

**HOUSE BILL No. 2037**

By Representative O'Neal

1-19

1 AN ACT concerning commerce and economic development; amending  
2 K.S.A. 19-4109, 46-1603, 46-1801, 74-5001a, 74-5080, 74-8105, 74-  
3 8204, 74-8310 and 74-8317 and K.S.A. 2010 Supp. 12-1771a, 44-  
4 566a, 74-5002s, 74-5049, 74-50,104, 74-8001, 74-8002, 74-8004, 74-  
5 8101, 74-8135, 74-8136, 74-8405 and 74-99c07 and repealing the  
6 existing sections.

7  
8 *Be it enacted by the Legislature of the State of Kansas:*

9 Section 1. K.S.A. 2010 Supp. 12-1771a is hereby amended to read  
10 as follows: 12-1771a. (a) The governing body of a city may establish an  
11 increment in ad valorem taxes using the procedure set forth in subsection  
12 (b) for projects that are initiated upon a finding that the area is a blighted  
13 area as defined under K.S.A. 12-1770a, and amendments thereto, when  
14 the following conditions exist:

15 (1) The proposed district has been identified by the Kansas  
16 department of health and environment or the United States environmental  
17 protection agency to be an environmentally contaminated area;

18 (2) the city has entered into a consent decree or settlement  
19 agreement or has taken action expressing an intent to enter into a consent  
20 decree or settlement agreement with the Kansas department of health and  
21 environment or the United States environmental protection agency that  
22 addresses the investigation and remediation of the environmental  
23 contamination;

24 (3) the consent decree or settlement agreement contains a provision  
25 that has the effect of releasing property owners who are not responsible  
26 for the contamination from the responsibility of paying the response costs  
27 of the investigation and remediation of the contamination; and

28 (4) the city intends to establish a redevelopment district pursuant to  
29 K.S.A. 12-1771, and amendments thereto, to finance, in whole or in part,  
30 the investigation and remediation of contamination within such district.

31 (b) An environmental increment established after a city has found  
32 that the conditions described in subsection (c) of K.S.A. 12-1770a, and  
33 amendments thereto, ~~exists~~ exist shall be set on a yearly basis. For  
34 purposes of this section, a yearly basis shall be a calendar year. Each  
35 year's increment shall be an amount sufficient to pay the direct costs of  
36 investigation and remediation of the contaminated condition anticipated

1 to be incurred that year including principal and interest due on any special  
2 obligation bonds or full faith and credit tax increment bonds issued to  
3 finance in whole or in part the remediation and investigation, costs  
4 relating to remediation investigation and feasibility studies, operation and  
5 maintenance expenses and other expenses relating directly to the  
6 investigation and remediation of contamination. Each year's  
7 environmental increment shall not exceed 20% of the amount of taxes  
8 that are produced by all taxing subdivisions within any currently existing  
9 or subsequently created redevelopment district area in the year the  
10 redevelopment district is first established, notwithstanding that such  
11 subdivision was not required to receive notice of the establishment of the  
12 district.

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

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

40 (e) A redevelopment district created under the provisions of this  
41 section shall constitute a separate taxing district. If all costs for such  
42 investigation and remediation of contamination in the redevelopment  
43 district have been paid and moneys remain in the special fund, such

1 moneys shall be remitted to each taxing subdivision which paid moneys  
2 into the special fund on the basis of the proportion which the total amount  
3 of moneys paid by such taxing subdivision into the special fund bears to  
4 the total amount of all moneys paid by all taxing subdivisions into the  
5 fund.

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

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

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

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

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

40 Sec. 2. K.S.A. 19-4109 is hereby amended to read as follows: 19-  
41 4109. (a) The secretary shall transmit annually to the governor, the  
42 standing committee on commerce of the senate, the standing committee  
43 on *commerce and* economic development of the house of representatives

1 and the joint committee on economic development, a report, based upon  
2 information received from each qualified manufacturer for which benefits  
3 have been issued during the preceding year, describing the following: (1)  
4 The manner in which the purpose, as described in this act, has been  
5 carried out;

6 (2) an estimate of jobs created and jobs preserved by cash  
7 investments made in qualified manufacturers; and

8 (3) an estimate of the multiplier effect on the Kansas economy of the  
9 cash investments made pursuant to this act.

10 (b) The secretary shall conduct an annual review of the activities  
11 undertaken pursuant to this act to ensure that benefits issued pursuant to  
12 this act are issued in compliance with the provisions of this act or rules  
13 and regulations promulgated by the department with respect to this act.

14 (c) Any violation of the reporting requirements set forth in this  
15 section shall be grounds for loss of designation as a qualified  
16 manufacturer under this section.

17 (d) If the secretary determines that a qualified manufacturer is not in  
18 substantial compliance with the requirements of this act, the secretary, by  
19 written notice, shall inform the officers of the qualified manufacturer that  
20 such qualified manufacturer will lose its designation as a qualified  
21 manufacturer unless such qualified manufacturer corrects the deficiencies  
22 and is once again in compliance with the requirements for designation.

23 Sec. 3. K.S.A. 2010 Supp. 44-566a is hereby amended to read as  
24 follows: 44-566a. (a) There is hereby created in the state treasury the  
25 workers compensation fund. The commissioner of insurance shall be  
26 responsible for administering the workers compensation fund, and all  
27 payments from the workers compensation fund shall be upon warrants of  
28 the director of accounts and reports issued pursuant to vouchers approved  
29 by the commissioner of insurance or a person or persons designated by  
30 the commissioner. The commissioner of insurance annually shall report to  
31 the governor and the legislature the receipts and disbursements from the  
32 workers compensation fund during the preceding fiscal year.

33 (b) (1) On June 1 of each year, the commissioner of insurance shall  
34 impose an assessment against all insurance carriers, self-insurers and  
35 group-funded workers compensation pools insuring the payment of  
36 compensation under the workers compensation act, and the same shall be  
37 due and payable to the commissioner on the following July 1, the  
38 proceeds of which shall be credited to the workers compensation fund.  
39 The total amount of each such assessment shall be equal to an amount  
40 sufficient, in the opinion of the commissioner of insurance, to pay all  
41 amounts, including attorney fees and costs, which may be required to be  
42 paid from such fund during the current fiscal year, less the amount of the  
43 estimated unencumbered balance in the workers compensation fund as of

1 the June 30 immediately preceding the date the assessment is due and  
2 payable under this section. The total amount of each such assessment  
3 shall be apportioned among those upon whom it is imposed, such that  
4 each is assessed an amount that bears the same relation to such total  
5 assessment as the amount of money paid or payable in workers  
6 compensation claims by such insurance carrier, self-insurer or group-  
7 funded workers compensation pool in the immediately preceding calendar  
8 year bears to all such claims paid or payable during such calendar year.  
9 The commissioner of insurance may establish experience-based rates of  
10 assessments under this subsection and make adjustments in the  
11 assessments imposed under this subsection based on the success of  
12 accident prevention programs under K.S.A. 44-5,104, and amendments  
13 thereto, and other employer safety programs.

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

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

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

36 (3) In any case in which the workers compensation fund has been  
37 impleaded by the employer or insurance carrier and where an award has  
38 been entered deciding all of the issues in the employee's claim against the  
39 employer, but not deciding the issues between the employer and the fund,  
40 the fund may file an application with the administrative law judge  
41 requesting that the fund be dismissed from the case with prejudice. The  
42 employer shall have a period of six months from the filing of the  
43 application in which to complete the employer's evidence on the fund

1 issues and submit the case to the administrative law judge for decision.  
2 The fund shall then have a period of 60 days after the submission of the  
3 employer's evidence to submit its own evidence concerning the fund  
4 issues in the case. If the employer fails to do so, the administrative law  
5 judge shall dismiss the fund from the case with prejudice on the judge's  
6 own motion.

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

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

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

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

19 (3) reimbursement of an employer or insurance carrier pursuant to  
20 the provisions of K.S.A. 44-534a, and amendments thereto, subsection  
21 (d) of K.S.A. 44-556, and amendments thereto, subsection (c) of K.S.A.  
22 44-569, and amendments thereto, and K.S.A. 44-569a, and amendments  
23 thereto;

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

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

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

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

37 (h) The commissioner of insurance shall make an annual report to  
38 the legislative coordinating council, senate committee on commerce and  
39 house committee on commerce and ~~labor~~ *economic development* during  
40 January of each year. The report shall include recommendations to the  
41 legislature on the advisability of continuation or termination of the  
42 workers compensation fund or any provisions of the workers  
43 compensation act relating thereto, an analysis of the federal Americans

1 with disabilities act and its effect on the workers compensation fund and  
2 recommendations on ways to reduce claim and operational costs of the  
3 workers compensation fund.

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

25 Sec. 4. K.S.A. 46-1603 is hereby amended to read as follows: 46-  
26 1603. There is hereby established a standing committee of the house of  
27 representatives known as the house committee on *commerce and*  
28 *economic development*. The members of the committee shall be  
29 appointed in the same manner as members of other standing committees  
30 of the house of representatives. Laws and rules applicable to other  
31 standing committees of the house of representatives shall apply to the  
32 house economic development committee.

33 Sec. 5. K.S.A. 46-1801 is hereby amended to read as follows: 46-  
34 1801. (a) There is hereby established a joint committee on the arts and  
35 cultural resources which shall consist of five senators and five members  
36 of the house of representatives. The senate members shall be appointed  
37 by the committee on organization, calendar and rules. The house of  
38 representative members shall be appointed by the speaker of the house of  
39 representatives. Not less than one representative member shall be a  
40 member of the house committee on appropriations and not less than one  
41 senator member shall be a member of the senate committee on ways and  
42 means. In addition, not less than one representative member shall be a  
43 member of the house committee on *commerce and* economic

1 development and not less than one senator member shall be a member of  
2 the senate committee on commerce. The committee on organization,  
3 calendar and rules shall designate a senator member to be chairperson or  
4 vice-chairperson of the joint committee as provided in this section. The  
5 speaker of the house of representatives shall designate a representative  
6 member to be chairperson or vice-chairperson of the joint committee as  
7 provided in this section.

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

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

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

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

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

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

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

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

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

36 (e) The joint committee on the arts and cultural resources shall meet  
37 on call of the chairperson as authorized by the legislative coordinating  
38 council. All such meetings shall be held in Topeka, unless authorized to  
39 be held in a different place by the legislative coordinating council.  
40 Members of the joint committee shall receive compensation and travel  
41 expenses and subsistence expenses or allowances as provided in K.S.A.  
42 75-3212, and amendments thereto, when attending meetings of such  
43 committee authorized by the legislative coordinating council.

1 (f) Amounts paid under authority of this section shall be paid from  
2 appropriations for legislative expense and vouchers therefor shall be  
3 prepared by the director of legislative administrative services and  
4 approved by the chairperson or vice-chairperson of the legislative  
5 coordinating council.

6 Sec. 6. K.S.A. 74-5001a is hereby amended to read as follows: 74-  
7 5001a. The purpose of the department of commerce shall be to develop  
8 and implement strategies to:

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

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

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

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

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

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

34 Sec. 7. K.S.A. 2010 Supp. 74-5002s is hereby amended to read as  
35 follows: 74-5002s. (a) There is hereby established, within the Kansas  
36 department of commerce, a division of workforce development. The head  
37 of the division shall be the director of workforce development, who shall  
38 be appointed by and serve at the pleasure of the secretary of the  
39 department of commerce. The director shall be in the unclassified service  
40 under the Kansas civil service act and shall receive an annual salary fixed  
41 by the secretary of commerce, with the approval of the governor. Under  
42 the supervision of the secretary of commerce, the director of workforce  
43 development shall administer the division of workforce development.

1 (b) The monitoring unit of the division of workforce development  
2 shall report annually, on or before January 15, to the senate committee on  
3 commerce, the house committee on *commerce and* economic  
4 development and tourism and the joint committee on economic  
5 development, and any successor committees thereto, on the monitoring  
6 activities of the division during the preceding calendar year, any problems  
7 within workforce development activities, compliance with federal and  
8 state requirements and such other matters concerning workforce  
9 development which the monitoring unit deems appropriate.

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

27 (b) On or before October 1, the department shall prepare and publish  
28 an annual report, which shall be made widely available, of its activities  
29 and expenditures for the information of the governor, the standing  
30 committee on commerce of the senate, the standing committee on ~~new~~  
31 ~~economy~~ *commerce and economic development* of the house of  
32 representatives and the joint committee on economic development,  
33 Kansas, Inc., and the public, and shall, from time to time, submit  
34 recommendations to the governor concerning legislation found to be  
35 necessary or desirable in effecting the purposes of this act. The annual  
36 report shall include any information which the department is required to  
37 report by law. The annual report shall specifically account for the ways in  
38 which the purposes of the department and its divisions as described in  
39 this act have been achieved, and the recommendations shall specifically  
40 note what changes in the activities of the department and its divisions,  
41 and of state government are necessary to better address the purposes  
42 described in this act. The annual report to the standing committee on  
43 commerce of the senate, the standing committee on ~~new~~—

1 ~~economy~~ *commerce and economic development* of the house of  
2 representatives and the joint committee on economic development shall  
3 be made by the department either (1) by publishing such report on the  
4 internet and by notifying each member of the committees that the report  
5 is available and providing, as part of such notice, the uniform resource  
6 locator (URL) at which such report is available, or (2) by submitting  
7 copies of such report on CD-ROM or other electronically readable media  
8 to such committees.

9 Sec. 9. K.S.A. 74-5080 is hereby amended to read as follows: 74-  
10 5080. The secretary shall prepare and submit, as a part of the annual  
11 report required by K.S.A. 74-5049, and amendments thereto, a report of  
12 activities under the trade show promotion act to the standing committee  
13 on commerce of the senate and the standing committee on *commerce and*  
14 *economic development* of the house of representatives at the beginning of  
15 each regular session of the legislature. The report shall contain  
16 information concerning the types of Kansas small business concerns  
17 receiving financial assistance for participation in trade shows and the  
18 results obtained from such participation.

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

32 (b) The secretary shall adopt rules and regulations as follows: (1)  
33 Prescribing review standards and priorities for approval of proposed  
34 agreements under this act, including appropriate incentives for  
35 cooperation among projects, in order to maximize the number of new  
36 jobs created or retained with respect to individual Kansas basic  
37 enterprises, which will remain in Kansas, and (2) prescribing limits on  
38 program costs and on project and program size in relation to the number  
39 of new jobs created and wages of new or retained jobs. No agreement  
40 shall be approved which provides for program costs of a project under the  
41 agreement of more than 95% of the amount equal to the estimated rate of  
42 withholding tax applied to the estimated amount of gross wages of all the  
43 new or retained jobs under the project over ~~ten~~ 10-year period.

1 (c) Notice of the approval of a project or program and an annual  
2 report of the number of jobs created or retained under the IMPACT act  
3 shall be provided to the chairpersons of the senate committee on  
4 commerce and the committee on *commerce and* economic development  
5 of the house of representatives.

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

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

15 (1) The governor of Kansas;

16 (2) the secretary of the Kansas department of commerce;

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

23 (A) One member from each of the primary economic sectors in the  
24 state—agriculture, oil and gas, and aviation—who are recognized for  
25 outstanding knowledge and leadership in their fields;

26 (B) one member from one other primary, job creating, value added  
27 business sector who is recognized for outstanding knowledge and  
28 leadership in the member's field;

29 (C) two members from the private financial sector, one of whom  
30 shall have experience in the area of high-risk venture investments, and  
31 one of whom shall have commercial banking experience in an industry of  
32 special importance to the Kansas economy, and both of whom are  
33 recognized for outstanding knowledge and leadership in their fields;

34 (D) one member representing labor who is recognized for  
35 outstanding knowledge and leadership in the member's field;

36 (E) one member from the professional and business services sector  
37 who is recognized for outstanding knowledge and leadership in the  
38 member's field;

39 (F) one member who owns a small business and who is recognized  
40 for outstanding knowledge and leadership in that community of interest;

41 (4) one member who serves as the commanding general of the  
42 Kansas cavalry;

43 (5) one member who is appointed by the state board of regents from

1 a Kansas university and who is recognized for outstanding knowledge  
2 and leadership in the field of economic development;

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

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

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

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

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

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

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

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

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

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

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

43 (4) undertake continuing strategic planning for the improvements of

1 the state's tax, regulatory and expenditure policies to enhance the state's  
2 potential comparative economic advantages;

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

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

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

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

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

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

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

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

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

41 (2) Assume central responsibility to develop, with the guidance of  
42 both the private and public sectors, all facets of a comprehensive long-  
43 term economic development strategy.

1 (3) Coordinate the strategy development with all other state and  
2 local agencies and offices and state educational institutions which do  
3 research work, develop materials and programs, gather statistics, or  
4 which perform functions related to economic development; and such state  
5 and local agencies and offices and state educational institutions shall  
6 advise and cooperate with Kansas, Inc. in the planning and  
7 accomplishment of the strategy.

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

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

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

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

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

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

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

42 (b) Kansas, Inc., shall seek advice from the general public and from  
43 professional associations, academic groups and institutions and

1 individuals with knowledge of and interest in areas of economic  
2 development and planning.

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

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

14 (b) The corporation shall be governed by a board of 20 directors  
15 who shall be residents of this state. The board shall consist of (1) the  
16 governor or, at the discretion of the governor, the secretary of the  
17 department of commerce, (2) the secretary of agriculture, (3) four  
18 directors who are members of the legislature appointed as provided in  
19 subsection (d)(1), (4) four directors who are appointed by legislative  
20 officers as provided in subsection (d)(2), and (5) ten directors appointed  
21 by the governor subject to senate confirmation as provided in K.S.A. 75-  
22 4315b, and amendments thereto. Except as provided by K.S.A. 46-2601,  
23 and amendments thereto, no person whose appointment is subject to  
24 confirmation by the senate; shall exercise any power, duty or function as  
25 a member of the board until confirmed by the senate.

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

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

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

43 (B) two directors shall be persons who represent the private financial

1 sector of whom one shall have experience in the area of high-risk venture  
2 investments, and the other shall have commercial banking experience in  
3 an industry of special technological importance to the Kansas economy.

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

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

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

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

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

1 limited to:

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

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

5 (iii) emerging industries of telecommunications, computer software,  
6 information services and research services.

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

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

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

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

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

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

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

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

40 (l) The directors shall establish an executive committee composed of  
41 the chairperson, vice-chairperson and three additional members chosen  
42 by the chairperson from among the remaining directors. The executive  
43 committee, in intervals between board meetings, may transact any board

1 business that has been delegated to the executive committee. A majority  
2 of the executive committee shall be necessary to transact business and all  
3 actions of the executive committee shall be by a majority vote of the  
4 committee.

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

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

10 Sec. 15. K.S.A. 74-8105 is hereby amended to read as follows: 74-  
11 8105. (a) The president shall be the chief executive officer of the  
12 corporation and shall serve at the pleasure of the board. The president's  
13 salary shall be set by the board of directors. The president shall be in the  
14 unclassified service under the Kansas civil service act. The board of  
15 directors may negotiate and enter into an employment agreement with the  
16 individual selected as president of the corporation which may provide for  
17 such compensation and such provisions for allowances, benefits and  
18 expenses as may be included in such agreement. The board of directors is  
19 authorized to make all payments and payroll deductions as may be  
20 required under such agreement. The president shall direct and supervise  
21 administrative affairs and the general management of the corporation.

22 (b) The president:

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

37 (2) shall attend board meetings;

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

42 (4) before accepting any applications as provided for under this act,  
43 shall prepare a business plan which shall include the corporate analysis of

1 funding levels of programs in other states that are shown in the report  
2 required in subsection (b) of K.S.A. 74-8111, and amendments thereto,  
3 and the threshold funding levels specified in subsection (c) of K.S.A. 74-  
4 8111, and amendments thereto. Upon approval of the business plan by the  
5 corporation board, the plan shall be presented to the standing committee  
6 on commerce of the senate and the standing committee on *commerce and*  
7 economic development of the house of representatives or the joint  
8 legislative committee on economic development for review and  
9 evaluation.

10 Sec. 16. K.S.A. 2010 Supp. 74-8135 is hereby amended to read as  
11 follows: 74-8135. (a) The designation of a business as a qualified Kansas  
12 business shall be made by KTEC, and such designation must be renewed  
13 annually. A business shall be so designated if KTEC determines, based  
14 upon the application submitted by the business and any additional  
15 investigation the staff of KTEC shall make, that the following criteria  
16 have been or shall be satisfied:

17 (1) The business has a reasonable chance of success;

18 (2) the business has the reasonable potential to create measurable  
19 employment within the state;

20 (3) the business has an innovative and proprietary technology,  
21 product and service;

22 (4) the existing owners of the business and other founders have  
23 made or are committed to make a substantial financial and time  
24 commitment to the business;

25 (5) the securities to be issued and purchased are qualified securities;  
26 and

27 (6) binding commitments have been made by the business to KTEC  
28 for adequate reporting of financial data, including a requirement for an  
29 annual report, or, if required by the board of directors of KTEC, an  
30 annual audit of the financial and operational records of the business, the  
31 right of access to the financial records of the business and the right of  
32 KTEC to record and publish normal and customary data and information  
33 related to the issuance of tax credits that are not otherwise determined to  
34 be trade or business secrets.

35 (b) In addition to reports by the businesses to KTEC and its board of  
36 directors, KTEC will also provide an annual report, on or before February  
37 1, to the governor, to the senate committee on commerce, the house  
38 committee on *commerce and* economic development and tourism and the  
39 joint committee on economic development and any successor committees  
40 thereto, on the marketing and use of the angel investor tax credits. This  
41 report will include the following: The amount of tax credits used in the  
42 previous fiscal year including what percentage was claimed by  
43 individuals and what percentage was claimed by investment firms; the

1 types of businesses that benefited from the tax credits; and any aggregate  
2 job creation or capital investment in Kansas that resulted from the use of  
3 the tax credits for a period of five years beginning from the date on which  
4 the tax credits were awarded. In addition, the annual report will provide  
5 information regarding what businesses which derived benefit from the tax  
6 credits remained in Kansas and what businesses ceased business, what  
7 businesses were purchased and what businesses may have moved out-of-  
8 state and why.

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

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

40 (c) KTEC shall transmit annually to the governor, the secretary of  
41 commerce, the standing committee on commerce of the senate, the  
42 standing committee on *commerce and* economic development of the  
43 house of representatives, the joint committee on economic development,

1 and Kansas, Inc. a report, based upon information received from each  
2 qualified Kansas business for which tax credits have been issued during  
3 the preceding year, describing the following: (1) The manner in which the  
4 purpose, as described in this act, has been carried out; (2) the total cash  
5 investments made for the purchase of qualified securities of qualified  
6 Kansas businesses during the preceding year and cumulatively since the  
7 inception of this act; (3) an estimate of jobs created and jobs preserved by  
8 cash investments made in qualified securities of qualified Kansas  
9 businesses; and (4) an estimate of the multiplier effect on the Kansas  
10 economy of the cash investments made pursuant to this act.

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

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

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

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

1 specifying the terms of such repayment obligation.

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

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

7 Sec. 18. K.S.A. 74-8204 is hereby amended to read as follows: 74-  
8 8204. (a) Kansas Venture Capital, Inc., shall prepare and publish an  
9 annual report of its activities for the information of the governor, the  
10 standing committee on commerce of the senate, the standing committee  
11 on ~~new economy~~ *commerce and economic development* of the house of  
12 representatives and the joint committee on economic development,  
13 securities commissioner of Kansas, attorney general, Kansas, Inc., and  
14 the public which shall be made widely available and shall specifically  
15 account for:

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

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

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

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

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

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

36 Sec. 19. K.S.A. 74-8310 is hereby amended to read as follows: 74-  
37 8310. (a) Pursuant to K.S.A. 74-5049, and amendments thereto, the  
38 secretary shall report the following:

39 (1) The number of Kansas venture capital companies;

40 (2) the total tax credit generated;

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

42 (4) the total investments in Kansas businesses by Kansas venture  
43 capital companies;

1 (5) an estimate of jobs created or preserved under the program; and  
2 (6) an estimate of the multiplier effect on the Kansas economy of the  
3 program.

4 (b) Additionally, in the report the secretary shall evaluate the success  
5 of the program in collaboration with Kansas, Inc. and the standing  
6 committee on commerce of the senate, the standing committee on  
7 *commerce and* economic development of the house of representatives and  
8 the joint committee on economic development, and may include specific  
9 recommendations for legislation.

10 Sec. 20. K.S.A. 74-8317 is hereby amended to read as follows: 74-  
11 8317. The corporation shall transmit annually to the governor, the  
12 standing committee on commerce of the senate, the standing committee  
13 on *commerce and* economic development of the house of representatives,  
14 the joint committee on economic development and Kansas, Inc.:

15 (a) The annual statement of the fund; and

16 (b) a report, based upon information received by the fund manager,  
17 which specifies the following:

18 (1) The manner in which the purpose as described in this act has  
19 been carried out by the fund.

20 (2) The total investments made annually by the fund in Kansas  
21 businesses.

22 (3) An estimate of jobs created and jobs preserved by investments  
23 by the fund in Kansas businesses.

24 (4) An estimate of the multiplier effect on the Kansas economy of  
25 investments by the fund in Kansas businesses.

26 (5) An analysis of the targeting of scarce resources by the fund by  
27 size, sector and location to enterprises of particular need and opportunity.

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

31 (1) The number of local seed capital pools;

32 (2) the total tax credit generated;

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

34 (4) the total investments in Kansas businesses by local seed capital  
35 pools;

36 (5) an estimate of jobs created or preserved under the program; and

37 (6) an estimate of the multiplier effect on the Kansas economy of the  
38 program.

39 (b) Additionally, in the report the secretary shall evaluate the success  
40 of the program in collaboration with Kansas, Inc. and the standing  
41 committee on commerce of the senate, the standing committee on  
42 *commerce and* economic development of the house of representatives and  
43 the joint committee on economic development, and may include specific

1 recommendations for legislation.

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

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

20 Sec. 23. K.S.A. 19-4109, 46-1603, 46-1801, 74-5001a, 74-5080, 74-  
21 8105, 74-8204, 74-8310 and 74-8317 and K.S.A. 2010 Supp. 12-1771a,  
22 44-566a, 74-5002s, 74-5049, 74-50,104, 74-8001, 74-8002, 74-8004, 74-  
23 8101, 74-8135, 74-8136, 74-8405 and 74-99c07 are hereby repealed.

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