

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:39 A.M. on March 3, 2005 in Room 123-S of the Capitol.

All members were present.

Committee staff present:

Susan Kannarr, Kansas Legislative Research Department
Kathie Sparks, Kansas Legislative Research Department
Helen Pedigo, Revisor of Statutes
Jackie Lunn, Committee Secretary

Conferees appearing before the committee:

April Holman, Kansas Action for Children
Barbara Hinton, Legislative Post Audit

Others attending:

See attached list.

Chairperson Brownlee opened the meeting by announcing the Senate Commerce Committee would meet at 8:45 a.m. tomorrow instead of 8:30 a.m. She also reminded the Committee about the Joint Committee meeting tomorrow with Senator Sam Brownback and Congressman Jerry Moran speaking.

Chairperson Brownlee announced that she along with Senator Jordan and Senator Kelly would be meeting with some of the people regarding the Topeka Racetrack at 6:00 p.m. at the Country Club.

Chairperson Brownlee announced the Committee would be starting with SB 260, Abolishing Kansas, Inc. She introduced Barbara Hinton, Post Audit to offer an amendment to the SB 260. (Attachment 1) Ms. Hinton explained the amendment that Post Audit was offering. There was some discussion on the amendment. Senator Kelly moved to accept the amendment. Senator Emler seconded. The motion carried.

Next Chairperson Brownlee introduced April Holeman, Kansas Action for Children. Ms. Holman offered her testimony along with an amendment to SB 260. (Attachment 2) Ms. Holeman explained that the Kansas Action for Children was requesting that the Committee amend SB 156 into SB 260 or a bill that they deemed appropriate. SB 156 was heard in the Senate Committee on Assessment and Taxation but failed to pass out of that committee before the turnaround. When the Tax Committee discussed SB 156, it came to light that similar legislation was being considered in the Senate Commerce Committee. It was recommended that they ask the Senate Commerce Committee to combine the requirements of SB 156 with the cost-benefit reporting requirements contained in HB 2010 and recommended by the Joint Committee on Economic Development during the 2004 Interim. She explained that SB 156 would require the Department of Revenue to publish a tax expenditure report annually.

Upon completion of Ms. Holman's testimony a discussion followed. Senator Wagle asked Ms. Holeman why it did not pass out of the Senate Assessments and Taxation Committee. Senator Jordan, being a member of the Senate Assessments and Taxation Committee, explained that because they were dealing with the same subject. Senator Emler had concerns regarding the language. There was some discussion on changing the language. Senator Kelly asked if this would be new data. Ms. Holeman stated that many of these reports are available but have to be pieced together. The Kansas Action for Children would like it in one report on the website. Senator Brownlee ask if the report she was requesting would include the non-profits. Ms. Holeman stated "yes". The Committee requested more information about Kansas Action for Children. Senator Barone would like a list of reports that Kansas, Inc. is responsible for. The discussion moved back to striking some of the language of the amendment presented by the Kansas Action for Children. Ms. Hol man stated they would be open to language changes. Ms. Holman stated Kansas Action for Children was a privately supported agency and did not receive state money. The discussion continued on the language of Ms. Holeman's amendment.

Chairperson Brownlee stated the Committee had adopted one amendment and there was further discussion on SB 260 and confidentiality information in regard to compiling reports. The Chair recognized Ms. Pedigo, Revisor of Status, who made suggestions on possible changes to the language. The discussion continued on

CONTINUATION SHEET

MINUTES OF THE Senate Commerce Committee at 8:39 A.M. on March 3, 2005 in Room 123-S of the Capitol.

the language of the bill on what to strike and what to add. There was also discussion regarding changing "shall include but not be limited to". Senator Barone stated the need to be able to track programs and wanted to know, would it be possible with this bill. Chairperson Brownlee stated she believed that some information would still be confidential and this bill would not change that. The consensus of the Committee is there is a need to know if the programs are working and a need to have a way to get information. Senator Barone suggested to table **SB 260** for now and give it more time to discuss. Senator Emler suggested to require anyone who qualified for a tax credit program to have to release this information as a condition of the tax credit. Chairperson Brownlee asked Helen Pedigo, Revisor of Status to work with Senator Emler on some of the language.

Chairperson Brownlee referred the Committee to **SB 259**. She recognized John Ostrowski who offered an amendment on **SB 259**. (Attachment 3). Mr. Ostrowski explained the amendment. He stated it is a constitutional way to change the ALJ's to unclassified, giving the ALJ's the option to choose to be unclassified.

Chairperson Brownlee offered an amendment. (Attachment 4) She explained changes and called the Committee to the back page, new Section 27.

The Committee discussed both amendments.

Chairperson Brownlee discussed the status of the subcommittee on **SB 33**. Senator Emler stated there was another meeting scheduled for today at 12:30 in 123S, but he did not know if they would be ready by Friday, the day the bill appeared on the agenda to be worked. Chairperson Brownlee stated she would remove it from the agenda for tomorrow and would add it to next week.

Chairperson Brownlee adjourned the meeting at 9:30 a.m. with the next meeting scheduled for Friday, March 4th at 8:45 a.m. in room 123S.

SENATE BILL No. 260

By Committee on Commerce

2-11

PROPOSED AMENDMENT
LEGISLATIVE DIVISION OF POST AUDIT
March 2, 2005

9 AN ACT abolishing Kansas, Inc.; amending K.S.A. 74-5001a, 74-5007a,
10 74-50,101, 74-S102, 74-S111, 74-8204, 74-8310, 74-8317, 74-9303, 74-
11 9306, 75-2935b, 79-1119 and 79-3614 and K.S.A. 2004 Supp. 12-1774,
12 74-5049, 74-5089, 74-5095, 74-50,134, 74-50,151, 74-S136, 74-8405,
13 74-99b09, 74-99c07, 74-99c10, 75-2935 and 79-3234 and repealing the
14 existing sections; also repealing K.S.A. 74-8003, 74-8009, 74-8011, 74-
15 8012, 74-8013, 74-8014, 74-8015 and 74-8016 and K.S.A. 2004 Supp.
16 74-8001, 74-8002, 74-8004, 74-8005, 74-8006, 74-8007, 74-8010 and
17 74-8017.

18
19 *Be it enacted by the Legislature of the State of Kansas:*

20 Section 1. K.S.A. 2004 Supp. 12-1774 is hereby amended to read as
21 follows: 12-1774. (a) (1) Any city shall have the power to issue special
22 obligation bonds in one or more series to finance the undertaking of any
23 redevelopment project in accordance with the provisions of this act. Such
24 special obligation bonds shall be made payable, both as to principal and
25 interest:

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

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

32 (C) from any private sources, contributions or other financial assis-
33 tance from the state or federal government;

34 (D) from a pledge of all of the revenue received by the city from any
35 transient guest, state and local sales and use taxes which are collected
36 from taxpayers doing business within that portion of the city's redevelop-
37 ment district established pursuant to K.S.A. 12-1771, and amendments
38 thereto, occupied by a redevelopment project if there first is a finding by
39 the secretary of commerce that based upon the feasibility study the re-
40 development project will create a major tourism area for the state or if
41 the project is the restoration of a historic theater as defined in subsection
42 (l) of K.S.A. 12-1770a, and amendments thereto, or the project has been
43 designated as a special bond project as defined in subsection (z) of K.S.A.

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1 (l) make performance grants available to certified development com-
 2 panies and small business development centers as key constituent ele-
 3 ments of a "statewide risk capital system" subject to legislative appropri-
 4 ations. Such grants shall be made to provide secure base levels of funding
 5 and incentives for providing financial and technical assistance through the
 6 statewide risk capital system to primary, job creating enterprises. The
 7 method of distribution of the grants shall be developed by the division in
 8 consultation with the certified development companies and small business
 9 development centers and reviewed and evaluated by ~~Kansas. In the di-~~
 10 ~~vision of post audit.~~ Prior to establishing the method of distribution, the
 11 division in consultation with the certified development companies and
 12 small business development centers shall perform a survey and analysis
 13 of the effectiveness of existing methods of distribution for funding in
 14 other states. The method of distribution shall include provision for the
 15 establishment of performance standards and performance review prior to
 16 initial funding and for all subsequent refunding. The method of distri-
 17 bution shall also provide a formula for base levels of funding which con-
 18 siders all current levels of federal, state and other existing funding, and
 19 which recognizes different needs based upon differences in client pop-
 20 ulations and areas served. The method of distribution proposed shall give
 21 priority to the use of state funds for incentive funding where possible,
 22 and shall specifically encourage co-location of services essential to an ef-
 23 fective and efficient statewide risk capital system.

24 Sec. 4. K.S.A. 2004 Supp. 74-5049 is hereby amended to read as
 25 follows: 74-5049. (a) In order to insure that the department of commerce
 26 is effectively administering this act, the department shall cooperate with
 27 the standing committee on commerce of the senate, the standing com-
 28 mittee on ~~new economy~~ *economic development* of the house of represen-
 29 tatives ~~and~~ the joint committee on economic development and ~~Kansas.~~
 30 ~~In the~~ *division of post audit* in the performance of an independent
 31 performance review of the activities of the department and the depart-
 32 mental divisions. The review shall include, but not be limited to: (1) An
 33 assessment of the impacts of the department's programs corresponding
 34 to the strategic plans of the department and the departmental divisions:
 35 (2) a comparative assessment of the relative impact of the department's
 36 programs with similar programs in other states; and (3) a comparative
 37 assessment of the targeting of the department's programs by size and
 38 sector of economic activity, and by location in different areas of the state.
 39 The review shall be completed or updated at least once every three years.

40 (b) On or before October 1, the department shall prepare and publish
 41 an annual report, which shall be made widely available, of its activities
 42 and expenditures for the information of the governor, ~~the standing com-~~
 43 ~~mittee on commerce of the senate, the standing committee on new econ-~~

the division of post audit,

1 (g) A ~~five~~ *three* member panel consisting of the secretary of com-
 2 merce, ~~the president of Kansas, Inc., the president of the Kansas tech-~~
 3 ~~nology enterprise corporation, the private sector chairperson of the board~~
 4 ~~of Kansas, Inc., and the private sector chairperson of the Kansas tech-~~
 5 ~~nology enterprise corporation shall review annually the propriety of pro-~~
 6 ~~jects funded under this section. The panel shall report its findings in~~
 7 ~~writing to the governor, the new economy economic development~~
 8 ~~committee of the house of representatives, the senate commerce committee~~
 9 ~~and the joint committee on economic development. The report to the~~
 10 ~~new economy economic development committee of the house of repre-~~
 11 ~~sentatives, the commerce committee of the senate and the joint commit-~~
 12 ~~tee on economic development under this subsection shall be made either~~
 13 (1) by the panel by publishing such report on the internet and by notifying
 14 each member of the committees that the report is available and providing,
 15 as part of such notice, the uniform resource locator (URL) at which such
 16 report is available, or (2) by submitting copies of such report on CD-
 17 ROM or other electronically readable media to such committees.

the division of post audit,

18 Sec. 10. K.S.A. 74-8102 is hereby amended to read as follows: 74-
 19 8102. (a) The purpose of the Kansas technology enterprise corporation is
 20 to foster innovation in existing and developing businesses, especially the
 21 creation, growth and expansion of Kansas enterprises in a diversified
 22 range of primary sectors, which develop value-added products, processes
 23 and services including, but not limited to:

24 (1) Existing resource-based industries of agriculture, oil, gas, coal and
 25 helium;

26 (2) existing advanced technology industries of aviation, pharmaceu-
 27 ticals, computers and electronics; and

28 (3) emerging industries of telecommunications, computer software,
 29 information services and research services.

30 (b) The corporation shall achieve the purpose stated in subsection (a)
 31 of this section by:

32 (1) Financing basic research, applied research and development, and
 33 technology transfer at Kansas educational institutions which meet com-
 34 petitive standards of excellence as measured by national and international
 35 peers, and which create innovative collaboration between Kansas edu-
 36 cational institutions and Kansas enterprises;

37 (2) awarding applied research matching grants to Kansas educational
 38 institutions and Kansas private enterprises in order to move innovation
 39 and applied research toward commercial application;

40 (3) engaging in seed-capital financing for the development and im-
 41 plementation of innovations or new technologies for existing resource,
 42 technology-based and emerging Kansas businesses; and

43 (4) providing technical referral services to such small, new, emerging

1 or mature businesses and encouraging Kansas educational institutions to
2 establish technical information data bases and industrial liaison offices
3 which are easily accessible by both private and public sector Kansas
4 organizations.

5 (c) The department of commerce, ~~Kansas, Inc.~~ and all other inter-
6 ested state agencies shall cooperate with the Kansas technology enterprise
7 corporation in providing information and other assistance as may be re-
8 quested for the performance of its duties with respect to the state's ec-
9 onomic development strategy.

10 Sec. 11. K.S.A. 74-8111 is hereby amended to read as follows: 74-
11 S111. (a) The corporation shall publish an annual report which shall in-
12 clude an audit in accordance with generally accepted accounting princi-
13 ples as of June 30 of each year, and present the report to the governor,
14 and legislature ~~and Kansas, Inc.~~, setting forth in detail the operations and
15 transactions conducted by it pursuant to this act or to other legislation.
16 The annual report shall specifically account for the ways in which the
17 purpose of the corporation and the programs described in this act have
18 been carried out, and the recommendations shall specifically note what
19 changes in the activities of the corporation and the programs it adminis-
20 ters, and of state government are necessary to better address the purposes
21 described in this act. The corporation shall distribute its annual report by
22 such means that will make it widely available to those innovative enter-
23 prises of special importance to the Kansas economy.

, the division of post audit

24 (b) The corporation shall annually review and prepare a report show-
25 ing how and at what level other states fund the programs provided
26 for under this act. The corporation shall recommend an appropriate fund-
27 ing level for Kansas which will make these programs nationally compet-
28 itive with those of other states. The corporation's findings and recom-
29 mendations shall be submitted to the governor ~~and the legislature.~~

, the division of post audit

30 (c) The corporation shall adopt a threshold funding level for each of
31 the programs provided for under this act. The threshold amount shall
32 provide for funding that is great enough to have a significant impact and
33 carry out the intent of this act. If the appropriation to fund these programs
34 falls below the threshold, then no funding shall be provided by the cor-
35 poration to the program funded below threshold level.

36 (d) The corporation shall be subject to an audit by the legislative
37 division of post audit.

38 Sec. 12. K.S.A. 2004 Supp. 74-8136 is hereby amended to read as
39 follows: 74-8136. (a) Each qualified Kansas business for which tax credits
40 have been issued pursuant to this act shall report to the corporation on
41 an annual basis, the following: (1) The name, address and taxpayer iden-
42 tification number of each angel investor who has made cash investment
43 in the qualified securities of a qualified Kansas business and has received

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1 tax credits for this investment during the preceding year and all other
 2 preceding years: (2) the amounts of these cash investments by each angel
 3 investor and a description of the qualified securities issued in consider-
 4 ation of such cash investments: (3) the name, address and taxpayer iden-
 5 tification number of each investor to which tax credits issued pursuant to
 6 this act have been transferred by the original angel investor: and (4) any
 7 additional information as the corporation may require pursuant to this
 8 act.

9 (b) The corporation shall transmit annually to the governor, the sec-
 10 retary, ~~the standing committee on commerce of the senate, the standing~~
 11 ~~committee on economic development of the house of representatives,~~
 12 ~~and the joint committee on economic development, and Kansas, Inc.:~~ a
 13 report, based upon information received from each qualified Kansas busi-
 14 ness for which tax credits have been issued during the preceding year,
 15 describing the following: (1) The manner in which the purpose, as de-
 16 scribed in this act, has been carried out; (2) the total cash investments
 17 made for the purchase of qualified securities of qualified Kansas busi-
 18 nesses during the preceding year and cumulatively since the inception of
 19 this act; (3) an estimate of jobs created and jobs preserved by cash in-
 20 vestments made in qualified securities of qualified Kansas businesses; and
 21 (4) an estimate of the multiplier effect on the Kansas economy of the
 22 cash investments made pursuant to this act.

23 (c) The secretary shall provide the information specified in subsection
 24 (b) to the department of revenue on an annual basis. The secretary shall
 25 conduct an annual review of the activities undertaken pursuant to this act
 26 to ensure that tax credits issued pursuant to this act are issued in com-
 27 pliance with the provisions of this act or rules and regulations promul-
 28 gated by the department or the corporation with respect to this act. The
 29 reasonable costs of the annual review shall be paid by the corporation
 30 according to a reasonable fee schedule adopted by the secretary.

31 (d) Any violation of the reporting requirements set forth in this sec-
 32 tion shall be grounds for undesignation of a qualified Kansas business
 33 under this section.

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

41 (f) At the end of the 120-day period, if the qualified Kansas business
 42 is still not in substantial compliance, the secretary shall send a notice of
 43 loss of designation to the business, the corporation, the secretary of the

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1 department of revenue and to all known investors in the business. Loss
 2 of designation of a qualified Kansas business shall preclude the issuance
 3 of any additional tax credits with respect to this business and the corpo-
 4 ration shall not approve the application of such business as a qualified
 5 Kansas business. Upon loss of the designation as a qualified Kansas busi-
 6 ness or if a business loses its designation as a qualified Kansas business
 7 under this act by moving its operations outside Kansas within 10 years
 8 after receiving financial assistance under this act, such business shall repay
 9 such financial assistance to the corporation, in an amount determined by
 10 the corporation. Each qualified Kansas business that loses such designa-
 11 tion shall enter into a repayment agreement with the corporation speci-
 12 fying the terms of such repayment obligation.

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

15 (h) The department and the corporation may prepare and adopt pro-
 16 cedures concerning the performance of the duties placed upon each re-
 17 spective entity by this act.

18 Sec. 13. K.S.A. 74-8204 is hereby amended to read as follows: 74-
 19 8204. (a) Kansas Venture Capital, Inc., shall prepare and publish an an-
 20 nual report of its activities for the information of the governor, the stand-
 21 ing committee on commerce of the senate, the standing committee on
 22 ~~new economy~~ *economic development* of the house of representatives and
 23 the joint committee on economic development, securities commissioner
 24 of Kansas, attorney general, ~~Kansas, Inc.~~, and the public which shall be
 25 made widely available and shall specifically account for:

the division of post audit,

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

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

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

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

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

37 (b) The report to the standing committee on commerce of the senate,
 38 the standing committee on ~~new economy~~ *economic development* of the
 39 house of representatives and the joint committee on economic develop-
 40 ment under this section shall be made by Kansas Venture Capital, Inc.,
 41 either (1) by publishing such report on the internet and by notifying each
 42 member of the committees that the report is available and providing, as
 43 part of such notice, the uniform resource locator (URL) at which such

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1 report is available, or (2) by submitting copies of such report on CD-
2 ROM or other electronically readable media.

3 Sec. 14. K.S.A. 74-8310 is hereby amended to read as follows: 74-
4 8310. (a) Pursuant to K.S.A. 74-5049, and amendments thereto, the sec-
5 retary shall report the following:

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

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

in collaboration with the division of post audit

20 Sec. 15. K.S.A. 74-8317 is hereby amended to read as follows: 74-
21 8317. The corporation shall transmit annually to the governor, ~~the stand-~~
22 ~~ing committee on commerce of the senate, the standing committee on~~
23 ~~economic development of the house of representatives, and the joint~~
24 ~~committee on economic development and Kansas, Inc.:~~

the division of post audit,

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

38 Sec. 16. K.S.A. 2004 Supp. 74-8405 is hereby amended to read as
39 follows: 74-8405. (a) Pursuant to K.S.A. 74-5049, and amendments
40 thereto, the secretary of commerce shall report the following:

- 41 (1) The number of local seed capital pools;
- 42 (2) the total tax credit generated;
- 43 (3) the total investments made in Kansas venture capital companies;

1 personnel who will perform management and other services at such au-
2 thority-owned facilities.

3 (k) During the five-year period after the effective date of this act, the
4 authority shall contract with KTEC at least once a year for KTEC to
5 submit a report to the board identifying all patents secured, licenses
6 granted, the number of eminent scholars and rising star scholars in the
7 state, a complete accounting of interests in technology sold, transferred,
8 licensed or otherwise disposed of, including, without limitation, the
9 names of buyers, the buyers' location, the date the technology was trans-
10 ferred, revenue generated by the transfer of such technology, and any
11 other information that the board deems appropriate. After the five-year
12 period from the effective date of this act, on at least an annual basis, the
13 authority shall conduct, either independently or through a contract with
14 a third party, including KTEC if chosen by the authority, a report of the
15 foregoing information to be submitted to the board.

and the division of post audit

16 (l) The authority shall prepare an annual report to the legislature and
17 the governor on all distributions from the bioscience development and
18 investment fund, and income, investment and income tax credits and
19 exemptions attributed to bioscience authority activity. The authority with
20 assistance from the department of revenue shall prepare an annual report
21 summarizing the growth of bioscience research and industry in Kansas.

, the division of post audit

22 (m) The authority shall be subject to review by ~~Kansas, Inc~~ the di-
23 vision of post audit. In the review, ~~Kansas, Inc~~ the division of post audit
24 shall evaluate and report on the effectiveness of the activities of the bi-
25 oscience authority in the manner provided in K.S.A. 74-8010, and amend-
26 ments thereto.

27 Sec. 20. K.S.A. 2004 Supp. 74-99c07 is hereby amended to read as
28 follows: 74-99c07. (a) The Kansas center for entrepreneurship shall trans-
29 mit annually to the governor, the secretary, the standing committee on
30 commerce in the senate, the standing committee on economic develop-
31 ment in the house of representatives, and the joint committee on eco-
32 nomic development and ~~Kansas Inc~~ a report stating what tax credits have
33 been issued during the preceding year and based on information provided
34 by the regional or local community seed capital fund or economic devel-
35 opment agency, describing the following: (1) the manner in which the
36 purpose, as described in this act, has been carried out, (2) the total grants
37 given to community seed capital funds or economic development agencies
38 during the preceding year and cumulatively since the inception of this
39 act, (3) the number of companies and jobs created or preserved by the
40 grants given under this act and their location, and (4) an estimate of the
41 multiplier effect on the Kansas economy of the grants made pursuant to
42 this act.

the division of post audit,

43 (b) The center shall be subject to an audit by the legislative division

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1 shall be subject to any civil or criminal penalties imposed by law for
 2 violations of such duty of confidentiality.
 3 Sec. 27. K.S.A. 74-5001a, 74-5007a, 74-50,101, 74-8003, 74-8009,
 4 74-8011, 74-8012, 74-8013, 74-8014, 74-8015, 74-8016, 74-8102, 74-
 5 8111, 74-8204, 74-8310, 74-8317, 74-9303, 74-9306, 75-2935b, 79-1119
 6 and 79-3614 and K.S.A. 2004 Supp. 12-1774, 74-5049, 74-5089, 74-5095,
 7 74-50,134, 74-50,151, 74-8001, 74-8002, 74-8004, 74-8005, 74-8006, 74-
 8 8007, 74-8010, 74-8017, 74-8136, 74-8405, 74-99b09, 74-99c07, 74-
 9 99c10, 75-2935 and 79-3234 are hereby repealed.
 10 Sec. 28. This act shall take effect and be in force from and after its
 11 publication in the statute book.

*Insert new sections 27-30 here and renumber
 remaining sections.*

Senate Commerce Committee

3-3-05

Attachment 1-9

PROPOSED AMENDMENT
SENATE COMMERCE COMMITTEE
SB 260
February 16, 2005

New Section 27. In addition to the other powers and duties of the department of commerce, the department shall:

- (a) Undertake ongoing strategic analysis in order to determine the state's areas of potential and continuing competitive economic advantage and disadvantage;
- (b) oversee the formulation of economic development policy and strategic planning for the state;
- (c) oversee the targeting of scarce state resources by size and sector of economic activity and by geographic location within the state in order to enhance the state's potential comparative economic advantages;
- (d) undertake continuing strategic planning for the improvements of the state's tax, regulatory and expenditure policies to enhance the state's potential comparative economic advantages;
- (e) assume central responsibility to develop, with the guidance of both the private and public sectors, all facets of a comprehensive long term economic development strategy;
- (f) coordinate the strategy development with all other state and local agencies and offices and state educational institutions which do research work, develop materials and programs, gather statistics, or which perform functions related to economic development; and such state and local agencies and offices and state educational institutions shall advise and cooperate with the department in the planning and accomplishment of the strategy;
- (g) evaluate and analyze the state's economy to guide the direction of future public and private actions, and report and make recommendations to the governor, ~~the standing committee on commerce of the senate, the standing committee on economic development of the house of representatives and the joint committee on economic development with respect to the state's economy. The report to the committee on commerce of the senate, the committee on economic development of the house of representatives and the joint committee on economic development under this subsection shall be made either (1) by publishing such report on the internet and by notifying each member of the committees that the report is available and providing, as part of such notice, the uniform resource locator (URL) at which such report is available, or (2) by submitting copies of such report on CD-ROM or other electronically readable media to such committees;~~
- (h) oversee and evaluate the state's economic development activities on an ongoing basis through the establishment of goals, priorities performance standards and the periodic program audit of those goals, priorities and performance standards;
- (i) compile an annual report detailing community and economic development grants or loans made by state agencies, including the identity of the recipient of such loans or grants, and submit the report to the governor, ~~the standing committee on commerce of the senate and the standing committee on economic development of the house of~~

the division of post audit,

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- representatives. As used in this subsection "state agency" means any state office or officer, department, board, commission, institution, bureau or any agency, division or unit within any office, department, board, commission or other state authority or any person requesting a state appropriation; and
- (j) publish in its annual report:
- (1) an analysis of the current state of and emerging trends in the Kansas economy over the next decade;
 - (2) an evaluation of the effectiveness of state economic development policies and programs in meeting the goals of the state economic plan by size of enterprise, sector of economic activity and location within Kansas, and in comparison with other states; and
 - (3) a listing in order of priority of recommendations for initiatives that will further the effective implementation of the state economic development plan.


New Section 28. In addition to the other powers and duties of the division of post audit, the division shall review and evaluate the Kansas technology enterprise corporation, the major programs and activities of the department of commerce, the statewide risk capital system and the investments in research and development activities tax credit.

New Section 29. The secretary of revenue shall 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 concurrently with the filing of an annual corporate income tax return. The completed questionnaires shall be used in the preparation of such annual report. The questionnaire shall require respondents to indicate utilization of the following credits, exemptions and bond financing:

- (a) Income tax credits authorized under the provisions of the job expansion and investment credit act of 1976 and amendments 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;

the division of post audit,

FISCAL FOCUS

Budget and Tax Policy in  Perspective

April Holman
Legislative Testimony
SB 260
Senate Committee on Commerce
March 3, 2005

Good morning Chairmen Brownlee and Jordan and members of the Committee. On behalf of Kansas Action for Children, I would like to thank you for this opportunity to testify before the Committee.

In 2003, Kansas Action for Children began a new initiative called Fiscal Focus. The purpose of Fiscal Focus is to improve the economic security of Kansas children and their families and ensure a balanced and fair tax system and budget process that protects the well-being of children and families as well as a stable system of state revenues.

My purpose in testifying today is to request that the contents of SB 156 be amended into SB 260 or a bill that you deem appropriate. SB 156 was heard in the Senate Committee on Assessment and Taxation but failed to pass out of that committee before the turnaround. When the Tax Committee discussed SB 156, it came to light that similar legislation was being considered in the Commerce Committee. It was recommended that we ask the Commerce Committee to combine the requirements of SB 156 with the cost-benefit reporting requirements contained in HB 2010 and recommended by the Joint Committee on Economic Development during the 2004 Interim.

Senate Bill 156 would have required the Department of Revenue to publish a tax expenditure report annually. A tax expenditure is a departure from the normal tax structure designed to favor a particular industry, activity or class of person. Common examples of tax expenditures are income tax credits and sales tax exemptions.

In Kansas a great deal of scrutiny is given each year to direct state expenditures through the budget process. However, very seldom are tax expenditures revisited once they have been adopted. In fact, information about the cost of several tax expenditures is not even available.

In 37 states, some form of a tax expenditure report is published detailing the amount of tax revenue forgone by the state due to credits, exemptions and other tax expenditures. Kansas joined the ranks of these states this year with the publication of its first tax expenditure report. Passage of Senate bill 156 would ensure the ongoing availability of basic information about government expenditures to the taxpayers and policymakers through this report.

Requiring the publication of a tax expenditure report would:

- Provide transparency in government by making tax expenditure information easily available to the public.
- Provide information about the cost of newly implemented tax provisions.
- Provide a uniform accounting of the tax revenues forgone due to tax expenditures.
- Enable a historical comparison of revenues forgone due to tax expenditures.

In the interest of good government and wider public disclosure, a tax expenditure report that is published regularly can only enhance fiscal policy in Kansas. For this reason we respectfully request that the contents of SB 156 be amended into SB 260 or a bill that the Committee deems appropriate.

3-3-05

SENATE BILL No. 156

By Committee on Assessment and Taxation

2-1

9 AN ACT concerning taxation; relating to secretary of revenue; tax report
10 to legislature.

11

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

13 Section 1. (a) Before each regular session of the legislature, the sec-
14 retary of revenue shall report to the legislature and the governor on the
15 effect, if it is possible to assess, of exemptions, credits and exclusions,
16 relating to:

17 (1) State sales and use taxes; and

18 (2) individual and corporation income and privilege taxes.

19 (b) Such report shall include an analysis of each special provision of
20 law that reduces the amount of tax payable, an estimate of the loss of
21 revenue for the current fiscal year and a citation of the statutory or legal
22 authority for such provision.

23 Sec. 2. This act shall take effect and be in force from and after its
24 publication in the statute book.

Senate Commerce Committee

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Attachment

2-2

SENATE BILL No. 259

By Committee on Commerce

2-11

John Ostrowski

**AMENDMENT
3-3-05**

9 AN ACT concerning workers compensation; relating to administrative
10 law judges; compensation; amending K.S.A. 2004 Supp. 44-551 and
11 75-5708 and repealing the existing sections.
12

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

14 Section. 1. K.S.A. 2004 Supp. 44-551 is hereby amended to read as
15 follows: 44-551. (a) The duties of the assistant directors of workers com-
16 pensation shall include but not be limited to acting in the capacity of an
17 administrative law judge.

18 (b) *Each administrative law judge shall be an attorney regularly ad-*
19 *mitted to practice law in Kansas. Such attorney shall have at least five*
20 *years of experience, with at least one year of experience practicing law in*
21 *the area of workers compensation.*

22 (c) *The annual salary of each administrative law judge shall be an*
23 *amount equal to 80% of the annual salary paid by the state to a district*
24 *judge, other than a district judge designated as chief judge. Administrative*
25 *law judges shall devote full time to the duties of such office and shall not*
26 *engage in the private practice of law during their term of office. No ad-*
27 *ministrative law judge may receive additional compensation for official*
28 *services performed by the administrative law judge. Each administrative*
29 *law judge shall be reimbursed for expenses incurred in the performance*
30 *of such official duties under the same circumstances and to the same extent*
31 *as judges of the district court are reimbursed for such expenses.*

32 (d) *Applications for administrative law judge positions shall be sub-*
33 *mitted to the director of workers compensation. The director shall deter-*
34 *mine if an applicant meets the qualifications for an administrative law*
35 *judge as prescribed in subsection (b). Qualified applicants for a position*
36 *of administrative law judge will be submitted by the director to the work-*
37 *ers compensation ALJ nominating committee for consideration.*

38 (e) *There is hereby established the workers compensation ALJ nom-*
39 *inating committee which shall be composed of two members appointed as*
40 *follows: The Kansas AFL-CIO and the Kansas chamber of commerce and*
41 *industry shall each select one representative to serve on the workers com-*
42 *ensation ALJ nominating committee and shall give written notice of the*
43 *selection to the secretary who shall appoint such representatives to the*

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Attachment 3-1

1 committee. In the event of a vacancy occurring for any reason on the
2 nominating committee, the respective member shall be replaced by the
3 appointing organization with written notice of the appointment to the
4 secretary of labor within 30 days of such vacancy.

5 (f) (1) Upon being notified of any vacancy in the position of admin-
6 istrative law judge, the nominating committee shall consider all qualified
7 applicants submitted by the director for the vacant position of adminis-
8 trative law judge and nominate a person qualified therefor. The nomi-
9 nating committee shall be required to reach unanimous agreement on any
10 nomination to the position of administrative law judge. With respect to
11 each person nominated, the secretary either shall accept and appoint the
12 person nominated by the nominating committee to the position of admin-
13 istrative law judge for which the nomination was made or shall reject the
14 nomination and request the nominating committee to nominate another
15 person for that position. Upon receipt of any such request for the nomi-
16 nation of another person, the nominating committee shall nominate an-
17 other person for that position in the same manner.

18 (2) Each administrative law judge shall hold office for a term of four
19 years and may be reappointed. Each administrative law judge shall con-
20 tinue to serve for the term of the appointment until a successor shall
21 have been appointed. Successors to such administrative law judge posi-
22 tions shall be appointed for terms of four years.

23 (3) If a vacancy should occur in the position of an administrative law
24 judge during the term of an administrative law judge, the nominating
25 committee shall nominate an individual from the qualified applicants sub-
26 mitted by the director to complete the remainder of the unexpired portion
27 of the term. With respect to each person so nominated, the secretary either
28 shall accept and appoint the person nominated to the board or shall reject
29 the nomination and request the nominating committee to nominate an-
30 other person for the position. Upon receipt of any such request for the
31 nomination of another person, the nominating committee shall nominate
32 another person for the position in the same manner.

33 (g) Following the completion of a term, administrative law judges who
34 wish to be considered for reappointment to their positions shall be deemed
35 to have met the qualification requirements for appointment as adminis-
36 trative law judge and shall be considered for renomination by the workers
37 compensation ALJ nominating committee.

38 (h) Administrative law judges shall have power to administer
39 oaths, certify official acts, take depositions, issue subpoenas, compel the
40 attendance of witnesses and the production of books, accounts, papers,
41 documents and records to the same extent as is conferred on the district
42 courts of this state, and may conduct an investigation, inquiry or hearing
43 on all matters before the administrative law judges. All final orders,

and

(h) Administrative law judges appointed before the effective date of this section shall serve a term of office of four (4) years and receive an annual salary in an amount equal to 80% of the salary prescribed for a district judge if the administrative law judge within sixty (60) days of the effective date of this section notifies the director in writing that the administrative law judge elects to serve an appointed term of office rather than an appointment in the classified service. The term of office for an administrative law judge who elects a term of office shall begin on the date the written election is received by the director. In the event any administrative law judge appointed before the effective date of this section does not elect to serve an appointed term of office, then the secretary of labor shall reassign said administrative law judge within one (1) year from the closure of the sixty (60) day election period described herein. The reassignment shall be to a classified position of equal or greater compensation and shall be without any interruption of years of service. The vacancy created by the reassignment shall be filled in accordance with the provisions of (f)(1) set forth above.

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1 awards, modifications of awards, or preliminary awards under K.S.A. 44-
2 534a and amendments thereto made by an administrative law judge shall
3 be subject to review by the board upon written request of any interested
4 party within 10 days. Intermediate Saturdays, Sundays and legal holidays
5 shall be excluded in the time computation. Review by the board shall be
6 a prerequisite to judicial review as provided for in K.S.A. 44-556 and
7 amendments thereto. On any such review, the board shall have authority
8 to grant or refuse compensation, or to increase or diminish any award of
9 compensation or to remand any matter to the administrative law judge
10 for further proceedings. The orders of the board under this subsection
11 shall be issued within 30 days from the date arguments were presented
12 by the parties.

13 (2) (A) If an administrative law judge has entered a preliminary
14 award under K.S.A. 44-534a and amendments thereto, a review by the
15 board shall not be conducted under this section unless it is alleged that
16 the administrative law judge exceeded the administrative law judge's ju-
17 risdiction in granting or denying the relief requested at the preliminary
18 hearing. Such an appeal from a preliminary award may be heard and
19 decided by a single member of the board. Members of the board shall
20 hear such preliminary appeals on a rotating basis and the individual board
21 member who decides the appeal shall sign each such decision. The orders
22 of the board under this subsection shall be issued within 30 days from
23 the date arguments were presented by the parties.

24 (B) If an order on review is not issued by the board within the ap-
25 plicable time period prescribed by subsection (b) (1), medical compen-
26 sation and any disability compensation as provided in the award of the
27 administrative law judge shall be paid commencing with the first day after
28 such time period and shall continue to be paid until the order of the
29 board is issued, except that no payments shall be made under this pro-
30 vision for any period before the first day after such time period. Nothing
31 in this section shall be construed to limit or restrict any other remedies
32 available to any party to a claim under any other statute.

33 (C) In any case in which the final award of an administrative law judge
34 is appealed to the board for review under this section and in which the
35 compensability is not an issue to be decided on review by the board,
36 medical compensation shall be payable in accordance with the award of
37 the administrative law judge and shall not be stayed pending such review.
38 The employee may proceed under K.S.A. 44-510k and amendments
39 thereto and may have a hearing in accordance with that statute to enforce
40 the provisions of this subsection.

41 (e) ~~(f)~~ Each assistant director and each administrative law judge or
42 special administrative law judge shall be allowed all reasonable and nec-
43 essary expenses actually incurred while in the actual discharge of official

1 duties in administering the workers compensation act, but such expenses
2 shall be sworn to by the person incurring the same and be approved by
3 the secretary.

4 ~~(j)(v)~~ Administrative law judges shall be subject to the authority and
5 direction of the director of workers compensation, and comply with such
6 performance standards and requirements as shall have been established
7 by agency administrative regulations.

8 ~~(d)(e)~~ In case of emergency the director may appoint special local
9 administrative law judges and assign to them the examination and hearing
10 of any designated case or cases. Such special local administrative law
11 judges shall be attorneys and admitted to practice law in the state of
12 Kansas and shall, as to all cases assigned to them, exercise the same pow-
13 ers as provided by this section for the regular administrative law judges.
14 Special local administrative law judges shall receive a fee commensurate
15 with the services rendered as fixed by rules and regulations adopted by
16 the director. The fees prescribed by this section prior to the effective date
17 of this act shall be effective until different fees are fixed by such rules
18 and regulations.

19 ~~(e)(m)~~ All special local administrative law judge's fees and expenses,
20 with the exception of settlement hearings, shall be paid from the workers
21 compensation administration fee fund, as provided in K.S.A. 74-712 and
22 amendments thereto. Where there are no available funds or where the
23 special local administrative law judge conducted a settlement hearing, the
24 fees shall be taxed as costs in each case heard by such special local ad-
25 ministrative law judge and when collected shall be paid directly to such
26 special local administrative law judge by the party charged with the pay-
27 ment of the same.

28 ~~(f)(n)~~ Except as provided for judicial review under K.S.A. 44-556
29 and amendments thereto, the decisions and awards of the board shall be
30 final.

31 Sec. 2. K.S.A. 2004 Supp. 75-5708 is hereby amended to read as
32 follows: 75-5708. (a) There is hereby established within and as a part of
33 the department of labor a division of workers compensation. The division
34 shall be administered, under the supervision of the secretary of labor, by
35 the director of workers compensation, who shall be the chief administra-
36 tive officer of the division. The director of workers compensation shall
37 be appointed by the secretary of labor and shall serve at the pleasure of
38 the secretary. The director shall be in the unclassified service under the
39 Kansas civil service act and shall receive an annual salary fixed by the
40 secretary of labor, with the approval of the governor. The director of
41 workers compensation shall be an attorney admitted to practice law in
42 the state of Kansas. The director shall devote full time to the duties of
43 such office and shall not engage in the private practice of law during the

1 director's term of office.

2 (b) The director of workers compensation may appoint two assistant
3 directors of workers compensation and also may appoint not to exceed
4 10 administrative law judges. Such assistant directors and administrative
5 law judges shall be in the ~~classified~~ *unclassified* service. The assistant
6 directors shall act for and exercise the powers of the director of workers
7 compensation to the extent authority to do so is delegated by the director.
8 The ~~assistant~~ directors and administrative law judges shall be attorneys
9 admitted to practice law in the state of Kansas, and shall have such pow-
10 ers, duties and functions as are assigned to them by the director or are
11 prescribed by law. The assistant directors and administrative law judges
12 shall devote full time to the duties of their offices and shall not engage
13 in the private practice of law during their terms of office.

14 (c) Assistant directors and administrative law judges shall be selected
15 by the director of workers compensation, with the approval of the sec-
16 retary of labor. Each appointee shall be subject to either dismissal or
17 suspension of up to 30 days for any of the following:

18 (1) Failure to conduct oneself in a manner appropriate to the ap-
19 pointee's professional capacity;

20 (2) failure to perform duties as required by the workers compensation
21 act; or

22 (3) any reason set out for dismissal or suspension in the Kansas civil
23 service act or rules and regulations adopted pursuant thereto.

24 No appointee shall be appointed, dismissed or suspended for political,
25 religious or racial reasons or by reason of the appointee's sex.

26 Sec. 3. K.S.A. 2004 Supp. 44-551 and 75-5708 are hereby repealed.

27 Sec. 4. This act shall take effect and be in force from and after its
28 publication in the statute book.

SENATE BILL No. 259

By Committee on Commerce

2-11

PROPOSED AMENDMENT
SB 259
SENATOR BROWNLEE
February 22, 2005

9 AN ACT concerning workers compensation; relating to administrative
10 law judges; compensation; amending K.S.A. 2004 Supp. 44-551 and
11 75-5708 and repealing the existing sections.
12

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

14 Section. 1. K.S.A. 2004 Supp. 44-551 is hereby amended to read as
15 follows: 44-551. (a) The duties of the assistant directors of workers com-
16 pensation shall include but not be limited to acting in the capacity of an
17 administrative law judge.

18 (b) *Each administrative law judge shall be an attorney regularly ad-*
19 *mitted to practice law in Kansas. Such attorney shall have at least five*
20 *years of experience, with at least one year of experience practicing law in*
21 *the area of workers compensation.*

22 (c) *The annual salary of each administrative law judge shall be an*
23 *amount equal to 80% of the annual salary paid by the state to a district*
24 *judge, other than a district judge designated as chief judge. Administrative*
25 *law judges shall devote full time to the duties of such office and shall not*
26 *engage in the private practice of law during their term of office. No ad-*
27 *ministrative law judge may receive additional compensation for official*
28 *services performed by the administrative law judge. Each administrative*
29 *law judge shall be reimbursed for expenses incurred in the performance*
30 *of such official duties under the same circumstances and to the same extent*
31 *as judges of the district court are reimbursed for such expenses.*

32 (d) *Applications for administrative law judge positions shall be sub-*
33 *mitted to the director of workers compensation. The director shall deter-*
34 *mine if an applicant meets the qualifications for an administrative law*
35 *judge as prescribed in subsection (b). Qualified applicants for a position*
36 *of administrative law judge will be submitted by the director to the work-*
37 *ers compensation ALJ nominating committee for consideration.*

38 (e) *There is hereby established the workers compensation ALJ nom-*
39 *inating committee which shall be composed of two members appointed as*
40 *follows: The Kansas AFL-CIO and the Kansas chamber of commerce and*
41 *industry shall each select one representative to serve on the workers com-*
2 *ensation ALJ nominating committee and shall give written notice of the*
3 *selection to the secretary who shall appoint such representatives to the*

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~~4-1~~

Attachment

director's term of office.

(b) The director of workers compensation may appoint two assistant directors of workers compensation and also may appoint not to exceed 10 administrative law judges. Such assistant directors and administrative law judges shall be in the ~~classified~~ unclassified service. The assistant directors shall act for and exercise the powers of the director of workers compensation to the extent authority to do so is delegated by the director. The assistant directors and administrative law judges shall be attorneys admitted to practice law in the state of Kansas, and shall have such powers, duties and functions as are assigned to them by the director or are prescribed by law. The assistant directors and administrative law judges shall devote full time to the duties of their offices and shall not engage in the private practice of law during their terms of office.

(c) Assistant directors and administrative law judges shall be selected by the director of workers compensation, with the approval of the secretary of labor. Each appointee shall be subject to either dismissal or suspension of up to 30 days for any of the following:

- (1) Failure to conduct oneself in a manner appropriate to the appointee's professional capacity;
- (2) failure to perform duties as required by the workers compensation act; or
- (3) any reason set out for dismissal or suspension in the Kansas civil service act or rules and regulations adopted pursuant thereto.

No appointee shall be appointed, dismissed or suspended for political, religious or racial reasons or by reason of the appointee's sex.

Sec. 3. K.S.A. 2004 Supp. 44-551 and 75-5708 are hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.

classified

On and after July 1, 2005, whenever a classified administrative law judge position within the division or workers compensation becomes vacant, the secretary is authorized to designate the position to be in the unclassified service under the Kansas civil service act.

Insert K.S.A. 44-596 here as Sec. 3 and renumber remaining sections.

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44-596

3
Sec. 4. K.S.A. 2004 Supp. 44-596 is hereby amended to read as follows: 44-596. (a) There is hereby established the workers compensation advisory council. The advisory council shall be composed of the director of workers compensation, or the director's designee from the division of workers compensation, a representative of the insurance industry appointed by the commissioner of insurance, and 10 members who shall be appointed by the secretary of labor in accordance with this section. Five members of the advisory council shall be broadly representative of employers throughout Kansas that are under the workers compensation act and shall be appointed as follows: One member shall be appointed from a list of nominees submitted to the secretary of labor by the Kansas chamber of commerce and industry and four members shall be appointed from nominees submitted to the secretary of labor by employers or other representatives of employers or other employer organizations. Five members of the advisory council shall be broadly representative of employees throughout Kansas that are under the workers compensation act and shall be appointed as follows: One member shall be appointed from a list of nominees submitted to the secretary of labor by the Kansas A.F.L.-C.I.O. and four members shall be appointed from nominees submitted to the secretary of labor by employees or other representatives of employees or other employee organizations. The representative of the insurance industry shall be knowledgeable of insurance underwriting practices. The director of workers compensation and the representative of the insurance industry shall be nonvoting members of the advisory council.

(b) Each member of the advisory council shall serve at the pleasure of the secretary of labor. Any vacancy on the advisory council shall be filled by nomination and appointment in the same manner as the original appointment

Insert as Section 3:

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of the member creating the vacancy.

(c) The advisory council shall study the workers compensation act, proposed amendments to the act and such other matters relating thereto that may be recommended by the secretary of labor or the director of workers compensation and shall advise the secretary and the director thereon. The advisory council shall also review and report its recommendations on any legislative bill amending, supplementing or affecting the workers compensation act or rules and regulations adopted thereunder or affecting the administration of such act or rules and regulations, which is introduced in the legislature and which is requested to be reviewed and reported on to a standing committee of either house of the legislature to which the bill is currently referred, upon the request of the chairperson of such committee.

(d) The advisory council shall organize annually by electing a chairperson and a vice-chairperson and shall meet upon the call of the chairperson. All actions of the advisory council adopting recommendations regarding the workers compensation act or any other matter referred to the advisory committee under subsection (c) shall be by motion adopted by the affirmative vote in open meeting of four of the five voting members who are appointed as representative of employers and four of the five voting members who are appointed as representative of employees. All other actions of the advisory council shall be by motion adopted by the affirmative vote of at least six voting members in open meeting.

(e) The advisory council, in accordance with K.S.A. 74-4319, and amendments thereto, may recess for a closed or executive meeting of the members representing employers or of the members representing employees, or of both such

A voting member of the advisory council may designate another person to attend council meetings. Such designee shall be authorized to vote in the absence of the voting member.

three

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groups of members meeting separately, to separately discuss the matters being studied by the advisory council, except that no binding action shall be taken during any such closed or executive meeting.

(f) The members of the advisory council shall serve without compensation, but, when attending meetings of the advisory commission, or subcommittee meetings thereof authorized by the advisory commission, shall be paid subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3223 and amendments thereto.

(g) In addition to other matters for study prescribed pursuant to this section, the advisory council shall review the following:

(1) Competitive state workers compensation funds, including small business competitive funds;

(2) effectiveness and cost of safety programs;

(3) safety-based insurance premium rate discounts;

(4) fees for attorneys representing all parties in workers compensation claims; and

(5) group-funded self-insurance pools for small businesses.

Each of the studies prescribed by this subsection shall be reviewed and reported to the standing committees of the senate and house of representatives having workers compensation subject matter jurisdiction, ~~except that the study of competitive state workers compensation funds shall be completed and reported to the legislative coordinating council not later than December 15, 1993.~~

PROPOSED AMENDMENT
SENATOR BROWNLEE
SENATE COMMERCE COMMITTEE
SB 260
March 2, 2005

New Section 27. In addition to the other powers and duties of the department of commerce, the department shall:

(a) ***Set the state-wide vision with regard to economic policy and growth in consultation with the joint committee on economic development;***

AND RELETTER THE REMAINING SUBSECTIONS.

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

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

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

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

(e) assume central responsibility to develop, with the guidance of both the private and public sectors, all facets of a comprehensive long term economic development strategy;

(f) coordinate the strategy development with all other state and local agencies and offices and state educational institutions which do research work, develop materials and programs, gather statistics, or which perform functions related to economic development; and such state and local agencies and offices and state educational institutions shall advise and cooperate with the department in the planning and accomplishment of the strategy;

(g) evaluate and analyze the state's economy to guide the direction of future public and private actions, and report and make recommendations to the governor, the standing committee on commerce of the senate, the standing committee on economic development of the house of representatives and the joint committee on economic development with respect to the state's economy. The report to the committee on commerce of the senate, the committee on economic development of the house of representatives and the joint committee on economic development under this subsection shall be made either (1) by publishing such report on the internet and by notifying each member of the committees that the report is available and providing, as part of such notice, the uniform resource locator (URL) at which such report is available, or (2) by submitting copies of such report on CD-ROM or other electronically readable media to such committees;

(h) oversee and evaluate the state's economic development activities on an ongoing

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4-b