12-1675 through 12-1677, 45-401 through 45-413, 75-1250 through 75-
30 1270, 75-2925 through 75-2975, 75-3701 through 75-37,119, 75-4363,
31 75-4701 through 75-4744, and 77-501 through 77-550 and K.S.A. 75-4362
32 and amendments thereto.

33 New Sec. 18. The authority may, at the election of the board, affiliate
34 with the Kansas public employees retirement system with respect to any
35 or all employees employed by the authority on or after the effective date
36 of this act, in accordance with the provisions of K.S.A. 74-4910 and
37 amendments thereto. The authority may, at the election of the board,
38 adopt, in accordance with requirements of the federal internal revenue
39 code, a retirement plan or plans sponsored by the authority with respect
40 to employees employed by the authority on or after the effective date of
41 this act. The authority may, at the discretion of the board, provide death
42 and disability benefits as provided in K.S.A. 74-4927a and 74-4927g and
43 amendments thereto.

1 (o) "SIC industry groups" or "SIC codes" means the standard industrial classification system promulgated by the United States department
2 of labor in the 1987 standard industrial classification manual, as may be
3 amended or revised from time-to-time.
4

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

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

8 (r) "State taxes" means all of state taxes on property, sales and use,
9 excise, license, individual income tax and corporate net income tax pur-
10 suant to law.

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

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

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

22 (b) Distributions from the emerging industry investment act invest-
23 ment fund shall be for the exclusive benefit of the authority, under the
24 control of the board and used to fulfill the purpose, powers and duties of
25 the authority pursuant to the provisions of section 1 *et seq.*, and amend-
26 ments thereto.

27 (c) The secretary of revenue and the authority shall establish the base
28 year taxation for all bioscience companies and state universities associated
29 with bioscience research in the state. The secretary of revenue, the au-
30 thority and the board of regents shall establish the number of bioscience
31 employees associated with state universities and report annually and de-
32 termine the taxation base annually.

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

50% of

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

43 (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.
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 ~~(i)~~ (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 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.

10

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:

And by renumbering subsections accordingly

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

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.

in the state treasury. Moneys

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:

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

Section 1. Establishes within the Department of Commerce an Athletic Commission (5) and Boxing Commissioner (1)

Section 2. Sets forth Rules and Regs and requires Commissioner to recommend Taxing and Fee Structure and report to the Legislature by January 1, 2005.

Section 3. Establishes within the State Treasury the Athletic Fee Fund.
All dollars from fees, charges and penalties will go to the fund until July 1, 2007. 7/1/07 triggers a 20% general fund allocation. These captured dollars are to support the duties/administration of the commission.

Section 4. Authorizes Licensing, and Notification of type of contests allowed in Kansas and a length of Bouts and Prohibition Language.

Section 5. Definitions

Section 6. Sets forth the number of Judges for a contest.

Section 7. Struck

Section 8. Commission to supervise all Pro-Contests in Kansas

Take Applications/Issue Licenses for those associated with the Industry.

Suspension and or penalties and denial Language

Section 9. Injunction Power

Section 10. Complaint and Hearing process.

Section 11. Multiple Licensing

Section 12. Identifies but does not regulate amateur events

House Economic Development
2-19-04
Attachment 6

Session of 2004

HOUSE BILL No. 2713

By Representatives Burroughs, Beggs, Carter, Cox, Davis, Gatewood, Gilbert, Goering, Grant, Henry, Holland, Huff, M. Long, Novascone, Patterson, Phelps, Reardon, Rehorn, Ruff, Sawyer, B. Sharp, Shriver, Siegfried, Svaty, Thull, Wilson and Yoder

2-4

AN ACT concerning athletic competitions; establishing an athletic commission, boxing commissioner, athletic fee fund, powers and duties; prohibitions and complaint procedure; amending K.S.A. 21-1801 and repealing the existing section; also repealing K.S.A. 12-5101, 12-5102, 12-5103, 12-5104, 12-5105, 12-5106, 12-5107, 12-5108, 12-5109, 12-5110, 12-5111, 12-5112, 12-5113, 12-5114, 12-5115, 12-5116, 12-5117, 12-5118, 12-5119, 12-5120, 12-5121, 12-5122, 12-5123, 12-5124, 12-5125 and 12-5126.

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

New Section 1. (a) There is hereby established within and as part of the department of commerce an athletic commission of the state of Kansas composed of five members appointed by the governor. Members of the commission shall serve at the pleasure of the governor. The initial commission members shall be appointed within 60 days after the effective date of this act and shall serve the following terms: One member shall be appointed to serve for one year, one member shall be appointed to serve for two years, two members shall be appointed to serve for three years and one member shall be appointed to serve for four years. Of the commissioners one shall be a physician practicing in sports injuries; another shall be a athletic director of a university; another shall be a chiropractor; and two shall be appointed at the governor's discretion and serve at the pleasure of the governor. Thereafter, members shall be appointed for terms of four years and serve until their successors are appointed. Whenever a vacancy occurs in the commission, the governor shall appoint a successor for the remainder of the unexpired term. Upon the expiration of the term of office of any member, a successor shall be appointed for a term of four years.

(b) The athletic commission shall organize annually by electing one of its members as chairperson and one as vice-chairperson. Meetings of the commission shall be held upon call of the chairperson, or may be called by a majority of the commission.

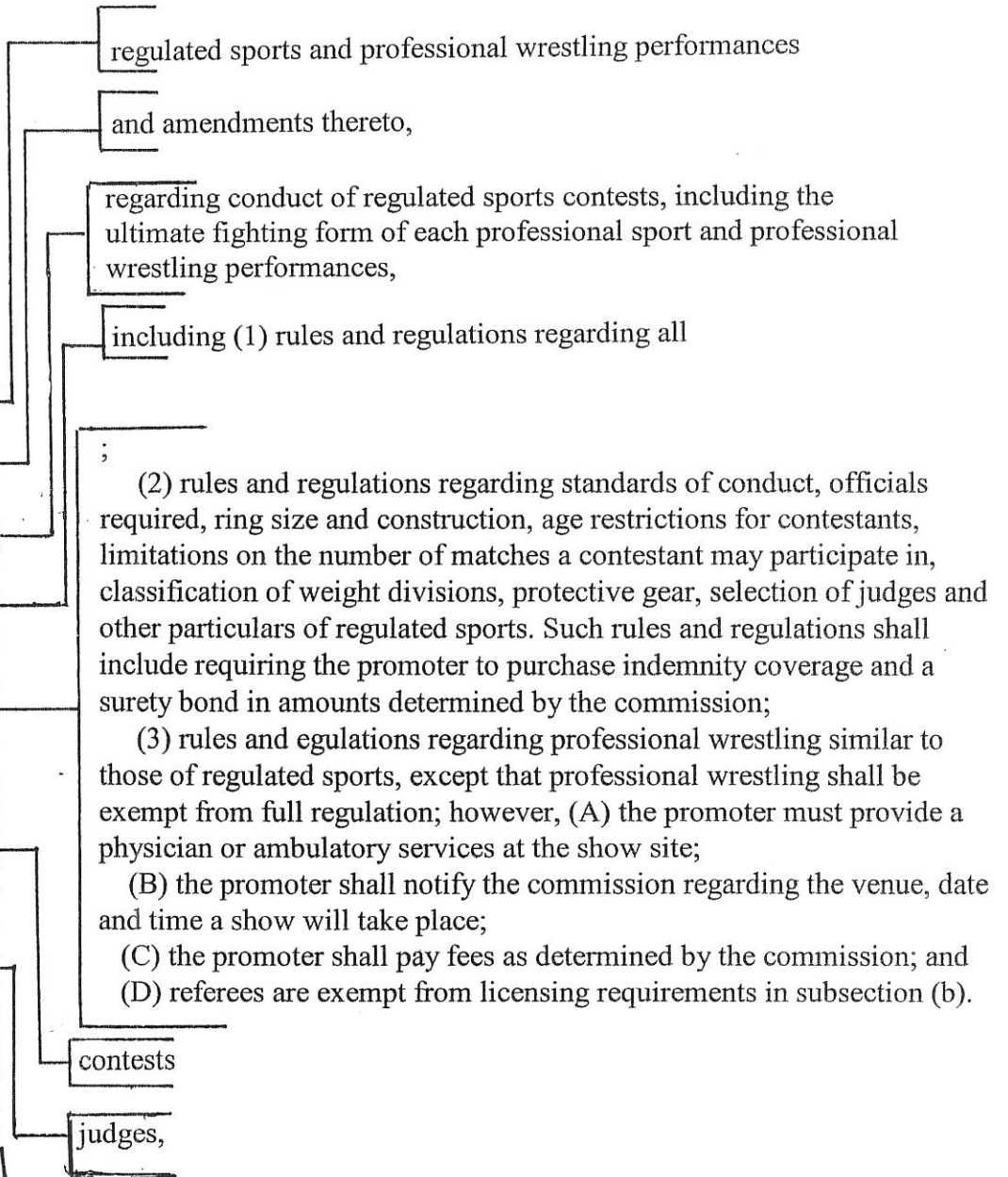
Proposed amendments
by Representative Burroughs
February 19, 2004

1 (c) The athletic commission shall have such powers and duties as are
 2 provided by law. Members of the athletic commission attending meetings
 3 of such commission, or attending a subcommittee meeting thereof au-
 4 thorized by such commission, shall be paid amounts provided in subsec-
 5 tion (e) of K.S.A. 75-3223, and amendments thereto. The commission
 6 shall appoint a boxing commissioner who shall be in the unclassified serv-
 7 ice under the Kansas civil service act and who shall devote his or her full-
 8 time to the duties prescribed by the commission, except that the boxing
 9 commissioner shall not perform duties as an inspector for the commission.
 10 The boxing commissioner shall receive an annual salary fixed by the com-
 11 mission and approved by the governor. In accordance with the provisions
 12 of the Kansas civil service act, the commission may appoint such inspec-
 13 tors, agents and clerical and administrative personnel as may be necessary
 14 to assist in performing the powers, duties and functions of the commission
 15 and the boxing commissioner.

16 New Sec. 2. The athletic commission shall have general charge and
 17 supervision of all professional boxing, sparring, professional kickboxing
 18 and professional full-contact karate exhibitions held in the state, and shall:

19 (a) Adopt rules and regulations, in accordance with K.S.A. 77-415 *et*
 20 *seq.*, consistent with the provisions of this act for the administration and
 21 enforcement of every particular conduct of professional boxing, sparring,
 22 professional kickboxing and professional full-contact karate exhibitions,
 23 the time and place thereof, and the prices charged for admission thereto
 24 and for the issuance of a license under this section and to prescribe qual-
 25 ifications for such licenses. All fees established by the athletic commission
 26 shall be determined in such amount as to produce sufficient revenue to
 27 fund the necessary expenses and operating costs incurred in the admin-
 28 istration and enforcement of the provisions of this act.

29 (b) Accept applications for and issue a license to any person, organ-
 30 ization, corporation, partnership, limited liability company or association
 31 holding a promoter's license and permit desiring to promote professional
 32 boxing, sparring, professional wrestling, professional kickboxing and pro-
 33 fessional full-contact karate exhibitions which organization has been in
 34 existence and has held meetings at regular intervals during the entire year
 35 immediately preceding the granting of the license and permit and to ac-
 36 cept applications and issue licenses to referees, physicians, managers, con-
 37 testants, timekeepers, seconds, promoters and matchmakers for profes-
 38 sional boxing, sparring, wrestling, kickboxing and full-contact karate
 39 exhibitions. Each application for a license for an organization under this
 40 subsection (b) shall designate the city in which the organization or local
 41 unit thereof intends to operate, and the license granted shall entitle said
 42 organization, or local unit thereof, to conduct professional boxing, spar-
 43 ring, wrestling, kickboxing and full-contact karate exhibitions in that city.



1 and no other. The commission shall collect at a minimum a fee of \$20
 2 for a license issued under this subsection. Unless revoked for cause, all
 3 licenses issued under this subsection and all renewals thereof shall expire
 4 on June 30 of the year succeeding the year in which they were issued
 5 commencing June 30, 2004, and shall be renewable from year to year
 6 upon the filing of a renewal application prior to the expiration of each
 7 such license and payment of the fee therefor.

8 (c) Set an amount of not less than five percent nor more than 20%
 9 of the gross receipts of every professional boxing, sparring, professional
 10 wrestling, professional kickboxing and professional full-contact karate ex-
 11 hibition held, and to fix and determine from time to time by rules and
 12 regulations adopted by the commission the exact percentage to be col-
 13 lected and the percentage so fixed and determined shall be based on the
 14 amount of revenue necessary, together with all other revenues of the
 15 commission, in order to pay the cost of administering and enforcing the
 16 provisions of sections 1 through 12 of this act, and amendments thereto.
 17 The commission may adopt rules and regulations fixing a different per-
 18 centage to be collected from the gross receipts of such exhibitions held
 19 in counties having a population of 50,000 or more than those held in
 20 counties having a population of less than 50,000.

contest

Recommend a taxing and fee structure for all regulated sports and report such recommendations to the legislature by January 1, 2005.

21 (d) Five percent of the gross receipts of every concession stand, sou-
 22 venir or other commodity sold at every professional boxing, sparring, pro-
 23 fessional wrestling, professional kickboxing and professional full-contact
 24 karate exhibition held shall be collected and turned over to the boxing
 25 commissioner for deposit into the athletic fee fund.

26 (e) Where appropriate, adopt rules and regulations regarding stan-
 27 dards of conduct, officials required, ring size and construction, age re-
 28 strictions for contestants, limitations on the number of matches a contes-
 29 tant may participate in, classification of weight divisions, protective gear,
 30 selection of judges and other particulars of professional boxing, sparring,
 31 professional kickboxing and professional full-contact karate.

32 (f) The use of grease, ointments, strong smelling liniment, nauseous,
 33 or noxious drugs, liquids or powders, or illegal substances is prohibited
 34 during a professional contest or exhibition.

35 (g) Good order shall be maintained at all professional contests and
 36 exhibitions. Disruptive conduct, including insulting or abusive remarks
 37 are prohibited. The athletic commission may refuse to issue a license for
 38 future contests and exhibitions or may revoke or suspend a license pre-
 39 viously issued until assured that order will be maintained.

(e)

40 (h) Suspend or revoke any license issued by the commission under
 41 this section for violations of the provisions of K.S.A. 21-1801, and amend-
 42 ments thereto, or rules and regulations adopted under those statutes, and
 43 to adopt rules and regulations prescribing procedures and conditions for

and by relettering the remaining sections accordingly

(f) Assist promoters in developing marketing strategies ^{for} to market sanctioned fights.

1 suspensions and revocations.
2 New Sec. 3. (a) There is hereby established in the state treasury the
3 athletic fee fund to be administered by the chairperson of the athletic
4 commission or the chairperson's designee. The boxing commissioner shall
5 remit all moneys received by or for the commission from fees, charges or
6 penalties to the state treasurer in accordance with the provisions of K.S.A.
7 75-4215, and amendments thereto. Upon receipt of each such remittance
8 the state treasurer shall deposit the entire amount thereof in the state
9 treasury and credit it in its entirety to the athletic fee fund until July 1,
10 2007. Thereafter, 20% of each such deposit shall be credited to the state
11 general fund and the balance shall be credited to the athletic fee fund.
12 All expenditures from such fund shall be made in accordance with ap-
13 propriation acts upon warrants of the director of accounts and reports
14 issued pursuant to vouchers approved by the boxing commissioner or by
15 a person or persons designated by the boxing commissioner. All moneys
16 credited to the athletic fee fund shall be expended for the administration
17 of the powers, duties, functions and operating expenses of the athletic
18 commission and the boxing commissioner.

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

- 22 (1) The average daily balance of money in the athletic fee fund for
23 the preceding month; and
- 24 (2) the net earnings rate of the pooled money investment fund port-
25 folio for the preceding month.

(a)

26 New Sec. 4. The athletic commission and boxing commissioner shall
27 not issue any license to hold professional boxing, sparring, professional
28 wrestling, professional kickboxing or professional full-contact karate ex-
29 hibitions in the state of Kansas, except:

contests

30 (a) Where such professional boxing, sparring, professional wrestling,
31 professional kickboxing or professional full-contact karate exhibition is to
32 be held under the auspices of a promoter duly licensed by the athletic
33 commission:

(1)

and by renumbering the remaining sections accordingly

34 (b) 2 where such professional boxing, sparring, professional wrestling,
35 professional kickboxing or professional full-contact karate exhibition is to
36 be held within the limits of some incorporated city, whose city council or
37 commission has consented to the holding of such exhibition, or where
38 such professional boxing, sparring, professional wrestling, professional
39 kickboxing or professional full-contact karate exhibition is to be held in
40 any county outside the limits of an incorporated city, whose board of
41 county commissioners shall have consented to the holding of such
42 exhibition;

contest

contest

43 (c) 3 where such professional boxing, sparring, professional wrestling,

contest

12

1 professional kickboxing or professional full-contact karate exhibition shall
2 be of not more than (5) rounds of three minutes each duration; and
3 (b) where a fee has been paid for such permit in an amount set by
4 the athletic commission.

5 New Sec. 5. For the purposes of this act:
6 (a) "Bout" means one match involving either professional boxing,
7 sparring, professional wrestling, professional kickboxing or professional
8 full-contact karate;

9 (b) "combative fighting", also known as "tough man fighting", tough
10 woman fighting", "badman fighting", "ultimate fighting", "U.F.C." and
11 "extreme fighting" means any boxing, sparring, wrestling, kickboxing or
12 full-contact karate match, contest, tournament championship or exhibi-
13 tion, between two or more contestants, with or without protective head-
14 gear, who use their hands, with or without gloves, or their feet, or both,
15 and who compete for a financial prize or an item of pecuniary value;

16 (c) "contest" means a bout or a group of bouts involving licensed
17 contestants competing in professional boxing, sparring, professional wres-
18 tling, professional kickboxing or professional full-contact karate;

19 (d) "contestant" means a person who competes in any activity covered
20 by sections 1 through 12, and amendments thereto;

21 (e) "fund" means the athletic fee fund;

22 (f) "mandatory count of eight" means a required count of eight that
23 is given by a referee to a contestant who has been knocked down;

24 (g) "noncompetitive boxing" means boxing or sparring where a de-
25 cision is not rendered;

26 (h) "professional boxing" means the sport of attack and defense which
27 uses the fist and where contestants compete for valuable consideration;

28 (i) "professional full-contact karate" means any form of full-contact
29 martial arts including but not limited to full-contact kung fu, full-contact
30 taw kvon-do, or any form of martial arts of self-defense conducted on a
31 full-contact basis in a bout or contest with or without weapons and where
32 contestants compete for valuable consideration. Such contests take place
33 in a rope-enclosed ring and are fought in timed rounds;

34 (j) "professional kickboxing" means any form of boxing in which
35 blows are delivered with any part of the arm below the shoulder, including
36 the hand, and any part of the leg below the hip, including the foot, and
37 where contestants compete for valuable consideration. Such contests take
38 place in a rope-enclosed ring and are fought in timed rounds;

39 (k) "professional wrestling" means any performance of wrestling skills
40 and techniques by two or more professional wrestlers, to which any ad-
41 mission is charged. Participating wrestlers may not be required to use
42 their best efforts in order to win, the winner may have been selected
43 before the performance commences and contestants compete for valua-

(b) The use of grease, ointments, strong smelling liniment, nauseous or
noxious drugs, liquids or powders or illegal substances is prohibited during
a professional contest or exhibition.
(c) Good order shall be maintained at all professional contests and
exhibitions. Disruptive conduct including insulting or abusive remarks are
prohibited. The athletic commission may refuse to issue a license for future
contests and exhibitions or may revoke or suspend a license previously
issued until assured that order will be maintained.

and by relettering the sections accordingly

1 ble consideration. Such contests take place in a rope-enclosed ring and
2 are fought in timed rounds;

3 (l) "sparring" means boxing for practice or as an exhibition;

4 (m) "standing mandatory eight count" means the count of eight that
5 is given at the discretion of a referee to a contestant who has been dazed
6 by a blow and is unable to defend himself or herself. The standing man-
7 datory eight count may be waived in a bout only with special permission
8 of the boxing commissioner.]

9 New Sec. 6. The decision in a contest for professional boxing, spar-
10 ring, professional kickboxing or professional full-contact karate shall be
11 rendered by three judges licensed by the athletic commission.

12 [New Sec. 7. Contests or exhibitions for amateur boxing, sparring,
13 amateur wrestling, amateur kickboxing and amateur full-contact karate
14 shall be exempt from the provisions of this act. However, all amateur
15 boxing, amateur kickboxing and amateur full-contact karate must be sanc-
16 tioned by a nationally recognized amateur sanctioning body approved by
17 the athletic commission.]

18 New Sec. 8. The boxing commissioner or such boxing commis-
19 sioner's designee shall have general charge and supervision of all profes-
20 sional boxing, sparring, professional kickboxing and professional full-con-
21 tact karate contests held in the state of Kansas, and shall:

22 (1) Accept applications for and issue licenses to contestants in pro-
23 fessional boxing, sparring, professional wrestling, professional kickboxing
24 and professional full-contact karate contests held in the state of Kansas
25 and referees, judges, matchmakers, managers, promoters, seconds, an-
26 nouncers, timekeepers and physicians involved in professional boxing,
27 sparring, professional wrestling, professional kickboxing or professional
28 full-contact karate contests held in the state of Kansas;

29 (2) charge and collect fees for every license issued and collect the
30 amount specified by the athletic commission of the gross receipts of any
31 person, organization, corporation, partnership, limited liability company,
32 or association holding a promoter's license and permit. Such percentage
33 shall be derived from admission charges connected with or as an incident
34 to the holding of any professional boxing, sparring, professional wrestling,
35 professional kickboxing or professional full-contact karate contest [or ex-
36 hibition] in this state. Such funds shall be paid to the boxing commissioner
37 who shall pay such funds into the state treasury to be credited to the
38 athletic fee fund as provided for in subsection (a) of section 3, and amend-
39 ments thereto;

40 (3) collect a tax of five percent of the gross receipts of any person,
41 organization, corporation, partnership, limited liability company or asso-
42 ciation holding a promoter's license and permit derived from the sale,
43 lease or other exploitation in this state of broadcasting, television, closed-

(k) "regulated sports" means professional boxing, sparring, professional
kickboxing, mixed martial arts and professional full-contact karate

[NOTE] Replace references to "professional boxing, sparring, professional
kickboxing or professional full-contact karate contests" with
"regulated sports" throughout

and by renumbering the remaining sections accordingly

1 circuit telecast and motion picture rights for any professional boxing, spar-
2 ring, professional wrestling, professional kickboxing or professional full-
3 contact karate contest or exhibition in this state. Such funds shall be paid
4 to the boxing commissioner who shall pay such funds into the state treas-
5 ury to be credited to the athletic fee fund as provided in subsection (a)
6 of section 3, and amendments thereto: and

7 (4) collect 25% of the gross receipts of any person, organization, cor-
8 poration, partnership, limited liability company or association derived
9 from the sale, lease or other exploitation in this state of broadcasting,
10 television, closed-circuit telecast and motion picture rights for any pro-
11 fessional boxing, sparring, professional wrestling, professional kickboxing
12 and professional full-contact karate contest or exhibition in this state.
13 Such funds shall be paid to the boxing commissioner who shall pay such
14 funds into the state treasury to be credited to the athletic fee fund as
15 provided for in subsection (a) of section 3, and amendments thereto. Each
16 cable television system operator whose pay-per-view facilities are utilized
17 to telecast a bout or contest shall, within thirty calendar days following
18 the date of the telecast, file a report with the boxing commissioner stating
19 the number of orders sold and the price per order.

20 New Sec. 9. (a) In order to protect the health and welfare of the
21 contestants, there shall be a mandatory medical suspension of any con-
22 testant, not to exceed 120 days, who loses consciousness or who has been
23 injured as a result of blows received to the head or body during a pro-
24 fessional boxing, professional kickboxing or professional full-contact ka-
25 rate bout, exhibition or semi-professional elimination contest. The deter-
26 mination of consciousness is to be made only by a physician licensed by
27 the board of healing arts and the boxing commissioner or such commis-
28 sioner's designee. Medical suspensions issued in accordance with this sec-
29 tion shall not be reviewable by any court or tribunal.

180

30 (b) No license shall be issued to any person who has been injured in
31 such a manner that they may not continue professional boxing, profes-
32 sional kickboxing or professional full-contact karate in the future. Such a
33 person shall be deemed medically retired. A person with a status of med-
34 ically retired shall not compete in any events governed by this act. Medical
35 retirements issued in accordance with this section shall not be reviewable
36 by any court or tribunal.

The commission, boxing commissioner or such boxing commissioners
designee may require a contestant on medical suspension to undergo any
medical test necessary to prove such contestant is medically fit to lift the
suspension.

37 New Sec. 10. (a) Upon proper application by the boxing commis-
38 sioner or such commissioner's designee, a court of competent jurisdiction
39 may grant an injunction, restraining order or any other order as may be
40 appropriate to enjoin a person, partnership, organization, corporation,
41 limited liability company or association from:

42 (1) Promoting or offering to promote any unlicensed professional
43 boxing, sparring, professional kickboxing and professional full-contact ka-

1 rate contests in Kansas;

2 (2) advertising or offering to advertise any unlicensed professional
3 boxing, sparring, professional kickboxing and professional full-contact ka-
4 rate contests in Kansas;

5 (3) conducting or offering to conduct any unlicensed professional
6 boxing, sparring, professional kickboxing and professional full-contact ka-
7 rate contests in Kansas; or

8 (4) competing or offering to compete in any unlicensed professional
9 boxing, sparring, professional kickboxing and professional full-contact ka-
10 rate contests in Kansas.

11 (b) Any such actions shall be commenced either in the county in
12 which such conduct occurred or in the county in which the defendant
13 resides.

14 (c) Any action brought under this section shall be in addition to, and
15 not in lieu of, any penalty provided by law and may be brought concu-
16 rently with other actions to enforce this act.

17 New Sec. 11. (a) Any person wishing to make a complaint against a
18 licensee under this act, shall file the written complaint with the boxing
19 commissioner setting forth supporting details. If the boxing commissioner
20 determines that the charges warrant a hearing to ascertain whether the
21 licensee shall be disciplined, the boxing commissioner shall file a com-
22 plaint as provided in the Kansas administrative procedure act. Any person
23 holding more than one license issued by the athletic commission and
24 boxing commissioner and disciplined under one license will automatically
25 be disciplined under all licenses.

26 (b) (1) The athletic commission and boxing commissioner may refuse
27 to issue any permit or license for one or any combination of reasons stated
28 in paragraphs (A) through (M) of this subsection. The athletic commission
29 or boxing commissioner shall notify the applicant in writing of the reasons
30 for the refusal and shall advise the applicant of such applicant's right to
31 file a complaint or an appeal for administrative hearing as provided in the
32 Kansas administrative procedure act.

33 (2) The athletic commission or boxing commissioner may file a com-
34 plaint as provided in the Kansas administrative procedure act, against any
35 holder of any permit or license issued pursuant to this chapter, or against
36 any person who has failed to renew or has surrendered their permit or
37 license, for any one or more of the following reasons:

38 (A) Use of an alcoholic beverage or any controlled substance before
39 or during a bout;

40 (B) the person has been found guilty or has entered a plea of guilty
41 or nolo contendere in a criminal prosecution under any state or federal
42 law for any offense reasonably related to the qualifications, functions or
43 duties of any profession licensed or regulated under this act, for any of-

1 fense an essential element of which is fraud, dishonesty or an act of vio-
2 lence, or for any offense involving moral turpitude, whether or not a
3 sentence is imposed;

4 (C) use of fraud, deception, misrepresentation or bribery in securing
5 any permit or license issued pursuant to this act;

6 (D) providing false information on applications or medical forms;

7 (E) incompetency, misconduct, gross negligence, fraud, misrepresen-
8 tation or dishonesty in the performing of the functions or duties of any
9 profession licensed or regulated by this act;

10 (F) violating or enabling any person to violate any provision of this
11 act or any rule and regulation adopted pursuant to this act;

12 (G) impersonating any permit or license holder or allowing any per-
13 son to use their permit or license;

14 (H) contestants failing to put forth their best effort during a bout;

15 (I) disciplinary action against the permit or license holder of a license
16 or other right to practice any profession regulated by this act and issued
17 by another state, territory, federal agency or country upon grounds for
18 which revocation or suspension is authorized in this state;

19 (J) a person adjudged mentally incompetent by a court of competent
20 jurisdiction;

21 (K) use of any advertisement or solicitation which is false, misleading
22 or deceptive to the general public or persons to whom the advertisement
23 or solicitation is primarily directed;

24 (L) use of foul or abusive language or mannerisms or threats of phys-
25 ical harm by any person associated with any bout or contest licensed
26 pursuant to this act; or

27 (M) issuance of a permit or license based upon a mistake of fact.

28 (3) After the complaint is filed, the proceeding shall be conducted in
29 accordance with the provisions of the Kansas administrative procedure
30 act. If the administrative law judge finds that a person has violated one
31 or more of the grounds as provided in paragraphs (A) through (M) of
32 subsection (2) of this section, the law judge may censure or place the
33 person named in the complaint on probation on appropriate terms and
34 conditions for a period not to exceed five years, may suspend the person's
35 license for a period not to exceed three years or may revoke the person's
36 license.

37 New Sec. 12. Any professional boxer, professional wrestler, profes-
38 sional kickboxer or professional full-contact karate contestant may partici-
39 pate in a contest ~~or exhibition~~ in Kansas after obtaining a license from
40 the athletic commission, boxing commissioner or the boxing commis-
41 sioner's designee. The athletic commissioner shall set a fee for such li-
42 cense according to whether such contestant is obtaining a license to par-
43 ticipate in one event or for any event that occurs during a year. Should a

1 contestant participate in more than one profession covered by this act,
2 such contestant shall obtain a license for each profession such contestant
3 participates in.

4 Sec. 13. K.S.A. 21-1801 is hereby amended to read as follows: 21-
5 1801. (a) Except as provided in subsection (b), no person shall send or
6 cause to be sent, publish or otherwise make known any challenge to fight
7 what is commonly known as a prize fight, or engage in any public boxing,
8 sparring or wrestling match, exhibition or contest with or without gloves
9 of any kind, for any prize, reward or compensation, or at which any ad-
10 mission fee is charged or received, either directly or indirectly, or go into
11 training preparatory to such fight, exhibition, match or contest, or act as
12 trainer for any person or persons contemplating participation in such
13 fight, exhibition or contest, or act as aider, abettor, backer, umpire,
14 trainer, second, surgeon, assistant, reporter or attendant at such fight,
15 exhibition, match or contest, or in any preparation for the same, nor shall
16 any owner or lessee of any grounds, lots, building, hall or structure of any
17 kind permit the same to be used for such fight, exhibition, match or
18 contest.

19 (b) The provisions of subsection (a) shall not apply to any fight, ex-
20 hibition, match or contest conducted under a license issued by a govern-
21 ~~ing body as provided in K.S.A. 12-5101 to 12-5126, inclusive, the athletic~~
22 *commission or boxing commissioner pursuant to sections 1 through 12,*
23 *and amendments thereto, sanctioned by the national association of inter-*
24 *collegiate athletics, national collegiate athletic association, amateur ath-*
25 *letic union of the United States, golden gloves association of America or*
26 *national junior college athletic association or conducted under the control*
27 *of the Kansas state high school activities association.*

28 (c) Any violation of the provisions of this section is a class A nonper-
29 son misdemeanor.

30 Sec. 14. K.S.A. 12-5101, 12-5102, 12-5103, 12-5104, 12-5105, 12-
31 5106, 12-5107, 12-5108, 12-5109, 12-5110, 12-5111, 12-5112, 12-5113,
32 12-5114, 12-5115, 12-5116, 12-5117, 12-5118, 12-5119, 12-5120, 12-
33 5121, 12-5122, 12-5123, 12-5124, 12-5125, 12-5126 and K.S.A. 21-1801
34 are hereby repealed.

35 Sec. 15. This act shall take effect and be in force from and after its
36 publication in the statute book.

37
38
39
40
41
42
43