

As Amended by House Committee

Session of 2013

HOUSE BILL No. 2216

By Committee on General Government Budget

2-5

1 AN ACT concerning joint committees; repealing certain joint committees;
2 relating to membership on the joint committee on special claims against
3 the state; amending K.S.A. 12-2015, 19-4109, 38-2007, 46-912, 71-212
4 and 74-4907 and K.S.A. 2012 Supp. 39-7,162, **45-229**, 46-2801, 65-
5 1,251, 72-5395, 74-4908, 74-4909, 74-4920, 74-4921, 74-4921c, 74-
6 4937, 74-49,129, 74-5001a, 74-5002s, 74-5049, 74-5097, 74-50,123,
7 74-50,151, 74-50,216, 74-8004, 74-8135, 74-8136, 74-8204, 74-8310,
8 74-8317, 74-8405, 74-99c07, **75-2264**, **75-2268**, 75-7423, 75-7427 and
9 75-7435 and repealing the existing sections; also repealing K.S.A. 46-
10 1604 and 46-2201 and K.S.A. 2012 Supp. 39-7,160, 39-7,161, 46-1801,
11 46-3001, 46-3501, 46-3701, 74-49,132, 74-49,133 and 75-7425.
12

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

14 Section 1. K.S.A. 12-2015 is hereby amended to read as follows: 12-
15 2015. Prior to July 1, 2002, all municipalities in the state of Kansas shall
16 refrain from enacting or enforcing any franchise or right-of-way
17 ordinances or agreements pursuant to chapters 12 and 17 of the Kansas
18 Statutes Annotated, *and amendments thereto*, home rule powers, or any
19 other authority, that substantially modify the relationship between
20 telecommunications providers and municipalities as those relationships
21 existed on January 1, 2001, except that municipalities may reach franchise
22 or right-of-way ordinances or agreements with new telecommunications
23 providers on terms and conditions consistent with the original provisions
24 of ordinances or agreements between municipalities and other
25 telecommunications providers in existence prior to December 31, 2000.
26 ~~Subsequent to the effective date of this act, representatives of~~
27 ~~municipalities and telecommunications providers shall confer and shall~~
28 ~~provide to the joint committee on economic development at least three~~
29 ~~progress reports of their discussions prior to December 31, 2001.~~

30 Sec. 2. K.S.A. 19-4109 is hereby amended to read as follows: 19-
31 4109. (a) The secretary shall transmit annually to the governor, the
32 standing committee on commerce of the senate; *and* the standing
33 committee on *commerce, labor and* economic development of the house of
34 representatives ~~and the joint committee on economic development~~, a
35 report, based upon information received from each qualified manufacturer
36 for which benefits have been issued during the preceding year, describing

1 the following: (1) The manner in which the purpose, as described in this
2 act, has been carried out;

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

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

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

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

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

20 Sec. 3. K.S.A. 38-2007 is hereby amended to read as follows: 38-
21 2007. For the purpose of financially empowering parents to choose a
22 health plan for a child, the secretary should review and report both
23 verbally and in writing to the ~~joint committee on children's issues~~ *standing*
24 *committee on public health and welfare of the senate and the standing*
25 *committee on children and seniors of the house of representatives* prior to
26 each legislative session with recommendations regarding the following
27 items:

28 (a) Direct transfer of the annual premium for a plan chosen by an
29 eligible low-income family to the insurer;

30 (b) The use of a refundable tax credit for an eligible low-income
31 family to apply toward the purchase of a child's health care coverage. Such
32 refundable tax credit would cover most or all of the cost of the insurance
33 with the parents paying any difference. Additionally, an eligible low-
34 income family would receive full benefit of the credit, regardless of how
35 small their income tax obligation was; and

36 (c) The status of the Kansas insurance coverage for children's
37 program including all performance measures relating to the Kansas
38 insurance coverage for children's program.

39 Sec. 4. K.S.A. 2012 Supp. 39-7,162 is hereby amended to read as
40 follows: 39-7,162. (a) ~~(†)~~ There is hereby established the home and
41 community based services savings fund in the state treasury which shall be
42 administered by the secretary ~~of aging for aging and disability services~~.
43 All savings resulting from transferring individuals from the institutions to

1 home and community based services shall be deposited in this fund. All
2 expenditures from the home and community based services savings fund
3 shall be in accordance with the provisions of appropriation acts upon
4 vouchers approved by the secretary ~~of aging~~ *for aging and disability*
5 *services* or the secretary's designee.

6 (2) (b) Whenever an individual, who is residing in an institution,
7 transfers to home and community based services, the secretary ~~of aging~~ *for*
8 *aging and disability services* shall determine the savings attributable to
9 such transfer and shall certify the amount or amounts of such savings to
10 the director of accounts and reports. Upon receipt of each such
11 certification, the director of accounts and reports shall transfer the amount
12 or amounts specified in such certification from the funds and accounts
13 specified to the home and community based services savings fund of the
14 department ~~on aging~~ *for aging and disability services* in accordance with
15 such certification. The secretary ~~of aging~~ *for aging and disability services*
16 shall transmit a copy of each such certification to the director of the budget
17 and to the director of legislative research.

18 ~~(b) The secretary shall certify to the joint committee on home and~~
19 ~~community based services oversight at the beginning of each calendar~~
20 ~~quarter the amount of savings resulting from transferring individuals from~~
21 ~~institutions to home and community based services that have been~~
22 ~~transferred during the preceding calendar quarter to the home and~~
23 ~~community based services savings fund from each institution during the~~
24 ~~preceding quarter.~~

25 Sec. 5. K.S.A. 46-912 is hereby amended to read as follows: 46-912.
26 There is hereby established the joint committee on special claims against
27 the state which shall have ~~13~~ *seven* members consisting of ~~five~~ *three*
28 members of the senate and ~~eight~~ *four* members of the house of
29 representatives. The representative members shall be appointed by the
30 speaker, and the senator members shall be appointed by the senate
31 committee on organization, calendar and rules. *Of the members of the*
32 *house, three members shall be from the majority party with the remaining*
33 *member from the minority part. Of the members of the senate, two*
34 *members shall be from the majority party with the remaining member from*
35 *the minority party.* Not less than ~~two representative members and two~~
36 ~~senator members~~ **one representative member and not less than one**
37 **senator member** shall be attorneys licensed to practice law in the state of
38 Kansas. Not less than one representative member shall be a member of the
39 house committee on appropriations and not less than one senator member
40 shall be a member of the senate committee on ways and means. In the
41 biennium commencing with the convening of the regular session of the
42 legislature in 1979, and in the biennium commencing with the convening
43 of the regular session of the legislature each four years thereafter, the

1 chairperson of the joint committee shall be a representative member
2 designated by the speaker of the house of representatives. In the biennium
3 commencing with the convening of the regular session of the legislature in
4 1981, and in the biennium commencing with the regular session of the
5 legislature each four years thereafter, the senate committee on
6 organization, calendar and rules shall designate a senator member to be the
7 chairperson of the joint committee. If a chairperson shall die, resign or
8 otherwise be incapable of serving as chairperson for the full two-year
9 period, a successor shall be designated to fill the unexpired portion of such
10 period in the same manner as the original chairperson was selected. ~~The~~
11 ~~members appointed from each house shall include minority party~~
12 ~~representation thereon.~~ The joint committee shall meet in the interim
13 between legislative sessions on the call of the chairperson as authorized by
14 the legislative coordinating council. Any ~~seven~~ *four* members of the joint
15 committee shall constitute a quorum. Any action of such joint committee
16 may be taken by an affirmative vote of a majority of the members present,
17 if a quorum is present.

18 The provisions of article 12 of chapter 46 of the Kansas Statutes
19 Annotated, and amendments thereto, applicable to special committees
20 shall apply to the joint committee on special claims against the state to the
21 extent the same do not conflict with the specific provisions of this act
22 applicable to such committee.

23 Sec. 6. K.S.A. 2012 Supp. 46-2801 is hereby amended to read as
24 follows: 46-2801. (a) There is hereby created the joint committee on
25 corrections and juvenile justice oversight which shall be within the
26 legislative branch of state government and which shall be composed of no
27 more than seven members of the senate and seven members of the house
28 of representatives.

29 (b) The senate members shall be appointed by the president and the
30 minority leader. The two major political parties shall have proportional
31 representation on such committee. In the event application of the
32 preceding sentence results in a fraction, the party having a fraction
33 exceeding .5 shall receive representation as though such fraction were a
34 whole number.

35 (c) The seven representative members shall be appointed as follows:

36 (1) Two members shall be members of the majority party who are
37 members of the house committee on appropriations and shall be appointed
38 by the speaker;

39 (2) two members shall be members of the majority party who are
40 members of the house committee on judiciary and shall be appointed by
41 the speaker; and

42 (3) three members shall be members of the minority party who are
43 members of the house committee on appropriations or the house

1 committee on judiciary and shall be appointed by the minority leader.

2 (d) Any vacancy in the membership of the joint committee on
3 corrections and juvenile justice oversight shall be filled by appointment in
4 the manner prescribed by this section for the original appointment.

5 (e) All members of the joint committee on corrections and juvenile
6 justice oversight shall serve for terms ending on the first day of the regular
7 legislative session in odd-numbered years. The joint committee shall
8 organize annually and elect a chairperson and vice-chairperson in
9 accordance with this subsection. During odd-numbered years, the
10 chairperson shall be one of the representative members of the joint
11 committee elected by the members of the joint committee and the vice-
12 chairperson shall be one of the senate members elected by the members of
13 the joint committee. During even-numbered years, the chairperson shall be
14 one of the senate members of the joint committee elected by the members
15 of the joint committee and the vice-chairperson shall be one of the
16 representative members of the joint committee elected by the members of
17 the joint committee. The vice-chairperson shall exercise all of the powers
18 of the chairperson in the absence of the chairperson. If a vacancy occurs in
19 the office of chairperson or vice-chairperson, a member of the joint
20 committee, who is a member of the same house as the member who
21 vacated the office, shall be elected by the members of the joint committee
22 to fill such vacancy. Within 30 days after the effective date of this act, the
23 joint committee shall organize and elect a chairperson and a vice-
24 chairperson in accordance with the provisions of this act.

25 (f) A quorum of the joint committee on corrections and juvenile
26 justice oversight shall be eight. All actions of the joint committee shall be
27 by motion adopted by a majority of those present when there is a quorum.

28 (g) The joint committee on corrections and juvenile justice oversight
29 may meet at any time and at any place within the state on the call of the
30 chairperson, vice-chairperson and ranking minority member of the house
31 of representatives when the chairperson is a representative or of the senate
32 when the chairperson is a senator.

33 (h) The provisions of the acts contained in article 12 of chapter 46 of
34 the Kansas Statutes Annotated, and amendments thereto, applicable to
35 special committees shall apply to the joint committee on corrections and
36 juvenile justice oversight to the extent that the same do not conflict with
37 the specific provisions of this act applicable to the joint committee.

38 (i) In accordance with K.S.A. 46-1204, and amendments thereto, the
39 legislative coordinating council may provide for such professional services
40 as may be requested by the joint committee on corrections and juvenile
41 justice oversight.

42 (j) The joint committee on corrections and juvenile justice oversight
43 may introduce such legislation as it deems necessary in performing its

1 functions.

2 (k) In addition to other powers and duties authorized or prescribed by
3 law or by the legislative coordinating council, the joint committee on
4 corrections and juvenile justice oversight shall:

5 (1) Monitor the inmate population and review and study the
6 programs, activities and plans of the department of corrections regarding
7 the duties of the department of corrections that are prescribed by statute,
8 including the implementation of expansion projects, the operation of
9 correctional, food service and other programs for inmates, community
10 corrections, parole and the condition and operation of the correctional
11 institutions and other facilities under the control and supervision of the
12 department of corrections;

13 (2) monitor the establishment of the juvenile justice authority and
14 review and study the programs, activities and plans of the juvenile justice
15 authority regarding the duties of the juvenile justice authority that are
16 prescribed by statute, including the responsibility for the care, custody,
17 control and rehabilitation of juvenile offenders and the condition and
18 operation of the state juvenile correctional facilities under the control and
19 supervision of the juvenile justice authority;

20 (3) review and study the adult correctional programs and activities
21 and facilities of counties, cities and other local governmental entities,
22 including the programs and activities of private entities operating
23 community correctional programs and facilities and the condition and
24 operation of jails and other local governmental facilities for the
25 incarceration of adult offenders;

26 (4) review and study the juvenile offender programs and activities
27 and facilities of counties, cities, school districts and other local
28 governmental entities, including programs for the reduction and prevention
29 of juvenile crime and delinquency, the programs and activities of private
30 entities operating community juvenile programs and facilities and the
31 condition and operation of local governmental residential or custodial
32 facilities for the care, treatment or training of juvenile offenders;

33 (5) study the progress and results of the transition of powers, duties
34 and functions from the department of social and rehabilitation services,
35 office of judicial administration and department of corrections to the
36 juvenile justice authority; and

37 (6) make an annual report to the legislative coordinating council as
38 provided in K.S.A. 46-1207, and amendments thereto, and such special
39 reports to committees of the house of representatives and senate as are
40 deemed appropriate by the joint committee.

41 (l) *The provisions of this section shall expire on July 1, 2015.*

42 Sec. 7. K.S.A. 2012 Supp. 65-1,251 is hereby amended to read as
43 follows: 65-1,251. (a) The department of health and environment shall

1 work to increase influenza immunization awareness and participation
2 among parents of children aged six months to five years in child care
3 facilities. The official website of the department of health and environment
4 shall have information on the benefits of annual immunization against
5 influenza for children and its programs offered for the children. The
6 department of health and environment shall cooperate with the department
7 ~~of social and rehabilitation~~ *for aging and disability* services in order to
8 distribute the information to the parents and child care facilities effectively
9 in August or September in every year.

10 ~~(b) The department of health and environment shall conduct a study~~
11 ~~of the feasibility of establishing a school-based influenza vaccination pilot~~
12 ~~program. The study shall:~~

13 ~~(1) Examine the costs and benefits of establishing a school-based~~
14 ~~influenza vaccination pilot program;~~

15 ~~(2) identify any barriers to implementing the school-based influenza~~
16 ~~vaccination pilot program and recommend strategies for removing the~~
17 ~~barriers; and~~

18 ~~(3) determine the fiscal impact to the state of the proposed pilot~~
19 ~~program.~~

20 ~~(c) The department of health and environment shall submit a report~~
21 ~~on its findings and recommendations resulting from such study to the joint~~
22 ~~committee on health policy oversight before the 2009 legislature convenes.~~
23 ~~The joint committee on health policy oversight may introduce bills or~~
24 ~~request funding in order to provide for the program.~~

25 ~~(d) The department of health and environment may seek, receive, and~~
26 ~~spend money received through an appropriation, grant, donation, or~~
27 ~~reimbursement from any public or private source to implement the pilot~~
28 ~~program.~~

29 Sec. 8. K.S.A. 71-212 is hereby amended to read as follows: 71-212.

30 (a) The board of trustees of any community college may establish an early
31 retirement incentive program for the benefit of the employees of the
32 community college for retirement of employees prior to the normal
33 retirement age of 65 years. As used in this act, an "early retirement
34 incentive program" is a program that provides cash payments, either in the
35 form of a lump-sum payment at the beginning of the fiscal year, or in
36 regular payments during the fiscal year. No payment pursuant to an early
37 retirement incentive program as provided in this section shall be made
38 prior to the retirement under the provisions of the Kansas public
39 employees retirement system of any such employee of the community
40 college.

41 (b) Commencing in the fiscal year that commenced in calendar year
42 2002 and every three years thereafter, each board that has established an
43 early retirement incentive program shall prepare and submit a report to the

1 state board of regents related to such early retirement incentive program.
2 Such report shall contain: (1) Three years of budget data of such program,
3 including actual costs, and a current year and future years' budget data for
4 three to five years; (2) current costs and benefits of such program and
5 projected costs and benefits of such program for three to five years; (3)
6 current and projected number of participants in such program; and (4) such
7 other information as required by the state board of regents. The state board
8 of regents shall design and distribute forms to carry out the provisions of
9 this act to the board of trustees of each community college that has
10 established an early retirement incentive program. The state board of
11 regents shall compile and prepare a summary report which shall be
12 submitted to the ~~joint committee on pensions, investments and benefits~~
13 *standing committee on pension and benefits of the house of representatives*
14 no later than January 1 of the year that follows the end of the fiscal year in
15 which the reporting is required as provided in this subsection.

16 Sec. 9. K.S.A. 2012 Supp. 72-5395 is hereby amended to read as
17 follows: 72-5395. (a) The board of education of any school district may
18 establish an early retirement incentive program for the benefit of the
19 employees of the district for retirement prior to the retirement age as
20 provided pursuant to 42 U.S.C. § 416(l)(1) of the social security act as in
21 effect on the effective date of this act. As used in this act, an "early
22 retirement incentive program" is a program that provides cash payments,
23 either in the form of a lump-sum payment at the beginning of the fiscal
24 year, or in regular payments during the fiscal year. No payment pursuant to
25 an early retirement incentive program as provided in this section shall be
26 made prior to the retirement under the provisions of the Kansas public
27 employees retirement system for any employee of the district.

28 (b) Commencing in the fiscal year that commenced in calendar year
29 2002 and every three years thereafter, each board that has established an
30 early retirement incentive program shall prepare and submit a report to the
31 state board of education related to such early retirement incentive program.
32 Such report shall contain: (1) Three years of budget data of such program,
33 including actual costs, and current year and future years' budget data for
34 three to five years; (2) current costs and benefits of such program and
35 projected costs and benefits of such program for three to five years; (3)
36 current and projected number of participants in such program; and (4) such
37 other information as required by the state board of education. The state
38 board of education shall design and distribute forms to carry out the
39 provisions of this act to the board of education of each school district that
40 has established an early retirement incentive program. The state board of
41 education shall compile and prepare a summary report which shall be
42 submitted to the ~~joint committee on pensions, investments and benefits~~
43 *standing committee on pensions and benefits of the house of*

1 *representatives* no later than January 1 of the year that follows the end of
2 the fiscal year in which the reporting is required as provided in this
3 subsection.

4 Sec. 10. K.S.A. 74-4907 is hereby amended to read as follows: 74-
5 4907. (1) The principal office of the system shall be in quarters at Topeka,
6 Kansas.

7 (2) The board shall keep a complete record of all proceedings which
8 shall be open at all reasonable hours to inspection. Any agreement in
9 settlement of litigation involving the system and the investment of moneys
10 of the fund shall be open for inspection by any person and suitable
11 facilities shall be made available by the system for this purpose as
12 provided by the provisions of K.S.A. 45-215 et seq., and amendments
13 thereto. A report covering the operation of the system for the past fiscal
14 year, including income and disbursements, and of the financial condition
15 of the system at the end of such fiscal year, showing the valuation of assets
16 and investments and liabilities of the system, shall be delivered after the
17 end of each fiscal year and prior to January 1 of the next fiscal year to the
18 governor and to the chairperson of the legislative coordinating council, to
19 the secretary of the senate and to the chief clerk of the house of
20 representatives and shall be made readily available to the members and
21 participating employers of the system. Such report shall include the
22 financial statements of the system and supporting schedules, presented in
23 accordance with generally accepted accounting principles. Such
24 supporting schedules presented in the annual report shall include a listing
25 which reports the cost and the fiscal year end lower amount of cost or
26 market value for each individual alternative investment of the system
27 which was initiated on or after July 1, 1991, and reports, in aggregate, the
28 cost and the fiscal year end lower amount of cost or market value for those
29 alternative investments of the system initiated prior to July 1, 1991. The
30 retirement system shall maintain a listing which reports the cost and the
31 fiscal year end lower amount of cost or market value for each individual
32 alternative investment of the system which was initiated prior to July 1,
33 1991, and such listing shall be available for review in camera by the ~~joint~~
34 ~~committee on pensions, investments and benefits~~ *standing committee on*
35 *pensions and benefits of the house of representatives* and as may be
36 required under the provisions of the legislative post audit act.

37 Sec. 11. K.S.A. 2012 Supp. 74-4908 is hereby amended to read as
38 follows: 74-4908. (1) The board shall appoint an executive director and
39 shall establish the compensation therefor. Subject to the direction of the
40 board, the executive director shall be the managing officer of the system
41 and as such shall have charge of the office, records and supervision and
42 direction of the employees of the system. The executive director shall be in
43 the unclassified service under the Kansas civil service act.

1 (2) The executive director shall recommend to the board the
2 administrative organization, the number and qualifications of employees
3 necessary to carry out the intent of this act and the directions of the board.
4 Upon approval of the board, the executive director is authorized to employ
5 such persons in accordance with the Kansas civil service act.

6 (3) The board of trustees shall select and employ or retain a qualified
7 actuary who shall serve at its pleasure as its technical advisor on matters
8 regarding operation of the system. The actuary shall:

9 (a) Make an annual valuation of the liabilities and reserves of the
10 system, and a determination of the contributions required by the system to
11 discharge its liabilities and administrative costs under this act, and
12 recommend to the board rates of employer contributions required to
13 establish and maintain the system on an actuarial reserve basis. Such
14 recommended employer contributions shall not be based on any other
15 purpose outside of the needs of the system as prescribed by this
16 subsection.

17 (b) As soon after the effective date as practicable and once every
18 three years thereafter, make a general investigation of the actuarial
19 experience under the system including mortality, retirement, employment
20 turnover and interest, and recommend actuarial tables for use in valuations
21 and in calculating actuarial equivalent values based on such investigation.

22 (c) Cooperate with and provide any assistance to the actuary; ~~and the~~
23 ~~legislative coordinating council and the joint committee on pensions,~~
24 ~~investments and benefits~~ related to the independent actuarial audit and
25 evaluation as provided in K.S.A. 74-4908a, and amendments thereto.

26 (d) Perform such other duties as may be assigned by the board.

27 (4) The attorney general of the state shall furnish such legal services
28 as may be necessary upon receipt of a request from the board, except that
29 legal services may be furnished by other counsel as the board in its
30 discretion deems necessary and prudent.

31 (5) The board shall employ or retain qualified investment counsel or
32 counselors or may negotiate with a trust company to assist and advise in
33 the judicious investment of funds as herein provided.

34 (6) Subject to limitations imposed pursuant to this subsection and
35 otherwise provided by law, the board may appoint such officers and
36 employees necessary to advise and assist the board in the performance of
37 powers, duties and functions relating to the management and investment of
38 the fund and in such other matters as may be directed by the board. Such
39 appointed officers and employees shall be in the unclassified service under
40 the Kansas civil service act. Not more than 25% of the total number of
41 officers and employees appointed or employed by the system shall be in
42 the unclassified service. The provisions of this subsection shall not affect
43 the classified status of any employee in the classified service under the

1 Kansas civil service act who is employed on the date immediately
2 preceding the effective date of this act. The board is authorized to assign
3 any new or vacant position created by the system on or after the effective
4 date of this act to the classified or unclassified service under the Kansas
5 civil service act. The compensation of such appointed officers and
6 employees in the unclassified service under the Kansas civil service act
7 shall be established by the board.

8 (7) The board may establish a program for the paying of bonus
9 awards to unclassified officers and employees pursuant to procedures
10 established by the board.

11 Sec. 12. K.S.A. 2012 Supp. 74-4909 is hereby amended to read as
12 follows: 74-4909. (1) The board of trustees shall be responsible for the
13 general administration of the system, subject to the provisions of this act.

14 (2) The board shall establish rules and regulations for the
15 administration of the system and for the transaction of business consistent
16 with law, which rules and regulations shall be filed in the office of the
17 secretary of state.

18 (3) The board shall be responsible for the installation of a complete
19 and adequate system of accounts and records. The board shall contract
20 with the department of administration to provide such accounting services
21 as are necessary to avoid duplication of efforts and promote efficiency.
22 The board shall pay the department of administration an amount not
23 exceeding the actual cost incurred in providing this service, which
24 payments shall be deposited in the state treasury and then credited to the
25 state general fund.

26 (4) All meetings of the board shall be open to the public. The board
27 shall keep a record of all proceedings.

28 (5) The board may prescribe rules and regulations for the
29 determination of the value of maintenance, board, lodging, laundry and
30 other allowances to employees in lieu of money.

31 (6) The board may adopt all necessary actuarial tables to be used in
32 the operation of the system as recommended by the actuary, and may
33 compile such additional data as may be necessary for required actuarial
34 valuations and calculations. Whenever the amount of any benefit is to be
35 determined on the basis of actuarial assumptions, the assumptions
36 specified by the board in a way that precludes employer discretion.

37 (7) Subject to the provisions of K.S.A. 74-49,123, and amendments
38 thereto, the board or the investment committee may invest all cash not
39 required for current payments in securities eligible for investment under
40 this act. All actions of the investment committee shall be reported to the
41 board at the first meeting of the board following the action of the
42 investment committee.

43 (8) The board, as soon after the close of the fiscal year as practical,

1 shall publish for distribution among members a financial statement
2 showing the financial status of the system.

3 (9) All decisions of the board as to questions of fact shall be final and
4 conclusive on all persons except for the right of review as provided by law
5 and except for fraud or such gross mistake of fact as to have an effect
6 equivalent to fraud.

7 (10) Each member's account and records shall be administered in a
8 confidential manner and specific data regarding the member shall not be
9 released unless authorized in writing by the member; however, the board
10 may release information to the employer or to other state and federal
11 agencies as the board deems necessary.

12 (11) The board shall develop and adopt a specific plan which outlines
13 strategies, goals, procedures and related costs, including additional
14 employees necessary to carry out the provisions of this subsection, to
15 provide for the system's internal management of the investment and
16 reinvestment of moneys of the fund as provided in K.S.A. 74-4921, and
17 amendments thereto. Such internal management would replace the
18 management of all or part of the fund by persons the board has contracted
19 with as provided in subsection (7) of K.S.A. 74-4921, and amendments
20 thereto. The board shall report such plan developed pursuant to this
21 subsection to the legislature and the governor on or before January 1,
22 1993.

23 (12) The board shall adopt rules and regulations providing the
24 requirements and procedures for the election of members of the board by
25 members and retirants of the system as provided in subsection (a)(2) of
26 K.S.A. 74-4905, and amendments thereto and for the filling of any
27 vacancy involving such elected member of the board.

28 (13) The board shall cooperate with and provide any assistance to the
29 actuary; *and* the legislative coordinating council ~~and the joint committee~~
30 ~~on pensions, investments and benefits~~ related to the independent actuarial
31 audit and evaluation as provided in K.S.A. 74-4908a, and amendments
32 thereto.

33 (14) The board shall be responsible for the administration of the
34 Kansas public employees deferred compensation plan and all related
35 functions as prescribed in K.S.A. 74-4911f, K.S.A. 2012 Supp. 74-49b01
36 through 74-49b06, *and amendments thereto*, and the Kansas public
37 employees deferred compensation act.

38 Sec. 13. K.S.A. 2012 Supp. 74-4920 is hereby amended to read as
39 follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation
40 and appraisal as provided for in subsection (3)(a) of K.S.A. 74-4908, and
41 amendments thereto, the board shall certify, on or before July 15 of each
42 year, to the division of the budget in the case of the state and to the agent
43 for each other participating employer an actuarially determined estimate of

1 the rate of contribution which will be required, together with all
2 accumulated contributions and other assets of the system, to be paid by
3 each such participating employer to pay all liabilities which shall exist or
4 accrue under the system, including amortization of the actuarial accrued
5 liability as determined by the board. The board shall determine the
6 actuarial cost method to be used in annual actuarial valuations, to
7 determine the employer contribution rates that shall be certified by the
8 board. Such certified rate of contribution, amortization methods and
9 periods and actuarial cost method shall be based on the standards set forth
10 in subsection (3)(a) of K.S.A. 74-4908, and amendments thereto, and shall
11 not be based on any other purpose outside of the needs of the system.

12 (b) (i) For employers affiliating on and after January 1, 1999, upon
13 the basis of an annual actuarial valuation and appraisal of the system
14 conducted in the manner provided for in K.S.A. 74-4908, and amendments
15 thereto, the board shall certify, on or before July 15 of each year to each
16 such employer an actuarially determined estimate of the rate of
17 contribution which shall be required to be paid by each such employer to
18 pay all of the liabilities which shall accrue under the system from and after
19 the entry date as determined by the board, upon recommendation of the
20 actuary. Such rate shall be termed the employer's participating service
21 contribution and shall be uniform for all participating employers. Such
22 additional liability shall be amortized as determined by the board. For all
23 participating employers described in this section, the board shall determine
24 the actuarial cost method to be used in annual actuarial valuations to
25 determine the employer contribution rates that shall be certified by the
26 board.

27 (ii) The board shall determine for each such employer separately an
28 amount sufficient to amortize all liabilities for prior service costs which
29 shall have accrued at the time of entry into the system. On the basis of
30 such determination the board shall annually certify to each such employer
31 separately an actuarially determined estimate of the rate of contribution
32 which shall be required to be paid by that employer to pay all of the
33 liabilities for such prior service costs. Such rate shall be termed the
34 employer's prior service contribution.

35 (2) The division of the budget and the governor shall include in the
36 budget and in the budget request for appropriations for personal services
37 the sum required to satisfy the state's obligation under this act as certified
38 by the board and shall present the same to the legislature for allowance and
39 appropriation.

40 (3) Each other participating employer shall appropriate and pay to the
41 system a sum sufficient to satisfy the obligation under this act as certified
42 by the board.

43 (4) Each participating employer is hereby authorized to pay the

1 employer's contribution from the same fund that the compensation for
2 which such contribution is made is paid from or from any other funds
3 available to it for such purpose. Each political subdivision, other than an
4 instrumentality of the state, which is by law authorized to levy taxes for
5 other purposes, may levy annually at the time of its levy of taxes, a tax
6 which may be in addition to all other taxes authorized by law for the
7 purpose of making its contributions under this act and, in the case of cities
8 and counties, to pay a portion of the principal and interest on bonds issued
9 under the authority of K.S.A. 12-1774, and amendments thereto, by cities
10 located in the county, which tax, together with any other fund available,
11 shall be sufficient to enable it to make such contribution. In lieu of levying
12 the tax authorized in this subsection, any taxing subdivision may pay such
13 costs from any employee benefits contribution fund established pursuant to
14 K.S.A. 12-16,102, and amendments thereto. Each participating employer
15 which is not by law authorized to levy taxes as described above, but which
16 prepares a budget for its expenses for the ensuing year and presents the
17 same to a governing body which is authorized by law to levy taxes as
18 described above, may include in its budget an amount sufficient to make
19 its contributions under this act which may be in addition to all other taxes
20 authorized by law. Such governing body to which the budget is submitted
21 for approval, may levy a tax sufficient to allow the participating employer
22 to make its contributions under this act, which tax, together with any other
23 fund available, shall be sufficient to enable the participating employer to
24 make the contributions required by this act.

25 (5) (a) The rate of contribution certified to a participating employer as
26 provided in this section shall apply during the fiscal year of the
27 participating employer which begins in the second calendar year following
28 the year of the actuarial valuation.

29 (b) (i) Except as specifically provided in this section, for fiscal years
30 commencing in calendar year 1996 and in each subsequent calendar year,
31 the rate of contribution certified to the state of Kansas shall in no event
32 exceed the state's contribution rate for the immediately preceding fiscal
33 year by more than 0.2% of the amount of compensation upon which
34 members contribute during the period.

35 (ii) Except as specifically provided in this subsection, for the fiscal
36 years commencing in the following calendar years, the rate of contribution
37 certified to the state of Kansas and to the participating employers under
38 K.S.A. 74-4931, and amendments thereto, shall in no event exceed the
39 state's contribution rate for the immediately preceding fiscal year by more
40 than the following amounts expressed as a percentage of compensation
41 upon which members contribute during the period: (A) For the fiscal year
42 commencing in calendar years 2010 through 2012, an amount not to
43 exceed more than 0.6% of the amount of the immediately preceding fiscal

1 year; (B) for the fiscal year commencing in calendar year 2013, an amount
2 not to exceed more than 0.9% of the amount of the immediately preceding
3 fiscal year; (C) for the fiscal year commencing in calendar year 2014, an
4 amount not to exceed more than 1% of the amount of the immediately
5 preceding fiscal year; (D) for the fiscal year commencing in calendar year
6 2015, an amount not to exceed more than 1.1% of the amount of the
7 immediately preceding fiscal year; and (E) for the fiscal year commencing
8 in calendar year 2016, and in each subsequent calendar year, an amount
9 not to exceed more than 1.2% of the amount of the immediately preceding
10 fiscal year.

11 (iii) Except as specifically provided in this section, for fiscal years
12 commencing in calendar year 1997 and in each subsequent calendar year,
13 the rate of contribution certified to participating employers other than the
14 state of Kansas shall in no event exceed such participating employer's
15 contribution rate for the immediately preceding fiscal year by more than
16 0.15% of the amount of compensation upon which members contribute
17 during the period.

18 (iv) Except as specifically provided in this subsection, for the fiscal
19 years commencing in the following calendar years, the rate of contribution
20 certified to participating employers other than the state of Kansas shall in
21 no event exceed the contribution rate for such employers for the
22 immediately preceding fiscal year by more than the following amounts
23 expressed as a percentage of compensation upon which members
24 contribute during the period: (A) For the fiscal year commencing in
25 calendar years 2010 through 2013, an amount not to exceed more than
26 0.6% of the amount of the immediately preceding fiscal year; (B) for the
27 fiscal year commencing in calendar year 2014, an amount not to exceed
28 more than 0.9% of the amount of the immediately preceding fiscal year;
29 (C) for the fiscal year commencing in calendar year 2015, an amount not
30 to exceed more than 1% of the amount of the immediately preceding fiscal
31 year; (D) for the fiscal year commencing in calendar year 2016, an amount
32 not to exceed more than 1.1% of the amount of the immediately preceding
33 fiscal year; and (E) for the fiscal year commencing in calendar year 2017,
34 and in each subsequent calendar year, an amount not to exceed more than
35 1.2% of the amount of the immediately preceding fiscal year.

36 (v) As part of the annual actuarial valuation, there shall be a separate
37 employer rate of contribution calculated for the state of Kansas, a separate
38 employer rate of contribution calculated for participating employers under
39 K.S.A. 74-4931, and amendments thereto, a combined employer rate of
40 contribution calculated for the state of Kansas and participating employers
41 under K.S.A. 74-4931, and amendments thereto, and a separate employer
42 rate of contribution calculated for all other participating employers.

43 (vi) There shall be a combined employer rate of contribution certified

1 to the state of Kansas and participating employers under K.S.A. 74-4931,
2 and amendments thereto. There shall be a separate employer rate of
3 contribution certified to all other participating employers.

4 (vii) If the combined employer rate of contribution calculated for the
5 state of Kansas and participating employers under K.S.A. 74-4931, and
6 amendments thereto, is greater than the separate employer rate of
7 contribution for the state of Kansas, the difference in the two rates applied
8 to the actual payroll of the state of Kansas for the applicable fiscal year
9 shall be calculated. This amount shall be certified by the board for deposit
10 as additional employer contributions to the retirement benefit
11 accumulation reserve for the participating employers under K.S.A. 74-
12 4931, and amendments thereto.

13 (6) The actuarial cost of any legislation enacted in the 1994 session of
14 the Kansas legislature will be included in the June 30, 1994, actuarial
15 valuation in determining contribution rates for participating employers.

16 (7) The actuarial cost of the provisions of K.S.A. 74-4950i, and
17 amendments thereto, will be included in the June 30, 1998, actuarial
18 valuation in determining contribution rates for participating employers.
19 The actuarial accrued liability incurred for the provisions of K.S.A. 74-
20 4950i, and amendments thereto, shall be amortized over 15 years.

21 (8) Except as otherwise provided by law, the actuarial cost of any
22 legislation enacted by the Kansas legislature, except the actuarial cost of
23 K.S.A. 74-49,114a, and amendments thereto, shall be in addition to the
24 employer contribution rates certified for the employer contribution rate in
25 the fiscal year immediately following such enactment. Such actuarial cost
26 shall be determined by the qualified actuary employed or retained by the
27 system pursuant to K.S.A. 74-4908, and amendments thereto, and reported
28 to the system ~~and the joint committee on pensions, investments and~~
29 ~~benefits.~~

30 (9) Notwithstanding the provisions of subsection (8), the actuarial
31 cost of the provisions of K.S.A. 74-49,109 et seq., and amendments
32 thereto, shall be first reflected in employer contribution rates effective with
33 the first day of the first payroll period for the fiscal year 2005. The
34 actuarial accrued liability incurred for the provisions of K.S.A. 74-49,109
35 et seq., and amendments thereto, shall be amortized over 10 years.

36 (10) The cost of the postretirement benefit payment provided
37 pursuant to the provisions of K.S.A. 2012 Supp. 74-49,114b, and
38 amendments thereto, for retirants other than local retirants as described in
39 subsection (11) or insured disability benefit recipients shall be paid in the
40 fiscal year commencing on July 1, 2007.

41 (11) The actuarial accrued liability incurred for the provisions of
42 K.S.A. 2012 Supp. 74-49,114b, and amendments thereto, for the KPERS
43 local group and retirants who were employees of local employers which

1 affiliated with the Kansas police and firemen's retirement system shall be
2 amortized over 10 years.

3 (12) The cost of the postretirement benefit payment provided
4 pursuant to the provisions of K.S.A. 2012 Supp. 74-49,114c, and
5 amendments thereto, for retirants other than local retirants as described in
6 subsection (13) or insured disability benefit recipients shall be paid in the
7 fiscal year commencing on July 1, 2008.

8 (13) The actuarial accrued liability incurred for the provisions of
9 K.S.A. 2012 Supp. 74-49,114c, and amendments thereto, for the KPERS
10 local group and retirants who were employees of local employers which
11 affiliated with the Kansas police and firemen's retirement system shall be
12 amortized over 10 years.

13 (14) The board with the advice of the actuary may fix the contribution
14 rates for participating employers joining the system after one year from the
15 first entry date or for employers who exercise the option contained in
16 K.S.A. 74-4912, and amendments thereto, at rates different from the rate
17 fixed for employers joining within one year of the first entry date.

18 (15) Employer contributions shall in no way be limited by any other
19 act which now or in the future establishes or limits the compensation of
20 any member.

21 (16) Notwithstanding any provision of law to the contrary, each
22 participating employer shall remit quarterly, or as the board may otherwise
23 provide, all employee deductions and required employer contributions to
24 the executive director for credit to the Kansas public employees retirement
25 fund within three days after the end of the period covered by the
26 remittance by electronic funds transfer. Remittances of such deductions
27 and contributions received after such date are delinquent. Delinquent
28 payments due under this subsection shall be subject to interest at the rate
29 established for interest on judgments under subsection (a) of K.S.A. 16-
30 204, and amendments thereto. At the request of the board, delinquent
31 payments which are due or interest owed on such payments, or both, may
32 be deducted from any other moneys payable to such employer by any
33 department or agency of the state.

34 Sec. 14. K.S.A. 2012 Supp. 74-4921 is hereby amended to read as
35 follows: 74-4921. (1) There is hereby created in the state treasury the
36 Kansas public employees retirement fund. All employee and employer
37 contributions shall be deposited in the state treasury to be credited to the
38 Kansas public employees retirement fund. The fund is a trust fund and
39 shall be used solely for the exclusive purpose of providing benefits to
40 members and member beneficiaries and defraying reasonable expenses of
41 administering the fund. Investment income of the fund shall be added or
42 credited to the fund as provided by law. All benefits payable under the
43 system, refund of contributions and overpayments, purchases or

1 investments under the law and expenses in connection with the system
2 unless otherwise provided by law shall be paid from the fund. The director
3 of accounts and reports is authorized to draw warrants on the state
4 treasurer and against such fund upon the filing in the director's office of
5 proper vouchers executed by the chairperson or the executive director of
6 the board. As an alternative, payments from the fund may be made by
7 credits to the accounts of recipients of payments in banks, savings and loan
8 associations and credit unions. A payment shall be so made only upon the
9 written authorization and direction of the recipient of payment and upon
10 receipt of such authorization such payments shall be made in accordance
11 therewith. Orders for payment of such claims may be contained on (a) a
12 letter, memorandum, telegram, computer printout or similar writing, or (b)
13 any form of communication, other than voice, which is registered upon
14 magnetic tape, disc or any other medium designed to capture and contain
15 in durable form conventional signals used for the electronic
16 communication of messages.

17 (2) The board shall have the responsibility for the management of the
18 fund and shall discharge the board's duties with respect to the fund solely
19 in the interests of the members and beneficiaries of the system for the
20 exclusive purpose of providing benefits to members and such member's
21 beneficiaries and defraying reasonable expenses of administering the fund
22 and shall invest and reinvest moneys in the fund and acquire, retain,
23 manage, including the exercise of any voting rights and disposal of
24 investments of the fund within the limitations and according to the powers,
25 duties and purposes as prescribed by this section.

26 (3) Moneys in the fund shall be invested and reinvested to achieve the
27 investment objective which is preservation of the fund to provide benefits
28 to members and member beneficiaries, as provided by law and accordingly
29 providing that the moneys are as productive as possible, subject to the
30 standards set forth in this act. No moneys in the fund shall be invested or
31 reinvested if the sole or primary investment objective is for economic
32 development or social purposes or objectives.

33 (4) In investing and reinvesting moneys in the fund and in acquiring,
34 retaining, managing and disposing of investments of the fund, the board
35 shall exercise the judgment, care, skill, prudence and diligence under the
36 circumstances then prevailing, which persons of prudence, discretion and
37 intelligence acting in a like capacity and familiar with such matters would
38 use in the conduct of an enterprise of like character and with like aims by
39 diversifying the investments of the fund so as to minimize the risk of large
40 losses, unless under the circumstances it is clearly prudent not to do so,
41 and not in regard to speculation but in regard to the permanent disposition
42 of similar funds, considering the probable income as well as the probable
43 safety of their capital.

1 (5) Notwithstanding subsection (4): (a) Total investments in common
2 stock may be made in the amount of up to 60% of the total book value of
3 the fund;

4 (b) the board may invest or reinvest moneys of the fund in alternative
5 investments if the following conditions are satisfied:

6 (i) The total of the annual net commitment to alternative investments
7 does not exceed 5% of the total market value of investment assets of the
8 fund as measured from the end of the preceding calendar year;

9 (ii) if in addition to the system, there are at least two other qualified
10 institutional buyers, as defined by section (a)(1)(i) of rule 144A, securities
11 act of 1933;

12 (iii) the system's share in any individual alternative investment is
13 limited to an investment representing not more than 20% of any such
14 individual alternative investment;

15 (iv) the system has received a favorable and appropriate
16 recommendation from a qualified, independent expert in investment
17 management or analysis in that particular type of alternative investment;

18 (v) the alternative investment is consistent with the system's
19 investment policies and objectives as provided in subsection (6);

20 (vi) the individual alternative investment does not exceed more than
21 2.5% of the total alternative investments made under this subsection. If the
22 alternative investment is made pursuant to participation by the system in a
23 multi-investor pool, the 2.5% limitation contained in this subsection is
24 applied to the underlying individual assets of such pool and not to
25 investment in the pool itself. The total of such alternative investments
26 made pursuant to participation by the system in any one individual multi-
27 investor pool shall not exceed more than 20% of the total of alternative
28 investments made by the system pursuant to this subsection. Nothing in
29 this subsection requires the board to liquidate or sell the system's holdings
30 in any alternative investments made pursuant to participation by the
31 system in any one individual multi-investor pool held by the system on the
32 effective date of this act, unless such liquidation or sale would be in the
33 best interest of the members and beneficiaries of the system and be
34 prudent under the standards contained in this section. The 20% limitation
35 contained in this subsection shall not have been violated if the total of such
36 investment in any one individual multi-investor pool exceeds 20% of the
37 total alternative investments of the fund as a result of market forces acting
38 to increase the value of such a multi-investor pool relative to the rest of the
39 system's alternative investments; however, the board shall not invest or
40 reinvest any moneys of the fund in any such individual multi-investor pool
41 until the value of such individual multi-investor pool is less than 20% of
42 the total alternative investments of the fund;

43 (vii) the board has received and considered the investment manager's

1 due diligence findings submitted to the board as required by subsection (6)
2 (c);

3 (viii) prior to the time the alternative investment is made, the system
4 has in place procedures and systems to ensure that the investment is
5 properly monitored and investment performance is accurately measured;
6 and

7 (ix) the total of alternative investments does not exceed 15% of the
8 total investment assets of the fund. The 15% limitation contained in this
9 subsection shall not have been violated if the total of such alternative
10 investments exceeds 15% of the total investment assets of the fund, based
11 on the fund total market value, as a result of market forces acting to
12 increase the value of such alternative investments relative to the rest of the
13 system's investments. However, the board shall not invest or reinvest any
14 moneys of the fund in alternative investments until the total value of such
15 alternative investments is less than 15% of the total investment assets of
16 the fund based on the market value. If the total value of the alternative
17 investments exceeds 15% of the total investment assets of the fund, the
18 board shall not be required to liquidate or sell the system's holdings in any
19 alternative investment held by the system, unless such liquidation or sale
20 would be in the best interest of the members and beneficiaries of the
21 system and is prudent under the standards contained in this section.

22 For purposes of this act, "alternative investment" includes a broad
23 group of investments that are not one of the traditional asset types of
24 public equities, fixed income, cash or real estate. Alternative investments
25 are generally made through limited partnership or similar structures, are
26 not regularly traded on nationally recognized exchanges and thus are
27 relatively illiquid, and exhibit lower correlations with more liquid asset
28 types such as stocks and bonds. Alternative investments generally include,
29 but are not limited to, private equity, private credit, hedge funds,
30 infrastructure, commodities and other investments which have the
31 characteristics described in this paragraph; and

32 (c) except as otherwise provided, the board may invest or reinvest
33 moneys of the fund in real estate investments if the following conditions
34 are satisfied:

35 (i) The system has received a favorable and appropriate
36 recommendation from a qualified, independent expert in investment
37 management or analysis in that particular type of real estate investment;

38 (ii) the real estate investment is consistent with the system's
39 investment policies and objectives as provided in subsection (6); and

40 (iii) the system has received and considered the investment manager's
41 due diligence findings.

42 (6) Subject to the objective set forth in subsection (3) and the
43 standards set forth in subsections (4) and (5) the board shall formulate

1 policies and objectives for the investment and reinvestment of moneys in
2 the fund and the acquisition, retention, management and disposition of
3 investments of the fund. Such policies and objectives shall include:

4 (a) Specific asset allocation standards and objectives;

5 (b) establishment of criteria for evaluating the risk versus the
6 potential return on a particular investment;

7 (c) a requirement that all investment managers submit such manager's
8 due diligence findings on each investment to the board or investment
9 advisory committee for approval or rejection prior to making any
10 alternative investment;

11 (d) a requirement that all investment managers shall immediately
12 report all instances of default on investments to the board and provide the
13 board with recommendations and options, including, but not limited to,
14 curing the default or withdrawal from the investment; and

15 (e) establishment of criteria that would be used as a guideline for
16 determining when no additional add-on investments or reinvestments
17 would be made and when the investment would be liquidated.

18 The board shall review such policies and objectives, make changes
19 considered necessary or desirable and readopt such policies and objectives
20 on an annual basis.

21 (7) The board may enter into contracts with one or more persons
22 whom the board determines to be qualified, whereby the persons undertake
23 to perform the functions specified in subsection (2) to the extent provided
24 in the contract. Performance of functions under contract so entered into
25 shall be paid pursuant to rates fixed by the board subject to provisions of
26 appropriation acts and shall be based on specific contractual fee
27 arrangements. The system shall not pay or reimburse any expenses of
28 persons contracted with pursuant to this subsection, except that after
29 approval of the board, the system may pay approved investment related
30 expenses subject to provisions of appropriation acts. The board shall
31 require that a person contracted with to obtain commercial insurance
32 which provides for errors and omissions coverage for such person in an
33 amount to be specified by the board, provided that such coverage shall be
34 at least the greater of \$500,000 or 1% of the funds entrusted to such person
35 up to a maximum of \$10,000,000. The board shall require a person
36 contracted with to give a fidelity bond in a penal sum as may be fixed by
37 law or, if not so fixed, as may be fixed by the board, with corporate surety
38 authorized to do business in this state. Such persons contracted with the
39 board pursuant to this subsection and any persons contracted with such
40 persons to perform the functions specified in subsection (2) shall be
41 deemed to be agents of the board and the system in the performance of
42 contractual obligations.

43 (8) (a) In the acquisition or disposition of securities, the board may

1 rely on the written legal opinion of a reputable bond attorney or attorneys,
2 the written opinion of the attorney of the investment counselor or
3 managers, or the written opinion of the attorney general certifying the
4 legality of the securities.

5 (b) The board shall employ or retain qualified investment counsel or
6 counselors or may negotiate with a trust company to assist and advise in
7 the judicious investment of funds as herein provided.

8 (9) (a) Except as provided in subsection (7) and this subsection, the
9 custody of money and securities of the fund shall remain in the custody of
10 the state treasurer, except that the board may arrange for the custody of
11 such money and securities as it considers advisable with one or more
12 member banks or trust companies of the federal reserve system or with one
13 or more banks in the state of Kansas, or both, to be held in safekeeping by
14 the banks or trust companies for the collection of the principal and interest
15 or other income or of the proceeds of sale. The services provided by the
16 banks or trust companies shall be paid pursuant to rates fixed by the board
17 subject to provisions of appropriation acts.

18 (b) The state treasurer and the board shall collect the principal and
19 interest or other income of investments or the proceeds of sale of securities
20 in the custody of the state treasurer and pay same when so collected into
21 the fund.

22 (c) The principal and interest or other income or the proceeds of sale
23 of securities as provided in clause (a) of this subsection (9) shall be
24 reported to the state treasurer and the board and credited to the fund.

25 (10) The board shall with the advice of the director of accounts and
26 reports establish the requirements and procedure for reporting any and all
27 activity relating to investment functions provided for in this act in order to
28 prepare a record monthly of the investment income and changes made
29 during the preceding month. The record will reflect a detailed summary of
30 investment, reinvestment, purchase, sale and exchange transactions and
31 such other information as the board may consider advisable to reflect a
32 true accounting of the investment activity of the fund.

33 (11) The board shall provide for an examination of the investment
34 program annually. The examination shall include an evaluation of current
35 investment policies and practices and of specific investments of the fund in
36 relation to the objective set forth in subsection (3), the standard set forth in
37 subsection (4) and other criteria as may be appropriate, and
38 recommendations relating to the fund investment policies and practices
39 and to specific investments of the fund as are considered necessary or
40 desirable. The board shall include in its annual report to the governor as
41 provided in K.S.A. 74-4907, and amendments thereto, a report or a
42 summary thereof covering the investments of the fund.

43 (12) (a) An annual financial-compliance audit of the system,

1 including any performance audit subjects which are directed to be included
2 in such annual audit by the legislative post audit committee, performance
3 audits of the system as prescribed under the Kansas governmental
4 operations law, and such other audits as are directed by the legislative post
5 audit committee under the Kansas legislative post audit act shall be
6 conducted. The annual financial-compliance audit shall include, but not be
7 limited to, a review of alternative investments of the system with any
8 estimates of permanent impairments to the value of such alternative
9 investments reported by the system pursuant to K.S.A. 74-4907, and
10 amendments thereto.

11 (b) In accordance with this subsection (12), the annual financial-
12 compliance audit may include one or more performance audit subjects as
13 directed by the legislative post audit committee. In considering
14 performance audit subjects to be included in any financial-compliance
15 audit conducted pursuant to this subsection (12), the legislative post audit
16 committee shall consider recommendations and requests for performance
17 audits, relating to the system or the management thereof, ~~by the joint~~
18 ~~committee on pensions, investments and benefits or by any other~~
19 ~~committee or individual member of the legislature.~~ Commencing with the
20 financial-compliance audit for the fiscal year ending June 30, 1998, the
21 legislative post audit committee shall specify if one or more performance
22 audit subjects shall be included in the financial-compliance audit
23 conducted pursuant to this subsection (12), in addition to such other
24 subjects as may be directed to be included in the financial-compliance
25 audit by the legislative post audit committee. Except as otherwise
26 determined by the legislative post audit committee pursuant to this
27 subsection (12), commencing with the financial-compliance audit for the
28 fiscal year ending June 30, 1998, one or more performance audit subjects
29 specified by the legislative post audit committee shall be included at least
30 once every two fiscal years in a financial-compliance audit conducted
31 pursuant to this subsection (12). The legislative post audit committee may
32 direct that one or more performance audit subjects are to be included in a
33 financial-compliance audit conducted pursuant to this subsection (12) not
34 more than once during a specific period of three fiscal years, in lieu of
35 once every two fiscal years.

36 (c) The auditor to conduct the financial-compliance audit required
37 pursuant to this subsection (12) shall be specified in accordance with
38 K.S.A. 46-1122, and amendments thereto. If the legislative post audit
39 committee specifies under such statute that a firm, as defined by K.S.A.
40 46-1112, and amendments thereto, is to perform all or part of the audit
41 work of such audit, such firm shall be selected and shall perform such
42 audit work as provided in K.S.A. 46-1123, and amendments thereto, and
43 K.S.A. 46-1125 through 46-1127, and amendments thereto. The audits

1 required pursuant to this subsection (12) shall be conducted in accordance
2 with generally accepted governmental auditing standards. The financial-
3 compliance audit required pursuant to this subsection (12) shall be
4 conducted as soon after the close of the fiscal year as practicable, but shall
5 be completed no later than six months after the close of the fiscal year. The
6 post auditor shall annually compute the reasonably anticipated cost of
7 providing the financial-compliance audit pursuant to this subsection (12),
8 subject to review and approval by the contract audit committee established
9 by K.S.A. 46-1120, and amendments thereto. Upon such approval, the
10 system shall reimburse the division of post audit for the amount approved
11 by the contract audit committee. The furnishing of the financial-
12 compliance audit pursuant to this subsection (12) shall be a transaction
13 between the legislative post auditor and the system and shall be settled in
14 accordance with the provisions of K.S.A. 75-5516, and amendments
15 thereto.

16 (d) Any internal assessment or examination of alternative investments
17 of the system performed by any person or entity employed or retained by
18 the board which evaluates or monitors the performance of alternative
19 investments shall be reported to the legislative post auditor so that such
20 report may be reviewed in accordance with the annual financial-
21 compliance audits conducted pursuant to this subsection (12).

22 (e) The board shall prepare and submit an alternative investment
23 report to the ~~joint committee on pensions, investments and benefits~~
24 *standing committee on pensions and benefits of the house of*
25 *representatives* prior to January 1, 2016. Such report shall include a review
26 of alternative investments of the system with an emphasis on the effects of
27 changes in law pursuant to this act and includes specific investment cost
28 and market value information of each individual alternative investment.

29 Sec. 15. K.S.A. 2012 Supp. 74-4921c is hereby amended to read as
30 follows: 74-4921c.—(a) As used in K.S.A. 2012 Supp. 74-4921c and 74-
31 4921d, and amendments thereto:

32 (1) "Active business operations" means a company engaged in
33 business operations that provide revenue to the government of Sudan or a
34 company engaged in oil-related activities;

35 (2) "board" means the board of trustees of the Kansas public
36 employees retirement system;

37 (3) "business operations" means maintaining, selling or leasing
38 equipment, facilities, personnel, or any other apparatus of business or
39 commerce in Sudan, including the ownership or possession of real or
40 personal property located in Sudan;

41 (4) "company" means a sole proprietorship, organization, association,
42 corporation, partnership, venture or other entity, its subsidiary or affiliate
43 that exists for profitmaking purposes or to otherwise secure economic

1 advantage. "Company" also means a company owned or controlled, either
2 directly or indirectly, by the government of Sudan, that is established or
3 organized under the laws of or has its principal place of business in the
4 republic of the Sudan;

5 (5) "complicity" means the taking of actions which have directly
6 supported or promoted the genocidal campaign in Darfur;

7 (6) "energy or power-related operations" means any business
8 operation that involves a project commissioned by the national electricity
9 corporation of Sudan or similar Sudanese entity whose purpose is to
10 facilitate energy or power generation and delivery;

11 (7) "government of Sudan" means the government of Sudan or its
12 instrumentalities;

13 (8) "invest" or "investment" means the purchase, ownership or
14 control of stock of a company, association or corporation, the capital stock
15 of a mutual water company or corporation, bonds issued by the
16 government or a political subdivision of Sudan, corporate bonds or other
17 debt instruments issued by a company, or the commitment of funds or
18 other assets to a company, including a loan or extension of credit to that
19 company;

20 (9) "KPERS fund" means the Kansas public employees retirement
21 fund created pursuant to the provisions of K.S.A. 74-4921, and
22 amendments thereto;

23 (10) "military equipment" means weapons, arms or military defense
24 supplies;

25 (11) "mineral extraction activities" includes, but is not limited to, the
26 exploring, extracting, processing, transporting or wholesale selling or
27 trading of elemental minerals or associated metal alloys or oxides or ore;

28 (12) "oil-related activities" means, but is not limited to, the export of
29 oil, extracting or producing oil, exploration for oil, or the construction or
30 maintenance of a pipeline, refinery, or other oil field infrastructure;

31 (13) "research firm" means a reputable, neutral third-party research
32 firm;

33 (14) "substantial action" means a boycott of the government of
34 Sudan, curtailing business in Sudan until that time described in subsection
35 (m), selling company assets, equipment or real and personal property
36 located in Sudan, or undertaking significant humanitarian efforts in the
37 eastern, southern, or western regions of Sudan; and

38 (15) "Sudan" means the republic of the Sudan, a territory under the
39 administration or control of the Sudan, including, but not limited to, the
40 Darfur region, or an individual, company, or public agency located in
41 Khartoum, northern Sudan, or the Nile River Valley that supports the
42 republic of the Sudan.

43 (b) The board shall not invest KPERS funds in a company with

1 business operations in Sudan that meets all of the following criteria:

2 (1) The company is engaged in active business operations in Sudan.
3 If that company is not engaged in oil-related activities, that company also
4 lacks significant business operations in the eastern, southern and western
5 regions of Sudan; and

6 (2) either of the following apply:

7 (A) The company is engaged in oil-related activities, mineral
8 extraction activities or energy or power-related operations, or contracts
9 with another company with business operations in the oil, mineral
10 extraction, energy and power sectors of Sudan, and the company failed to
11 take substantial action related to the government of Sudan because of the
12 Darfur genocide; or

13 (B) the company has demonstrated complicity in the Darfur genocide.

14 (c) Notwithstanding subsection (b), the board shall not invest KPERS
15 funds in a company that supplies military equipment within the borders of
16 Sudan. If a company provides equipment within the borders of Sudan that
17 may be readily used for military purposes, including, but not limited to,
18 radar systems and military-grade transport vehicles, there shall also be a
19 strong presumption against investing in that company unless that company
20 implements safeguards to prevent the use of that equipment for military
21 purposes.

22 (d) (1) The board may contract with a research firm or firms to
23 determine those companies that have business operations in Sudan. Such
24 research firm or firms may obtain aggregate data on a majority of
25 companies with business operations in Sudan. On or before September 30,
26 2007, such research firm or firms may report any findings to the board and
27 may submit further findings to the board if there is a change of
28 circumstances in Sudan.

29 (2) In addition to the reports described in subsection (d)(1), the board
30 shall take all of the following actions no later than September 30, 2007:

31 (A) Review publicly available information regarding companies with
32 business operations in Sudan;

33 (B) contact other institutional investors that invest in companies with
34 business operations in Sudan; and

35 (C) send written notice to a company with business operations in
36 Sudan that the company may be subject to this section.

37 (e) (1) The board shall determine, by the next applicable board
38 meeting and based on the information and reports described in subsection
39 (d), if a company meets the criteria described in subsection (b) or (c). If
40 the board plans to invest or has investments in a company that meets the
41 criteria described in subsection (b) or (c), that planned or existing
42 investments shall be subject to subsections (g) and (h).

43 (2) Investments of the board in a company that does not meet the

1 criteria described in subsection (b) or (c) or does not have active business
2 operations in Sudan are not subject to subsection (h), provided that the
3 company does not subsequently meet the criteria described in subsection
4 (b) or (c) or engage in active business operations. The board shall identify
5 the reasons why that company does not satisfy the criteria described in
6 subsection (b) or (c) or does not engage in active business operations in the
7 report to the ~~joint committee on pensions, investments and benefits~~
8 *standing committee on pensions and benefits of the house of*
9 *representatives* described in subsection (i).

10 (f) (1) The board shall not be required to divest passively managed
11 commingled funds when the estimated annual costs of divestment exceed
12 5% of the total value of scrutinized companies with active business
13 operations held in the fund and the ratio holds for at least six months time.
14 ~~Such an estimate should be submitted in a report to the joint committee on~~
15 ~~pensions, investments, and benefits before the exemption is exercised. The~~
16 ~~report should be updated semi-annually thereafter as applicable.~~

17 (2) Notwithstanding subsection (e), if the board's investment in a
18 company described in subsection (b) or (c) is limited to investment via an
19 externally and actively managed commingled fund, the board shall contact
20 that fund manager in writing and request that the fund manager remove
21 that company from the KPERS fund as described in subsection (h). If the
22 KPERS fund or account manager creates a fund or account devoid of
23 companies described in subsection (b) or (c), the transfer of board
24 investments from the prior fund or account to the fund or account devoid
25 of companies with business operations in Sudan shall be deemed to satisfy
26 subsection (h).

27 (3) If the board's investment in a company described in subsection (b)
28 or (c) is limited to an alternative fund or account, the alternative fund or
29 account manager creates an actively managed commingled fund that
30 excludes companies described in subsection (b) or (c), and the new fund or
31 account is deemed to be financially equivalent to the existing fund or
32 account, the transfer of board investments from the existing fund or
33 account to the new fund or account shall be deemed to satisfy subsection
34 (h). If the board determines that the new fund or account is not financially
35 equivalent to the existing fund, the board shall include the reasons for that
36 determination in the report described in subsection (i).

37 (4) The board shall make a good faith effort to identify any private
38 equity investments that involve companies described in subsection (b) or
39 (c) or are linked to the government of Sudan. If the board determines that a
40 private equity investment clearly involves a company described in
41 subsection (b) or (c) or is linked to the government of Sudan, the board
42 shall consider, at its discretion, if those private equity investments shall be
43 subject to subsection (h). If the board determines that a private equity

1 investment clearly involves a company described in subsection (b) or (c)
2 or is linked to the government of Sudan and the board does not take action
3 as described in subsection (h), the board shall include the reasons for its
4 decision in the report described in subsection (i).

5 (g) Except as described in subsection (f) or subsection (e)(2), the
6 board, in the board's capacity of shareholder or investor, shall notify any
7 company described in subsection (e)(1) that the company is subject to
8 subsection (h) and permit that company to respond to the information and
9 reports described in subsection (d). The board shall request that the
10 company take substantial action no later than 90 days from the date the
11 board notified the company under this subsection. If the board determines
12 that a company has taken substantial action or has made sufficient progress
13 towards substantial action before the expiration of that 90-day period, that
14 company shall not be subject to subsection (h). The board shall, at
15 intervals not to exceed 90 days, continue to monitor and review the
16 progress of the company until that company has taken substantial action in
17 Sudan. A company that fails to complete substantial action or continue to
18 make sufficient progress towards substantial action by the next time
19 interval shall be subject to subsection (h).

20 (h) If a company described in subsection (e)(1) fails to complete
21 substantial action by the time described in subsection (g), the board shall
22 take the following actions:

23 (1) The board shall not make additional or new investments or renew
24 existing investments in that company.

25 (2) The board shall liquidate the investments of the board in that
26 company no later than 18 months after this subsection applies to that
27 company. The board shall liquidate those investments in a manner to
28 address the need for companies to take substantial action in Sudan and
29 consistent with the board's fiduciary responsibilities as provided in K.S.A.
30 74-4921, and amendments thereto.

31 (i) On or before June 30, 2008, and every year thereafter, the board
32 shall file a report with the ~~joint committee on pensions, investments and~~
33 ~~benefits~~ *standing committee on pensions and benefits of the house of*
34 *representatives*. The report shall describe the following:

35 (1) A list of investments the board has in companies with business
36 operations in Sudan, including, but not limited to, the issuer, by name, of
37 the stock, bonds, securities and other evidence of indebtedness;

38 (2) a detailed summary of the business operations a company
39 described in subsection (i)(1) has in Sudan and whether that company
40 satisfies all of the criteria in subsection (b) or (c);

41 (3) whether the board has reduced KPERS fund investments in a
42 company that satisfies the criteria in subsection (b) or (c);

43 (4) if the board has not completely reduced KPERS fund investments

1 in a company that satisfies the criteria in subsection (b) or (c), when the
2 board anticipates that the board will reduce all investments in that
3 company or the reasons why a sale or transfer of investments is
4 inconsistent with the fiduciary responsibilities of the board as provided in
5 K.S.A. 74-4921, and amendments thereto;

6 (5) any information described in subsection (e); and

7 (6) a detailed summary of investments that were transferred to funds
8 or accounts devoid of companies with business operations in Sudan as
9 described in subsection (f).

10 (j) If the board voluntarily sells or transfers all KPERS fund
11 investments in a company with business operations in Sudan, this section
12 shall not apply except that the board shall file a report with the legislature
13 related to that company as described in subsection (i).

14 (k) Nothing in this section shall require the board to take action as
15 described in this section unless the board determines, in good faith, that
16 the action described in this section is consistent with the fiduciary
17 responsibilities of the board as provided in K.S.A. 74-4921, and
18 amendments thereto.

19 (l) Subsection (h) shall not apply to any of the following:

20 (1) Investments in a company that is primarily engaged in supplying
21 goods or services intended to relieve human suffering in Sudan, and the
22 supplying of such goods and services is done in conjunction with an
23 international organization, the government of Sudan, the regional
24 government of Southern Sudan or a non-profit entity, and is evaluated and
25 certified by an independent third party to be substantial in relationship to
26 the business operations of the company in Sudan and of benefit to one or
27 more marginalized populations of Sudan;

28 (2) investments in a company that promotes health, education,
29 journalistic or religious activities in or welfare in the western, eastern or
30 southern regions of Sudan; and

31 (3) investments in a United States company that is authorized by the
32 federal government to have business operations in Sudan.

33 (m) This section shall remain in effect only until one of the following
34 occurs, and as of the date of that action, is repealed:

35 (1) The government of Sudan halts the genocide in Darfur for 12
36 months as determined by both the department of state and the congress of
37 the United States; or

38 (2) the United States revokes its current sanctions against Sudan.

39 Sec. 16. K.S.A. 2012 Supp. 74-4937 is hereby amended to read as
40 follows: 74-4937. (1) The normal retirement date of a member of the
41 system who is in school employment and who is subject to K.S.A. 74-
42 4940, and amendments thereto, shall be the first day of the month
43 coinciding with or following termination of employment not followed by

1 employment with any participating employer within 60 days and the
2 attainment of age 65 or, commencing July 1, 1986, age 65 or age 60 with
3 the completion of 35 years of credited service or at any age with the
4 completion of 40 years of credited service, or commencing July 1, 1993,
5 any alternative normal retirement date already prescribed by law or age 62
6 with the completion of 10 years of credited service or the first day of the
7 month coinciding with or following the date that the total of the number of
8 years of credited service and the number of years of attained age of the
9 member is equal to or more than 85. Each member upon giving prior
10 notice to the appointing authority and the retirement system may retire on
11 the normal retirement date or the first day of any month thereafter.

12 (2) Any member who is in school employment and who is subject to
13 K.S.A. 74-4940, and amendments thereto, may retire before such
14 member's normal retirement date on the first day of the month coinciding
15 with or following termination of employment not followed by employment
16 with any participating employer within 60 days and the attainment of age
17 55 with the completion of 10 years of credited service, upon the filing with
18 the office of the retirement system of an application for retirement in such
19 form and manner as the board shall prescribe.

20 (3) Commencing July 1, 2009, the provisions of subsection (5) of
21 K.S.A. 74-4914, and amendments thereto, which relate to an earnings
22 limitation which when met or exceeded requires that the retirant not
23 receive a retirement benefit for any month for which such retirant serves in
24 a position as described herein shall not apply to retirants who either retired
25 under the provisions of subsection (1) of K.S.A. 74-4914, and amendments
26 thereto, related to normal retirement, or, if they retired under the
27 provisions of subsection (4) of K.S.A. 74-4914, and amendments thereto,
28 related to early retirement, were retired more than 60 days prior to the
29 effective date of this act, and are subsequently hired in a position that
30 requires a license under K.S.A. 72-1388, and amendments thereto, or other
31 provision of law. The provisions of this subsection do not apply to retirants
32 who retired under subsection (4) of K.S.A. 74-4914, and amendments
33 thereto, which relates to early retirement prior to age 62. Except as
34 otherwise provided, when a retirant is employed by the same school
35 district or a different school district with which such retirant was employed
36 during the final two years of such retirant's participation or employed by a
37 third-party entity who contracts services with a school district to fill a
38 position as described in this subsection, the participating employer of such
39 retirant shall pay to the system the actuarially determined employer
40 contribution based on the retirant's compensation during any such period
41 of employment plus 8%. The provisions of this subsection shall not apply
42 to retirants employed as substitute teachers. The provisions of subsection
43 (5) of K.S.A. 74-4914, and amendments thereto, shall be applicable to

1 retirants employed as described in this subsection, except as specifically
2 provided in this subsection. Nothing in this subsection shall be construed
3 to create any right, or to authorize the creation of any right, which is not
4 subject to amendment or nullification by act of the legislature. The
5 provisions of this subsection shall expire on July 1, 2015. After such date
6 the Kansas public employees retirement system and its actuary shall report
7 the experience to the ~~joint committee on pensions, investments and~~
8 ~~benefits~~ *standing committee on pensions and benefits of the house of*
9 *representatives.*

10 Sec. 17. K.S.A. 2012 Supp. 74-49,129 is hereby amended to read as
11 follows: 74-49,129. (a) For the purpose of financing a portion of the
12 unfunded actuarial pension liability of the Kansas public employees
13 retirement system, the Kansas development finance authority is hereby
14 authorized to issue one or more series of revenue bonds under the Kansas
15 development finance authority act in an amount necessary to provide a
16 deposit or deposits in a total amount not to exceed \$500,000,000 to the
17 Kansas public employees retirement system and to pay the costs of
18 issuance of the bonds, including any credit enhancement, and provide any
19 required reserves for the bonds. The principal amount, interest rates and
20 final maturity of such revenue bonds and any bonds issued to refund such
21 bonds or parameters for such principal amount, interest rates and final
22 maturity shall be approved by a resolution of the state finance council. The
23 state finance council shall review and determine the lowest cost method
24 for financing such bonds, including, but not limited to, issues related to the
25 tax status of the bonds. The bonds, and interest thereon, issued pursuant to
26 this section shall be payable from moneys appropriated by the state for
27 such purpose. The bonds and interest thereon, issued pursuant to this
28 section shall be obligations only of the authority and in no event shall such
29 bonds constitute an indebtedness or obligation of the Kansas public
30 employees retirement system or an indebtedness or obligation for which
31 the faith and credit or any assets of the system are pledged.

32 (b) As used in this section, "unfunded actuarial pension liability"
33 means the unfunded actuarially accrued liability of the state for the state of
34 Kansas and participating employers under K.S.A. 74-4931, and
35 amendments thereto, portion of such liability of the Kansas public
36 employees retirement system, determined as of the later of December 31,
37 2001, or the end of the most recent calendar year for which an actuarial
38 valuation report is available and certified to the Kansas development
39 finance authority by the executive secretary of the Kansas public
40 employees retirement system.

41 (c) (1) The authority may pledge the contract or contracts authorized
42 in subsection (d), or any part thereof, for the payment or redemption of the
43 bonds, and covenant as to the use and disposition of money available to

1 the authority for payments of the bonds. The authority is authorized to
2 enter into any agreements necessary or desirable to effectuate the purposes
3 of this section.

4 (2) The proceeds from the sale of the bonds, other than refunding
5 bonds, issued pursuant to this section, after payment of any costs related to
6 the issuance of such bonds, shall be paid by the authority to the Kansas
7 public employees retirement system to be applied to the payment, in full or
8 in part, of the unfunded accrued pension liability as directed by the Kansas
9 public employees retirement system.

10 (3) The state hereby pledges and covenants with the holders of any
11 bonds issued pursuant to the provisions of this section, that it will not limit
12 or alter the rights or powers vested in the authority by this section, nor
13 limit or alter the rights or powers of the authority, the department of
14 administration or the Kansas public employees retirement system, in any
15 manner which would jeopardize the interest of the holders or any trustee of
16 such holders or inhibit or prevent performance or fulfillment by the
17 authority, the department of administration or the Kansas public employees
18 retirement system with respect to the terms of any agreement made with
19 the holders of the bonds or agreements made pursuant to this section,
20 except that the failure of the legislature to appropriate moneys for any
21 purpose shall not be deemed a violation of this pledge and covenant. The
22 department of administration is hereby specifically authorized to include
23 this pledge and covenant in any agreement with the authority. The
24 authority is hereby specifically authorized to include this pledge and
25 covenant in any bond resolution, trust indenture or agreement for the
26 benefit of holders of the bonds.

27 (4) Revenue bonds may be issued pursuant to this section without
28 obtaining the consent of any department, division, commission, board or
29 agency of the state, other than the approvals of the state finance council
30 required by this section, and without any other proceedings or the
31 occurrence of any other conditions or other things other than those
32 proceedings, conditions or things which are specifically required by the
33 Kansas development finance authority act.

34 (d) The department of administration and the authority are authorized
35 to enter into one or more contracts to implement the payment arrangement
36 that is provided for in this section. The contract or contracts shall provide
37 for payment of the amounts required to be paid pursuant to this section and
38 shall set forth the procedure for the transfer of moneys for the purpose of
39 paying such moneys. The contract or contracts shall contain such terms
40 and conditions including principal amount, interest rates and final maturity
41 as shall be approved by resolution of the state finance council and shall
42 include, but not be limited to, terms and conditions necessary or desirable
43 to provide for repayment of and to secure any bonds of the authority issued

1 pursuant to this section.

2 (e) The approvals by the state finance council required by subsection
3 (a) and (d) are hereby characterized as matters of legislative delegation and
4 subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c,
5 and amendments thereto. Such approvals may be given by the state finance
6 council when the legislature is in session.

7 (f) No bonds shall be issued pursuant to this section prior to the
8 review of and recommendation to the state finance council of such
9 issuance by the ~~joint committee on pensions, investments and benefits~~
10 *standing committee on pensions and benefits of the house of*
11 *representatives.*

12 Sec. 18. K.S.A. 2012 Supp. 74-5001a is hereby amended to read as
13 follows: 74-5001a. The purpose of the department of commerce shall be to
14 develop and implement strategies to:

15 (a) Facilitate the growth, diversification and expansion of existing
16 enterprises and the creation by Kansans of new wealth-generating
17 enterprises;

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

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

24 (d) maintain and revitalize economically depressed rural areas and
25 urban neighborhoods by annually targeting scarce resources by size, sector
26 and location to communities and enterprises of particular need and
27 opportunity and by working in close collaboration with local communities;

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

30 (f) forge a supportive partnership with the standing committee on
31 commerce of the senate, the standing committee on *commerce, labor and*
32 *economic development* of the house of representatives ~~and the joint~~
33 ~~committee on economic development~~, Kansas venture capital, inc., Kansas
34 certified development companies, Kansas small business development
35 centers, Kansas public and private educational institutions, and other
36 appropriate private and public sector organizations in achieving the
37 economic goals of the state.

38 Sec. 19. K.S.A. 2012 Supp. 74-5002s is hereby amended to read as
39 follows: 74-5002s. (a) There is hereby established, within the Kansas
40 department of commerce, a division of workforce development. The head
41 of the division shall be the director of workforce development, who shall
42 be appointed by and serve at the pleasure of the secretary of the
43 department of commerce. The director shall be in the unclassified service

1 under the Kansas civil service act and shall receive an annual salary fixed
2 by the secretary of commerce, with the approval of the governor. Under
3 the supervision of the secretary of commerce, the director of workforce
4 development shall administer the division of workforce development.

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

14 Sec. 20. K.S.A. 2012 Supp. 74-5049 is hereby amended to read as
15 follows: 74-5049. (a) In order to insure that the department of commerce is
16 effectively administering this act, the department shall cooperate with the
17 standing committee on commerce of the senate, *and the standing*
18 ~~committee on new economy commerce, labor and economic development~~
19 ~~of the house of representatives and the joint committee on economic~~
20 ~~development~~ in the performance of an independent performance review of
21 the activities of the department and the departmental divisions. The review
22 shall include, but not be limited to: (1) An assessment of the impacts of the
23 department's programs corresponding to the strategic plans of the
24 department and the departmental divisions; (2) a comparative assessment
25 of the relative impact of the department's programs with similar programs
26 in other states; and (3) a comparative assessment of the targeting of the
27 department's programs by size and sector of economic activity, and by
28 location in different areas of the state. The review shall be completed or
29 updated at least once every three years.

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

1 necessary to better address the purposes described in this act. The annual
2 report to the standing committee on commerce of the senate; *and* the
3 standing committee on ~~new economy~~ *commerce, labor and economic*
4 *development* of the house of representatives ~~and the joint committee on~~
5 ~~economic development~~ shall be made by the department either: (1) By
6 publishing such report on the internet and by notifying each member of the
7 committees that the report is available and providing, as part of such
8 notice, the uniform resource locator (URL) at which such report is
9 available; or (2) by submitting copies of such report on CD-ROM or other
10 electronically readable media to such committees.

11 Sec. 21. K.S.A. 2012 Supp. 74-5097 is hereby amended to read as
12 follows: 74-5097. (a) Subject to the provisions of appropriations acts and
13 in accordance with the provisions of this act, the department of commerce
14 may provide planning grants and action grants to city-county economic
15 development organizations located in nonmetropolitan counties, for the
16 development and implementation of countywide economic development
17 strategy plans or to neighborhood revitalization organizations, in
18 metropolitan counties, for the planning and implementation of urban
19 economic development plans.

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

26 (1) Grant applicants from nonmetropolitan counties shall be subject
27 to the following conditions. Planning grants shall be for the development
28 of countywide economic development strategy plans. No planning grant
29 shall exceed \$15,000 for any single county economic development plan.
30 An additional award for an amount not to exceed \$5,000 may be granted
31 for each additional county participating in the development of a joint
32 multi-county strategic economic development plan, except that under no
33 circumstances shall the total planning grant exceed \$35,000. Any city-
34 county economic development organization receiving a planning grant
35 shall be required to provide additional funds equaling 25% of the amount
36 of the planning grant. Action grants shall be for the implementation of
37 countywide economic development strategy plans. Total action grants shall
38 not exceed \$25,000 for any single county action grant application. An
39 additional award for an amount not to exceed \$10,000 may be granted for
40 each additional county participating in a joint multi-county action grant
41 implementation effort, except that under no circumstances shall the action
42 grant totals exceed \$65,000. Any city-county economic development
43 organization receiving a grant shall be required to provide additional funds

1 equaling 100% of the amount of the action grant. Not more than one
2 planning grant may be awarded to any one county or combination of
3 counties.

4 (2) Neighborhood revitalization organizations from metropolitan
5 counties shall be subject to the following conditions. Prior to applying to
6 the committee, the neighborhood revitalization organization must submit
7 its application to a local economic development organization designated
8 by the county commission of the county in which the organization is
9 located. The local economic development organization shall review the
10 application and determine whether the application should be funded on the
11 basis of local needs and priorities. If the application is approved by the
12 local economic development organization and endorsed by resolution by
13 the county commission and the governing body of the city in which the
14 blighted area is located, the application shall be forwarded to the
15 committee for further consideration. Planning grants shall be for the
16 development of urban economic development strategy plans. No planning
17 grant shall exceed \$15,000 for any single urban economic development
18 plan. Any neighborhood revitalization organization receiving a planning
19 grant shall be required to provide additional funds equaling 25% of the
20 amount of the planning grant. Action grants shall be for the
21 implementation of urban economic development strategy plans. Total
22 action grants shall not exceed \$25,000 for any single urban action grant
23 application. Any neighborhood revitalization organization receiving a
24 grant shall be required to provide additional funds equaling 100% of the
25 amount of the action grant. Not more than one planning grant may be
26 awarded to any one neighborhood revitalization organization.

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

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

39 (c) The secretary of commerce may enter into an agreement with
40 economic development service providers to provide reimbursement to
41 such providers for expenses incurred in strategic planning activities which
42 do not relate to the facilitation of a specific strategic plan. Such activities
43 may include, but are not limited to, preapplication consulting and

1 maintenance of economic development data bases. Such expenses shall be
2 paid on a per project basis and must be preapproved by the secretary.

3 (d) Each city-county economic development organization or
4 neighborhood revitalization organization which has received a planning
5 grant beginning on and after July 1, 1990, shall assess the effectiveness of
6 the strategic planning process under this program and the local
7 preparedness in engaging in such process. Such assessment shall be
8 submitted to the Kansas department of commerce within three months
9 after completion of a strategic plan. The status report developed pursuant
10 to subsection (f) shall include a summary of all strategic plan assessments
11 received for a twelve-month period prior to the submittal of the report to
12 ~~the joint committee on economic development~~ *standing committee on*
13 *commerce of the senate and the standing committee on commerce, labor*
14 *and economic development of the house of representatives.* However, the
15 summary may not include assessments submitted within 30 days of the
16 submittal of the department's report. Any such assessments shall be
17 included in a subsequent annual report.

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

35 (f) As a part of the annual report required pursuant to K.S.A. 74-
36 5049, and amendments thereto, the Kansas department of commerce shall
37 present a status report of activities including, but not limited to, specifics
38 of community strengths and weaknesses and planning issues and strategies
39 under the provisions of this act to ~~the joint committee on economic~~
40 ~~development~~ *standing committee on commerce of the senate and the*
41 *standing committee on commerce, labor and economic development of the*
42 *house of representatives.*

43 Sec. 22. K.S.A. 2012 Supp. 74-50,123 is hereby amended to read as

1 follows: 74-50,123. (a) The secretary shall transmit annually to the
2 governor, the standing committee on commerce of the senate; *and* the
3 standing committee on *commerce, labor and* economic development ~~and~~
4 ~~tourism~~ of the house of representatives ~~and the joint committee on~~
5 ~~economic development~~, or any successor committee, a report, based upon
6 information received from each qualified industrial manufacturer for
7 which benefits have been issued during the preceding year, describing the
8 following: (1) The manner in which the purpose, as described in this act,
9 has been carried out;

10 (2) an estimate of jobs created and jobs preserved by cash
11 investments made in qualified industrial manufacturers; and

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

14 (b) The secretary shall conduct an annual review of the activities
15 undertaken pursuant to this act to ensure that benefits issued pursuant to
16 this act are issued in compliance with the provisions of this act or rules and
17 regulations adopted by the department with respect to this act.

18 (c) Any violation of the reporting requirements set forth in the
19 agreement shall be grounds for loss of designation as a qualified industrial
20 manufacturer under this section.

21 (d) If the secretary determines that a qualified industrial manufacturer
22 is not in substantial compliance with the requirements of this act, the
23 secretary, by written notice, shall inform the officers of the qualified
24 industrial manufacturer that such qualified industrial manufacturer shall
25 lose its designation as a qualified industrial manufacturer unless such
26 qualified industrial manufacturer corrects the deficiencies and is once
27 again in compliance with the requirements for designation.

28 Sec. 23. K.S.A. 2012 Supp. 74-50,151 is hereby amended to read as
29 follows: 74-50,151. (a) There is hereby created in the state treasury the
30 Kansas economic opportunity initiatives fund. Subject to acts of the
31 legislature applicable thereto, the moneys in the Kansas economic
32 opportunity initiatives fund shall be used only for the purposes prescribed
33 by this section.

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

43 (1) A major expansion of an existing Kansas commercial enterprise;

1 (2) the potential location in Kansas of the operations of a major
2 employer;

3 (3) the award of a significant federal or private sector grant which has
4 a financial matching requirement;

5 (4) the departure from Kansas or the substantial reduction of the
6 operations of a major employer; and

7 (5) the closure or the substantial reduction of a major federal or state
8 institution or facility.

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

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

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

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

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

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

8 (g) The secretary of commerce shall review annually the propriety of
9 projects funded under this section and report the findings in writing to the
10 governor, the ~~new economy~~ committee *on commerce, labor and economic*
11 *development* of the house of representatives; *and* the senate commerce
12 committee ~~and the joint committee on economic development~~. The report
13 to the ~~new economy~~ *commerce, labor and economic development*
14 committee of the house of representatives; *and* the commerce committee
15 of the senate ~~and the joint committee on economic development~~ under this
16 subsection shall be made either: (1) By publishing such report on the
17 internet and by notifying each member of the committees that the report is
18 available and providing, as part of such notice, the uniform resource
19 locator (URL) at which such report is available; or (2) by submitting
20 copies of such report on CD-ROM or other electronically readable media
21 to such committees.

22 Sec. 24. K.S.A. 2012 Supp. 74-50,216 is hereby amended to read as
23 follows: 74-50,216. The secretary shall transmit annually to the governor,
24 the standing committees on taxation and assessment and commerce of the
25 senate, the standing committees on taxation and *commerce, labor and*
26 *economic development and tourism* of the house of representatives ~~and the~~
27 ~~joint committee on economic development~~, or any successor committee, a
28 report, based on information received from each qualified company
29 receiving benefits under this act, describing the following:

30 (a) The names of the qualified companies;
31 (b) the types of qualified companies utilizing the act;
32 (c) the location of such companies and the location of such
33 companies' business operations in Kansas;

34 (d) the number of new employees hired;

35 (e) the wages paid for such new employees;

36 (f) the annual amount of benefits provided under this act;

37 (g) the estimated net state fiscal impact, including the direct and
38 indirect new state taxes derived from the new employees hired; and

39 (h) an estimate of the multiplier effect on the Kansas economy of the
40 benefits received under this act.

41 Sec. 25. K.S.A. 2012 Supp. 74-8004 is hereby amended to read as
42 follows: 74-8004. (a) In order to achieve its purpose as provided in this
43 act, the secretary of commerce shall:

1 (1) Serve in an advisory capacity to the governor, the standing
2 committee on commerce of the senate; *and* the standing committee on
3 *commerce, labor and* economic development of the house of
4 representatives ~~and the joint committee on economic development.~~

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

8 (3) Coordinate the strategy development with all other state and local
9 agencies and offices and state educational institutions which do research
10 work, develop materials and programs, gather statistics, or which perform
11 functions related to economic development; and such state and local
12 agencies and offices and state educational institutions shall advise and
13 cooperate with the secretary of commerce in the planning and
14 accomplishment of the strategy.

15 (4) Evaluate and analyze the state's economy to guide the direction of
16 future public and private actions, and report and make recommendations to
17 the governor, the standing committee on commerce of the senate; *and* the
18 standing committee on *commerce, labor and* economic development of the
19 house of representatives ~~and the joint committee on economic~~
20 ~~development~~ with respect to the state's economy. The report to the
21 committee on commerce of the senate; *and* the committee on *commerce,*
22 *labor and* economic development of the house of representatives ~~and the~~
23 ~~joint committee on economic development~~ under this subsection shall be
24 made by the secretary of commerce, either: (A) By publishing such report
25 on the internet and by notifying each member of the committees that the
26 report is available and providing, as part of such notice, the uniform
27 resource locator (URL) at which such report is available; or (B) by
28 submitting copies of such report on CD-ROM or other electronically
29 readable media to such committees.

30 (5) Oversee and evaluate the state's economic development activities
31 on an ongoing basis through the establishment of goals, priorities *and*
32 performance standards and the periodic program audit of those goals,
33 priorities and performance standards.

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

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

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

41 (9) Review and evaluate the annual report of Kansas venture capital,
42 inc. The secretary of commerce shall transmit recommendations
43 concerning the Kansas venture capital, inc. activities to the governor and

1 the legislature no later than September 1 of each year.

2 (10) Evaluate and report on the effectiveness of the activities of the
3 Kansas bioscience authority as provided in K.S.A. 2012 Supp. 74-99b09,
4 *and amendments thereto*.

5 (b) The secretary of commerce shall seek advice from the general
6 public and from professional associations, academic groups and
7 institutions and individuals with knowledge of and interest in areas of
8 economic development and planning.

9 (c) All interested state agencies shall cooperate with the secretary of
10 commerce in providing information and other assistance as may be
11 requested for the performance of its duties with respect to the state's
12 economic development plan.

13 Sec. 26. K.S.A. 2012 Supp. 74-8135 is hereby amended to read as
14 follows: 74-8135. (a) The designation of a business as a qualified Kansas
15 business shall be made by the secretary, and such designation must be
16 renewed annually. A business shall be so designated if the secretary
17 determines, based upon the application submitted by the business and any
18 additional investigation the staff of the department shall make, that the
19 following criteria have been or shall be satisfied:

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

21 (2) the business has the reasonable potential to create measurable
22 employment within the state;

23 (3) the business has an innovative and proprietary technology,
24 product and service;

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

28 (5) the securities to be issued and purchased are qualified securities;
29 and

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

38 (b) In addition to reports by the businesses to the department, the
39 secretary will also provide an annual report, on or before February 1, to the
40 governor, to the senate committee on commerce; *and* the house committee
41 on *commerce, labor and economic development and tourism and the joint*
42 ~~committee on economic development~~ and any successor committees
43 thereto, on the marketing and use of the angel investor tax credits. This

1 report will include the following: The amount of tax credits used in the
2 previous fiscal year including what percentage was claimed by individuals
3 and what percentage was claimed by investment firms; the types of
4 businesses that benefited from the tax credits; and any aggregate job
5 creation or capital investment in Kansas that resulted from the use of the
6 tax credits for a period of five years beginning from the date on which the
7 tax credits were awarded. In addition, the annual report will provide
8 information regarding what businesses which derived benefit from the tax
9 credits remained in Kansas and what businesses ceased business, what
10 businesses were purchased and what businesses may have moved out-of-
11 state and why.

12 Sec. 27. K.S.A. 2012 Supp. 74-8136 is hereby amended to read as
13 follows: 74-8136. (a) Tax credits for qualified Kansas businesses are a
14 limited resource of the state for which the secretary is designated as the
15 administrator. The purpose of such tax credits is to facilitate the
16 availability of equity investment in businesses in the early stages of
17 commercial development and to assist in the creation and expansion of
18 Kansas businesses which are job and wealth creating enterprises. To
19 achieve this purpose and to optimize the use of the limited resources of the
20 state, the secretary is authorized to issue tax credits to qualified investors
21 in qualified Kansas businesses. Such tax credits shall be awarded to those
22 qualified Kansas businesses which, as determined by the secretary, are
23 most likely to provide the greatest economic benefit to the state. The
24 secretary may issue whole or partial tax credits based on an assessment of
25 the qualified businesses. The secretary may consider numerous factors in
26 such assessment, including, but not limited to, the quality and experience
27 of the management team, the size of the estimated market opportunity, the
28 risk from current or future competition, the ability to defend intellectual
29 property, the quality and utility of the business model and the quality and
30 reasonableness of financial projections for the business.

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

43 (c) The secretary shall transmit annually to the governor, the standing

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

14 (d) The secretary shall provide the information specified in
15 subsection (c) to the department of revenue on an annual basis. The
16 secretary shall conduct an annual review of the activities undertaken
17 pursuant to this act to ensure that tax credits issued pursuant to this act are
18 issued in compliance with the provisions of this act or rules and
19 regulations promulgated by the department with respect to this act.

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

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

1 repayment obligation.

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

4 (i) The secretary shall adopt rules and regulations in accordance with
5 the rules and regulations filing act necessary to implement the provisions
6 of K.S.A. 2012 Supp. 74-8131 through 74-8136, and amendments thereto.

7 Sec. 28. K.S.A. 2012 Supp. 74-8204 is hereby amended to read as
8 follows: 74-8204. (a) Kansas venture capital, inc., shall prepare and
9 publish an annual report of its activities for the information of the
10 governor, the standing committee on commerce of the senate, the standing
11 committee on ~~new economy~~ *commerce, labor and economic development*
12 of the house of representatives ~~and the joint committee on economic~~
13 ~~development~~, securities commissioner of Kansas, attorney general and the
14 public which shall be made widely available and shall specifically account
15 for:

16 (1) The manner in which the purpose as described in this act has been
17 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 venture
25 capital, inc., by size, sector and location to enterprises of particular need
26 and opportunity.

27 (b) The report to the standing committee on commerce of the senate,
28 *and the standing committee on ~~new economy~~ commerce, labor and*
29 *economic development* of the house of representatives ~~and the joint~~
30 ~~committee on economic development~~ under this section shall be made by

31 Kansas venture capital, inc., either: (1) By publishing such report on the
32 internet and by notifying each member of the committees that the report is
33 available and providing, as part of such notice, the uniform resource
34 locator (URL) at which such report is available; or (2) by submitting
35 copies of such report on CD-ROM or other electronically readable media.

36 Sec. 29. K.S.A. 2012 Supp. 74-8310 is hereby amended to read as
37 follows: 74-8310. (a) Pursuant to K.S.A. 74-5049, and amendments
38 thereto, the 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 the standing committee on commerce
6 of the senate; *and* the standing committee on *commerce, labor and*
7 *economic development* of the house of representatives ~~and the joint~~
8 ~~committee on economic development~~, and may include specific
9 recommendations for legislation.

10 Sec. 30. K.S.A. 2012 Supp. 74-8317 is hereby amended to read as
11 follows: 74-8317. The secretary shall transmit annually to the governor,
12 the standing committee on commerce of the senate; *and* the standing
13 committee on *commerce, labor and* economic development of the house of
14 representatives ~~and the joint committee on economic development~~:

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 been
19 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 by
23 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. 31. K.S.A. 2012 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 the standing committee on commerce
41 of the senate; *and* the standing committee on *commerce, labor and*
42 *economic development* of the house of representatives ~~and the joint~~
43 ~~committee on economic development~~, and may include specific

1 recommendations for legislation.

2 Sec. 32. K.S.A. 2012 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 on
5 commerce in the senate; *and the standing committee on commerce, labor*
6 *and economic development in the house of representatives*—~~and the joint~~
7 ~~committee on economic development~~ a report stating what tax credits have
8 been issued during the preceding year and based on information provided
9 by the regional or local community seed capital fund or economic
10 development agency, describing the following: (1) The manner in which
11 the purpose, as described in this act, has been carried out;; (2) the total
12 grants given to community seed capital funds or economic development
13 agencies during the preceding year and cumulatively since the inception of
14 this act;; (3) the number of companies and jobs created or preserved by the
15 grants given under this act and their location;; and (4) an estimate of the
16 multiplier effect on the Kansas economy of the grants made pursuant to
17 this act.

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

20 Sec. 33. K.S.A. 2012 Supp. 75-7423 is hereby amended to read as
21 follows: 75-7423. The department of health and environment in
22 consultation with ~~the joint committee on health policy oversight~~ *standing*
23 *committee on public health and welfare of the senate and the standing*
24 *committee on health and human services of the house of representatives*
25 shall consider as part of the health reform in Kansas various medicaid
26 reform options including, but not limited to: The experience of other
27 states, long-term care, waste, fraud and abuse, health opportunity accounts,
28 tax credits, vouchers and premium assistance, and wellness as provided
29 through the federal deficit reduction act of 2005, public law 109-171. Such
30 medicaid reforms should result in improved health outcomes for medicaid
31 recipients, long-term cost controls and encourage primary and preventive
32 care which will result in cost savings for the state.

33 Sec. 34. K.S.A. 2012 Supp. 75-7427 is hereby amended to read as
34 follows: 75-7427. (a) As used in this section:

35 (1) "Attorney general" means the attorney general, employees of the
36 attorney general or authorized representatives of the attorney general.

37 (2) "Benefit" means the receipt of money, goods, items, facilities,
38 accommodations or anything of pecuniary value.

39 (3) "Claim" means an electronic, electronic impulse, facsimile,
40 magnetic, oral, telephonic or written communication that is utilized to
41 identify any goods, service, item, facility or accommodation as
42 reimbursable to the state medicaid program, or its fiscal agents, the state
43 mediKan program or the state children's health insurance program or

1 which states income or expense.

2 (4) "Client" means past or present beneficiaries or recipients of the
3 state medicaid program, the state mediKan program or the state children's
4 health insurance program.

5 (5) "Contractor" means any contractor, supplier, vendor or other
6 person who, through a contract or other arrangement, has received, is to
7 receive or is receiving public funds or in-kind contributions from the
8 contracting agency as part of the state medicaid program, the state
9 mediKan program or the state children's health insurance program, and
10 shall include any sub-contractor.

11 (6) "Contractor files" means those records of contractors which relate
12 to the state medicaid program, the state mediKan program or the state
13 children's health insurance program.

14 (7) "Fiscal agent" means any corporation, firm, individual,
15 organization, partnership, professional association or other legal entity
16 which, through a contractual relationship with the state of Kansas receives,
17 processes and pays claims under the state medicaid program, the state
18 mediKan program or the state children's health insurance program.

19 (8) "Health care provider" means a health care provider as defined
20 under K.S.A. 65-4921, and amendments thereto, who has applied to
21 participate in, who currently participates in, or who has previously
22 participated in the state medicaid program, the state mediKan program or
23 the state children's health insurance program.

24 (9) "Department" means the department of health and environment,
25 or its successor agency.

26 (10) "Managed care program" means a program which provides
27 coordination, direction and provision of health services to an identified
28 group of individuals by providers, agencies or organizations.

29 (11) "Medicaid program" means the Kansas program of medical
30 assistance for which federal or state moneys, or any combination thereof,
31 are expended, or any successor federal or state, or both, health insurance
32 program or waiver granted thereunder.

33 (12) "Person" means any agency, association, corporation, firm,
34 limited liability company, limited liability partnership, natural person,
35 organization, partnership or other legal entity, the agents, employees,
36 independent contractors, and subcontractors, thereof, and the legal
37 successors thereto.

38 (13) "Provider" means a person who has applied to participate in,
39 who currently participates in, who has previously participated in, who
40 attempts or has attempted to participate in the state medicaid program, the
41 state mediKan program or the state children's health insurance program, by
42 providing or claiming to have provided goods, services, items, facilities or
43 accommodations.

1 (14) "Recipient" means an individual, either real or fictitious, in
2 whose behalf any person claimed or received any payment or payments
3 from the state medicaid program, or its fiscal agent, the state mediKan
4 program or the state children's health insurance program, whether or not
5 any such individual was eligible for benefits under the state medicaid
6 program, the state mediKan program or the state children's health
7 insurance program.

8 (15) "Records" means all written documents and electronic or
9 magnetic data, including, but not limited to, medical records, x-rays,
10 professional, financial or business records relating to the treatment or care
11 of any recipient; goods, services, items, facilities or accommodations
12 provided to any such recipient; rates paid for such goods, services, items,
13 facilities or accommodations; and goods, services, items, facilities or
14 accommodations provided to nonmedicaid recipients to verify rates or
15 amounts of goods, services, items, facilities or accommodations provided
16 to medicaid recipients, as well as any records that the state medicaid
17 program, or its fiscal agents, the state mediKan program or the state
18 children's health insurance program require providers to maintain.
19 "Records" shall not include any report or record in any format which is
20 made pursuant to K.S.A. 65-4922, 65-4923 or 65-4924, and amendments
21 thereto, and which is privileged pursuant to K.S.A. 65-4915 or 65-4925,
22 and amendments thereto.

23 (16) "State children's health insurance program" means the state
24 children's health insurance program as provided in K.S.A. 38-2001 et seq.,
25 and amendments thereto.

26 (b) (1) There is hereby established within the department of health
27 and environment the office of inspector general. All budgeting, purchasing
28 and related management functions of the office of inspector general shall
29 be administered under the direction and supervision of the executive
30 director of the department of health and environment. The purpose of the
31 office of inspector general is to establish a full-time program of audit,
32 investigation and performance review to provide increased accountability,
33 integrity and oversight of the state medicaid program, the state mediKan
34 program and the state children's health insurance program within the
35 jurisdiction of the department of health and environment and to assist in
36 improving agency and program operations and in deterring and identifying
37 fraud, waste, abuse and illegal acts. The office of inspector general shall be
38 independent and free from political influence and in performing the duties
39 of the office under this section shall conduct investigations, audits,
40 evaluations, inspections and other reviews in accordance with professional
41 standards that relate to the fields of investigation and auditing in
42 government.

43 (2) (A) The inspector general shall be appointed by the department of

1 health and environment with the advice and consent of the senate and
2 subject to confirmation by the senate as provided in K.S.A. 75-4315b, and
3 amendments thereto. Except as provided in K.S.A. 46-2601, and
4 amendments thereto, no person appointed to the position of inspector
5 general shall exercise any power, duty or function of the inspector general
6 until confirmed by the senate. The inspector general shall be selected
7 without regard to political affiliation and on the basis of integrity and
8 capacity for effectively carrying out the duties of the office of inspector
9 general. The inspector general shall possess demonstrated knowledge,
10 skills, abilities and experience in conducting audits or investigations and
11 shall be familiar with the programs subject to oversight by the office of
12 inspector general.

13 (B) No former or current executive or manager of any program or
14 agency subject to oversight by the office of inspector general may be
15 appointed inspector general within two years of that individual's period of
16 service with such program or agency. The inspector general shall hold at
17 time of appointment, or shall obtain within one year after appointment,
18 certification as a certified inspector general from a national organization
19 that provides training to inspectors general.

20 (C) The term of the person first appointed to the position of inspector
21 general shall expire on January 15, 2009. Thereafter, a person appointed to
22 the position of inspector general shall serve for a term which shall expire
23 on January 15 of each year in which the whole senate is sworn in for a new
24 term.

25 (D) The inspector general shall be in the classified service and shall
26 receive such compensation as is determined by law, except that such
27 compensation may be increased but not diminished during the term of
28 office of the inspector general. The inspector general may be removed
29 from office prior to the expiration of the inspector general's term of office
30 in accordance with the Kansas civil service act. The inspector general shall
31 exercise independent judgment in carrying out the duties of the office of
32 inspector general under subsection (b). Appropriations for the office of
33 inspector general shall be made to the department of health and
34 environment by separate line item appropriations for the office of inspector
35 general. The inspector general shall report to the secretary of health and
36 environment.

37 (E) The inspector general shall have general managerial control over
38 the office of the inspector general and shall establish the organization
39 structure of the office as the inspector general deems appropriate to carry
40 out the responsibilities and functions of the office.

41 (3) Within the limits of appropriations therefor, the inspector general
42 may hire such employees in the unclassified service as are necessary to
43 administer the office of the inspector general. Such employees shall serve

1 at the pleasure of the inspector general. Subject to appropriations, the
2 inspector general may obtain the services of certified public accountants,
3 qualified management consultants, professional auditors, or other
4 professionals necessary to independently perform the functions of the
5 office.

6 (c) (1) In accordance with the provisions of this section, the duties of
7 the office of inspector general shall be to oversee, audit, investigate and
8 make performance reviews of the state medicaid program, the state
9 mediKan program and the state children's health insurance program, which
10 programs are within the jurisdiction of the department of health and
11 environment.

12 (2) In order to carry out the duties of the office, the inspector general
13 shall conduct independent and ongoing evaluation of the department of
14 health and environment and of such programs administered by the
15 department of health and environment, which oversight includes, but is not
16 limited to, the following:

17 (A) Investigation of fraud, waste, abuse and illegal acts by the
18 department of health and environment and its agents, employees, vendors,
19 contractors, consumers, clients and health care providers or other
20 providers.

21 (B) Audits of the department of health and environment, its
22 employees, contractors, vendors and health care providers related to
23 ensuring that appropriate payments are made for services rendered and to
24 the recovery of overpayments.

25 (C) Investigations of fraud, waste, abuse or illegal acts committed by
26 clients of the department of health and environment or by consumers of
27 services administered by the department of health and environment.

28 (D) Monitoring adherence to the terms of the contract between the
29 department of health and environment and an organization with which the
30 department has entered into a contract to make claims payments.

31 (3) Upon finding credible evidence of fraud, waste, abuse or illegal
32 acts, the inspector general shall report its findings to the department of
33 health and environment and refer the findings to the attorney general.

34 (d) The inspector general shall have access to all pertinent
35 information, confidential or otherwise, and to all personnel and facilities of
36 the department of health and environment, their employees, vendors,
37 contractors and health care providers and any federal, state or local
38 governmental agency that are necessary to perform the duties of the office
39 as directly related to such programs administered by the department.
40 Access to contractor or health care provider files shall be limited to those
41 files necessary to verify the accuracy of the contractor's or health care
42 provider's invoices or their compliance with the contract provisions or
43 program requirements. No health care provider shall be compelled under

1 the provisions of this section to provide individual medical records of
2 patients who are not clients of the state medicaid program, the state
3 mediKan program or the state children's health insurance program. State
4 and local governmental agencies are authorized and directed to provide to
5 the inspector general requested information, assistance or cooperation.

6 (e) Except as otherwise provided in this section, the inspector general
7 and all employees and former employees of the office of inspector general
8 shall be subject to the same duty of confidentiality imposed by law on any
9 such person or agency with regard to any such information, and shall be
10 subject to any civil or criminal penalties imposed by law for violations of
11 such duty of confidentiality. The duty of confidentiality imposed on the
12 inspector general and all employees and former employees of the office of
13 inspector general shall be subject to the provisions of subsection (f), and
14 the inspector general may furnish all such information to the attorney
15 general, Kansas bureau of investigation or office of the United States
16 attorney in Kansas pursuant to subsection (f). Upon receipt thereof, the
17 attorney general, Kansas bureau of investigation or office of the United
18 States attorney in Kansas and all assistants and all other employees and
19 former employees of such offices shall be subject to the same duty of
20 confidentiality with the exceptions that any such information may be
21 disclosed in criminal or other proceedings which may be instituted and
22 prosecuted by the attorney general or the United States attorney in Kansas,
23 and any such information furnished to the attorney general, the Kansas
24 bureau of investigation or the United States attorney in Kansas under
25 subsection (f) may be entered into evidence in any such proceedings.

26 (f) All investigations conducted by the inspector general shall be
27 conducted in a manner that ensures the preservation of evidence for use in
28 criminal prosecutions or agency administrative actions. If the inspector
29 general determines that a possible criminal act relating to fraud in the
30 provision or administration of such programs administered by the
31 department of health and environment has been committed, the inspector
32 general shall immediately notify the office of the Kansas attorney general.
33 If the inspector general determines that a possible criminal act has been
34 committed within the jurisdiction of the office, the inspector general may
35 request the special expertise of the Kansas bureau of investigation. The
36 inspector general may present for prosecution the findings of any criminal
37 investigation to the office of the attorney general or the office of the
38 United States attorney in Kansas.

39 (g) To carry out the duties as described in this section, the inspector
40 general and the inspector general's designees shall have the power to
41 compel by subpoena the attendance and testimony of witnesses and the
42 production of books, electronic records and papers as directly related to
43 such programs administered by the department of health and environment.

1 Access to contractor files shall be limited to those files necessary to verify
2 the accuracy of the contractor's invoices or its compliance with the
3 contract provisions. No health care provider shall be compelled to provide
4 individual medical records of patients who are not clients of the
5 department.

6 (h) The inspector general shall report all convictions, terminations
7 and suspensions taken against vendors, contractors and health care
8 providers to the department of health and environment and to any agency
9 responsible for licensing or regulating those persons or entities. If the
10 inspector general determines reasonable suspicion exists that an act
11 relating to the violation of an agency licensure or regulatory standard has
12 been committed by a vendor, contractor or health care provider who is
13 licensed or regulated by an agency, the inspector general shall immediately
14 notify such agency of the possible violation.

15 (i) The inspector general shall make annual reports, findings and
16 recommendations regarding the office's investigations into reports of
17 fraud, waste, abuse and illegal acts relating to any such programs
18 administered by the director of health care finance to the secretary of
19 health and environment, the legislative post auditor, the committee on
20 ways and means of the senate, the committee on appropriations of the
21 house of representatives, ~~the joint committee on health policy oversight~~
22 and the governor. These reports shall include, but not be limited to, the
23 following information:

- 24 (1) Aggregate provider billing and payment information;
- 25 (2) the number of audits of such programs administered by the
26 department of health and environment and the dollar savings, if any,
27 resulting from those audits;
- 28 (3) health care provider sanctions, in the aggregate, including
29 terminations and suspensions; and
- 30 (4) a detailed summary of the investigations undertaken in the
31 previous fiscal year, which summaries shall comply with all laws and rules
32 and regulations regarding maintaining confidentiality in such programs
33 administered by the department of health and environment.

34 (j) Based upon the inspector general's findings under subsection (c),
35 the inspector general may make such recommendations to the department
36 of health and environment or the legislature for changes in law, rules and
37 regulations, policy or procedures as the inspector general deems
38 appropriate to carry out the provisions of law or to improve the efficiency
39 of such programs administered by the department of health and
40 environment. The inspector general shall not be required to obtain
41 permission or approval from any other official or department prior to
42 making any such recommendation.

43 (k) (1) The inspector general shall make provision to solicit and

1 receive reports of fraud, waste, abuse and illegal acts in such programs
2 administered by the department of health and environment from any
3 person or persons who shall possess such information. The inspector
4 general shall not disclose or make public the identity of any person or
5 persons who provide such reports pursuant to this subsection unless such
6 person or persons consent in writing to the disclosure of such person's
7 identity. Disclosure of the identity of any person who makes a report
8 pursuant to this subsection shall not be ordered as part of any
9 administrative or judicial proceeding. Any information received by the
10 inspector general from any person concerning fraud, waste, abuse or
11 illegal acts in such programs administered by the department of health and
12 environment shall be confidential and shall not be disclosed or made
13 public, upon subpoena or otherwise, except such information may be
14 disclosed if: (A) Release of the information would not result in the
15 identification of the person who provided the information; (B) the person
16 or persons who provided the information to be disclosed consent in writing
17 prior to its disclosure; (C) the disclosure is necessary to protect the public
18 health; or (D) the information to be disclosed is required in an
19 administrative proceeding or court proceeding and appropriate provision
20 has been made to allow disclosure of the information without disclosing to
21 the public the identity of the person or persons who reported such
22 information to the inspector general.

23 (2) No person shall:

24 (A) Prohibit any agent, employee, contractor or subcontractor from
25 reporting any information under subsection (k)(1); or

26 (B) require any such agent, employee, contractor or subcontractor to
27 give notice to the person prior to making any such report.

28 (3) Subsection (k)(2) shall not be construed as:

29 (A) Prohibiting an employer from requiring that an employee inform
30 the employer as to legislative or auditing agency requests for information
31 or the substance of testimony made, or to be made, by the employee to
32 legislators or the auditing agency, as the case may be, on behalf of the
33 employer;

34 (B) permitting an employee to leave the employee's assigned work
35 areas during normal work hours without following applicable rules and
36 regulations and policies pertaining to leaves, unless the employee is
37 requested by a legislator or legislative committee to appear before a
38 legislative committee or by an auditing agency to appear at a meeting with
39 officials of the auditing agency;

40 (C) authorizing an employee to represent the employee's personal
41 opinions as the opinions of the employer; or

42 (D) prohibiting disciplinary action of an employee who discloses
43 information which: (i) The employee knows to be false or which the

1 employee discloses with reckless disregard for its truth or falsity; (ii) the
2 employee knows to be exempt from required disclosure under the open
3 records act; or (iii) is confidential or privileged under statute or court rule.

4 (4) Any agent, employee, contractor or subcontractor who alleges that
5 disciplinary action has been taken against such agent, employee, contractor
6 or subcontractor in violation of this section may bring an action for any
7 damages caused by such violation in district court within 90 days after the
8 occurrence of the alleged violation.

9 (5) Any disciplinary action taken against an employee of a state
10 agency or firm as such terms are defined under subsection (b) of K.S.A.
11 75-2973, and amendments thereto, for making a report under subsection
12 (k)(1) shall be governed by the provisions of K.S.A. 75-2973, and
13 amendments thereto.

14 (l) The scope, timing and completion of any audit or investigation
15 conducted by the inspector general shall be within the discretion of the
16 inspector general. Any audit conducted by the inspector general's office
17 shall adhere and comply with all provisions of generally accepted
18 governmental auditing standards promulgated by the United States
19 government accountability office.

20 (m) Nothing in this section shall limit investigations by any state
21 department or agency that may otherwise be required by law or that may
22 be necessary in carrying out the duties and functions of such agency.

23 (n) No contractor who has been convicted of fraud, waste, abuse or
24 illegal acts or whose actions have caused the state of Kansas to pay fines
25 to or reimburse the federal government more than \$1,000,000 in the
26 medicaid program shall be eligible for any state medicaid contracts
27 subsequent to such conviction unless the department of health and
28 environment finds that the contractor is the sole source for such contracts,
29 is the least expensive source for the contract, has reimbursed the state of
30 Kansas for all losses caused by the contractor, or the removal of the
31 contractor would create a substantial loss of access for medicaid
32 beneficiaries, in which case the department after a specific finding to this
33 effect may waive the prohibition of this subsection. Nothing in this section
34 shall be construed to conflict with federal law, or to require or permit the
35 use of federal funds where prohibited.

36 (o) The department of health and environment, in accordance with
37 K.S.A. 75-4319, and amendments thereto, may recess for a closed,
38 executive meeting under the open meetings act, K.S.A. 75-4317 through
39 75-4320a, and amendments thereto, to discuss with the inspector general
40 any information, records or other matters that are involved in any
41 investigation or audit under this section. All information and records of the
42 inspector general that are obtained or received under any investigation or
43 audit under this section shall be confidential, except as required or

1 authorized pursuant to this section.

2 Sec. 35. K.S.A. 2012 Supp. 75-7435 is hereby amended to read as
3 follows: 75-7435. (a) As used in this section, and amendments thereto,
4 unless the context requires otherwise:

5 (1) Words and phrases have the meanings respectively ascribed
6 thereto by K.S.A. 39-923, and amendments thereto.

7 (2) "Skilled nursing care facility" means a licensed nursing facility,
8 nursing facility for mental health as defined in K.S.A. 39-923, and
9 amendments thereto, or a hospital long-term care unit licensed by the
10 department of health and environment, providing skilled nursing care, but
11 shall not include the Kansas soldiers' home or the Kansas veterans' home.

12 (3) "Licensed bed" means those beds within a skilled nursing care
13 facility which the facility is licensed to operate.

14 (4) "Agent" means the Kansas department ~~on aging~~ *for aging and*
15 *disability services*.

16 (5) "Continuing care retirement facility" means a facility holding a
17 certificate of registration issued by the commissioner of insurance pursuant
18 to K.S.A. 40-2235, and amendments thereto.

19 (b) (1) Except as otherwise provided in this section and in subsection
20 (f), there is hereby imposed and the secretary of health and environment
21 shall assess an annual assessment per licensed bed, hereinafter called a
22 quality care assessment, on each skilled nursing care facility. The
23 assessment on all facilities in the aggregate shall be an amount fixed by
24 rules and regulations of the secretary of health and environment, shall not
25 exceed \$1,950 annually per licensed bed, shall be imposed as an amount
26 per licensed bed and shall be imposed uniformly on all skilled nursing care
27 facilities except that the assessment rate for skilled nursing care facilities
28 that are part of a continuing care retirement facility, small skilled nursing
29 care facilities and high medicaid volume skilled nursing care facilities
30 shall not exceed $\frac{1}{6}$ of the actual amount assessed all other skilled nursing
31 care facilities. No rules and regulations of the secretary of health and
32 environment shall grant any exception to or exemption from the quality
33 care assessment. The assessment shall be paid quarterly, with one fourth of
34 the annual amount due by the 30th day after the end of the month of each
35 calendar quarter. The secretary of health and environment is authorized to
36 establish delayed payment schedules for skilled nursing care facilities
37 which are unable to make quarterly payments when due under this section
38 due to financial difficulties, as determined by the secretary of health and
39 environment. The assessment made for years subsequent to the third year
40 from the date the provisions of this section are implemented shall not
41 exceed 60% of the first assessment made under this section. As used in this
42 subsection (b)(1), the terms "small skilled nursing care facilities" and
43 "high medicaid volume skilled nursing care facilities" shall have the

1 meanings ascribed thereto by the secretary of health and environment by
2 rules and regulations, except that the definition of small skilled nursing
3 care facility shall not be lower than 40 beds.

4 (2) Beds licensed after July 1 each year shall pay a prorated amount
5 of the applicable annual assessment so that the assessment applies only for
6 the days such new beds are licensed. The proration shall be calculated by
7 multiplying the applicable assessment by the percentage of days the beds
8 are licensed during the year. Any change which reduces the number of
9 licensed beds in a facility shall not result in a refund being issued to the
10 skilled nursing care facility.

11 (3) If an entity conducts, operates or maintains more than one
12 licensed skilled nursing care facility, the entity shall pay the nursing
13 facility assessment for each facility separately. No skilled nursing care
14 facility shall create a separate line-item charge for the purpose of passing
15 through the quality care assessment to residents. No skilled nursing care
16 facility shall be guaranteed, expressly or otherwise, that any additional
17 moneys paid to the facility under this section will equal or exceed the
18 amount of its quality care assessment.

19 (4) The payment of the quality care assessment to the secretary of
20 health and environment shall be an allowable cost for medicaid
21 reimbursement purposes. A rate adjustment pursuant to paragraph (5) of
22 subsection (d) shall be made effective on the date of imposition of the
23 assessment, to reimburse the portion of this cost imposed on medicaid
24 days.

25 (5) The secretary of health and environment shall seek a waiver from
26 the United States department of health and human services to allow the
27 state to impose varying levels of assessments on skilled nursing care
28 facilities based on specified criteria. It is the intent of the legislature that
29 the waiver sought by the secretary of health and environment be structured
30 to minimize the negative fiscal impact on certain classes of skilled nursing
31 care facilities.

32 (c) Each skilled nursing care facility shall prepare and submit to the
33 secretary of health and environment any additional information required
34 and requested by the secretary of health and environment to implement or
35 administer the provisions of this section. Each skilled nursing care facility
36 shall prepare and submit quarterly to the secretary of ~~aging for aging and~~
37 *disability services* the rate the facility charges to private pay residents, and
38 the secretary shall cause this information to be posted on the web site of
39 the department ~~on aging for aging and disability services~~.

40 (d) (1) There is hereby created in the state treasury the quality care
41 fund, which shall be administered by the secretary of health and
42 environment. All moneys received for the assessments imposed pursuant
43 to subsection (b), including any penalty assessments imposed thereon

1 pursuant to subsection (e), shall be remitted to the state treasurer in
2 accordance with K.S.A. 75-4215, and amendments thereto. Upon receipt
3 of each such remittance, the state treasurer shall deposit the entire amount
4 in the state treasury to the credit of the quality care fund. All expenditures
5 from the quality care fund shall be made in accordance with appropriation
6 acts upon warrants of the director of accounts and reports issued pursuant
7 to vouchers approved by the secretary of health and environment or the
8 secretary's agent.

9 (2) All moneys in the quality care fund shall be used to finance
10 initiatives to maintain or improve the quantity and quality of skilled
11 nursing care in skilled nursing care facilities in Kansas. No moneys
12 credited to the quality care fund shall be transferred to or otherwise revert
13 to the state general fund at any time. Notwithstanding the provisions of
14 any other law to the contrary, if any moneys credited to the quality care
15 fund are transferred or otherwise revert to the state general fund, 30 days
16 following the transfer or reversion the quality care assessment shall
17 terminate and the secretary of health and environment shall discontinue the
18 imposition, assessment and collection of the assessment. Upon termination
19 of the assessment, all collected assessment revenues, including the moneys
20 inappropriately transferred or reverting to the state general fund, less any
21 amounts expended by the secretary of health and environment, shall be
22 returned on a pro rata basis to skilled nursing care facilities that paid the
23 assessment.

24 (3) Any moneys received by the state of Kansas from the federal
25 government as a result of federal financial participation in the state
26 medicaid program that are derived from the quality care assessment shall
27 be deposited in the quality care fund and used to finance actions to
28 maintain or increase healthcare in skilled nursing care facilities.

29 (4) Moneys in the fund shall be used exclusively for the following
30 purposes:

31 (A) To pay administrative expenses incurred by the secretary of
32 health and environment or the agent in performing the activities authorized
33 by this section, except that such expenses shall not exceed a total of 1% of
34 the aggregate assessment funds collected pursuant to subsection (b) for the
35 prior fiscal year;

36 (B) to increase nursing facility payments to fund covered services to
37 medicaid beneficiaries within medicare upper payment limits, as may be
38 negotiated;

39 (C) to reimburse the medicaid share of the quality care assessment as
40 a pass-through medicaid allowable cost;

41 (D) to restore the medicaid rate reductions implemented January 1,
42 2010;

43 (E) to restore funding for fiscal year 2010, including rebasing and

1 inflation to be applied to rates in fiscal year 2011;

2 (F) the remaining amount, if any, shall be expended first to increase
3 the direct health care costs center limitation up to 150% of the case mix
4 adjusted median, and then, if there are remaining amounts, for other
5 quality care enhancement of skilled nursing care facilities as approved by
6 the quality care improvement panel but shall not be used directly or
7 indirectly to replace existing state expenditures for payments to skilled
8 nursing care facilities for providing services pursuant to the state medicaid
9 program.

10 (5) Any moneys received by a skilled nursing care facility from the
11 quality care fund shall not be expended by any skilled nursing care facility
12 to provide for bonuses or profit-sharing for any officer, employee or parent
13 corporation but may be used to pay to employees who are providing direct
14 care to a resident of such facility.

15 (6) Adjustment payments may be paid quarterly or within the daily
16 medicaid rate to reimburse covered medicaid expenditures in the aggregate
17 within the upper payment limits.

18 (7) On or before the 10th day of each month, the director of accounts
19 and reports shall transfer from the state general fund to the quality care
20 fund interest earnings based on:

21 (A) The average daily balance of moneys in the quality care fund for
22 the preceding month; and

23 (B) the net earnings rate of the pooled money investment portfolio for
24 the preceding month.

25 (e) If a skilled nursing care facility fails to pay the full amount of the
26 quality care assessment imposed pursuant to subsection (b), when due and
27 payable, including any extensions of time granted under that subsection,
28 the secretary of health and environment shall assess a penalty in the
29 amount of the lesser of \$500 per day or 2% of the quality care assessment
30 owed for each day the assessment is delinquent. The secretary of health
31 and environment is authorized to establish delayed payment schedules for
32 skilled nursing care facilities that are unable to make installment payments
33 when due under this section because of financial difficulties, as determined
34 by the secretary of health and environment.

35 (f) (1) The secretary of health and environment shall assess and
36 collect quality care assessments imposed pursuant to subsection (b),
37 including any penalty assessments imposed thereon pursuant to subsection
38 (e), from skilled nursing care facilities on and after July 1, 2010, except
39 that no assessments or penalties shall be assessed under subsections (a)
40 through (h) until:

41 (A) An amendment to the state plan for medicaid, which increases the
42 rates of payments made to skilled nursing care facilities for providing
43 services pursuant to the federal medicaid program and which is proposed

1 for approval for purposes of subsections (a) through (h) is approved by the
2 federal government in which case the initial assessment is due no earlier
3 than 60 days after state plan approval; and

4 (B) the skilled nursing care facilities have been compensated
5 retroactively within 60 days after state plan approval at the increased rate
6 for services provided pursuant to the federal medicaid program for the
7 period commencing on and after July 1, 2010.

8 (2) The secretary of health and environment shall implement and
9 administer the provisions of subsections (a) through (h) in a manner
10 consistent with applicable federal medicaid laws and regulations. The
11 secretary of health and environment shall seek any necessary approvals by
12 the federal government that are required for the implementation of
13 subsections (a) through (h).

14 (3) The provisions of subsections (a) through (h) shall be null and
15 void and shall have no force and effect if one of the following occur:

16 (A) The medicaid plan amendment, which increases the rates of
17 payments made to skilled nursing care facilities for providing services
18 pursuant to the federal medicaid program and which is proposed for
19 approval for purposes of subsections (a) through (h) is not approved by the
20 federal centers for medicare and medicaid services;

21 (B) the rates of payments made to skilled nursing care facilities for
22 providing services pursuant to the federal medicaid program are reduced
23 below the rates calculated on December 31, 2009, increased by revenues in
24 the quality care fund and matched by federal financial participation and
25 rebasing as provided for in K.S.A. 2012 Supp. 75-5958, and amendments
26 thereto;

27 (C) any funds are utilized to supplant funding for skilled nursing care
28 facilities as required by subsection (g);

29 (D) any funds are diverted from those purposes set forth in subsection
30 (d)(4); or

31 (E) upon the governor signing, or allowing to become law without
32 signature, legislation which by proviso or otherwise directs any funds from
33 those purposes set forth in subsection (d)(4) or which would propose to
34 suspend the operation of this section.

35 (g) On and after July 1, 2010, reimbursement rates for skilled nursing
36 care facilities shall be restored to those in effect during December 2009.
37 No funds generated by the assessments or federal funds generated
38 therefrom shall be utilized for such restoration, but such funds may be
39 used to restore the rate reduction in effect from January 1, 2010, to June
40 30, 2010.

41 (h) Rates of reimbursement shall not be limited by private pay
42 charges.

43 (i) If the provisions of subsections (a) through (h) are repealed, expire

1 or become null and void and have no further force and effect, all moneys
2 in the quality care fund which were paid under the provisions of
3 subsections (a) through (h) shall be returned to the skilled nursing care
4 facilities which paid such moneys on the basis on which such payments
5 were assessed and paid pursuant to subsections (a) through (h).

6 (j) The department of health and environment may adopt rules and
7 regulations necessary to implement the provisions of this section.

8 (k) For purposes of administering and selecting the reimbursements
9 of moneys in the quality care assessment fund, the quality care
10 improvement panel is hereby established. The panel shall consist of the
11 following members: Two persons appointed by Kansas homes and services
12 for the aging; two persons appointed by the Kansas health care association;
13 one person appointed by Kansas advocates for better care; one person
14 appointed by the Kansas hospital association; one person appointed by the
15 governor who is a member of the Kansas adult care executives association;
16 one person appointed by the governor who is a skilled nursing care facility
17 resident or the family member of such a resident; one person appointed by
18 the Kansas foundation for medical care; one person appointed by the
19 governor from the department ~~on aging~~ *for aging and disability services*;
20 and one person appointed by the governor from the department of health
21 and environment. The person appointed by the governor from the
22 department ~~on aging~~ *for aging and disability services* and the person
23 appointed by the governor from the department of health and environment
24 shall be nonvoting members of the panel. The panel shall meet as soon as
25 possible subsequent to the effective date of this act and shall elect a
26 chairperson from among the members appointed by the trade organizations
27 specified in this subsection. The members of the quality care improvement
28 panel shall serve without compensation or expenses. The quality care
29 improvement panel shall report annually on or before January 10 to ~~the~~
30 ~~joint committee on health policy oversight~~ and the legislature concerning
31 the activities of the panel during the preceding calendar year and any
32 recommendations which the panel may have concerning the administration
33 of and expenditures from the quality care assessment fund.

34 (l) The department of health and environment shall certify to the
35 director of the budget of the department of administration the date upon
36 which the provisions of this section are implemented. The provisions of
37 this section shall expire four years subsequent to the implementation of
38 this section.

39 **Sec. 36. K.S.A. 2012 Supp. 45-229 is hereby amended to read as**
40 **follows: 45-229. (a) It is the intent of the legislature that exceptions to**
41 **disclosure under the open records act shall be created or maintained**
42 **only if:**

43 (1) The public record is of a sensitive or personal nature

1 concerning individuals;

2 (2) the public record is necessary for the effective and efficient
3 administration of a governmental program; or

4 (3) the public record affects confidential information.

5 The maintenance or creation of an exception to disclosure must be
6 compelled as measured by these criteria. Further, the legislature finds
7 that the public has a right to have access to public records unless the
8 criteria in this section for restricting such access to a public record are
9 met and the criteria are considered during legislative review in
10 connection with the particular exception to disclosure to be significant
11 enough to override the strong public policy of open government. To
12 strengthen the policy of open government, the legislature shall
13 consider the criteria in this section before enacting an exception to
14 disclosure.

15 (b) Subject to the provisions of subsection (h), all exceptions to
16 disclosure in existence on July 1, 2000, shall expire on July 1, 2005,
17 and any new exception to disclosure or substantial amendment of an
18 existing exception shall expire on July 1 of the fifth year after
19 enactment of the new exception or substantial amendment, unless the
20 legislature acts to continue the exception. A law that enacts a new
21 exception or substantially amends an existing exception shall state that
22 the exception expires at the end of five years and that the exception
23 shall be reviewed by the legislature before the scheduled date.

24 (c) For purposes of this section, an exception is substantially
25 amended if the amendment expands the scope of the exception to
26 include more records or information. An exception is not substantially
27 amended if the amendment narrows the scope of the exception.

28 (d) This section is not intended to repeal an exception that has
29 been amended following legislative review before the scheduled repeal
30 of the exception if the exception is not substantially amended as a
31 result of the review.

32 (e) In the year before the expiration of an exception, the revisor of
33 statutes shall certify to the president of the senate and the speaker of
34 the house of representatives, by July 15, the language and statutory
35 citation of each exception which will expire in the following year
36 which meets the criteria of an exception as defined in this section. Any
37 exception that is not identified and certified to the president of the
38 senate and the speaker of the house of representatives is not subject to
39 legislative review and shall not expire. If the revisor of statutes fails to
40 certify an exception that the revisor subsequently determines should
41 have been certified, the revisor shall include the exception in the
42 following year's certification after that determination.

43 (f) "Exception" means any provision of law which creates an

1 exception to disclosure or limits disclosure under the open records act
2 pursuant to K.S.A. 45-221, and amendments thereto, or pursuant to
3 any other provision of law.

4 (g) A provision of law which creates or amends an exception to
5 disclosure under the open records law shall not be subject to review
6 and expiration under this act if such provision:

7 (1) Is required by federal law;

8 (2) applies solely to the legislature or to the state court system.

9 (h) (1) The legislature shall review the exception before its
10 scheduled expiration and consider as part of the review process the
11 following:

12 (A) What specific records are affected by the exception;

13 (B) whom does the exception uniquely affect, as opposed to the
14 general public;

15 (C) what is the identifiable public purpose or goal of the
16 exception;

17 (D) whether the information contained in the records may be
18 obtained readily by alternative means and how it may be obtained;

19 (2) an exception may be created or maintained only if it serves an
20 identifiable public purpose and may be no broader than is necessary
21 to meet the public purpose it serves. An identifiable public purpose is
22 served if the legislature finds that the purpose is sufficiently
23 compelling to override the strong public policy of open government
24 and cannot be accomplished without the exception and if the
25 exception:

26 (A) Allows the effective and efficient administration of a
27 governmental program, which administration would be significantly
28 impaired without the exception;

29 (B) protects information of a sensitive personal nature concerning
30 individuals, the release of which information would be defamatory to
31 such individuals or cause unwarranted damage to the good name or
32 reputation of such individuals or would jeopardize the safety of such
33 individuals. Only information that would identify the individuals may
34 be excepted under this paragraph; or

35 (C) protects information of a confidential nature concerning
36 entities, including, but not limited to, a formula, pattern, device,
37 combination of devices, or compilation of information which is used to
38 protect or further a business advantage over those who do not know or
39 use it, the disclosure of which information would injure the affected
40 entity in the marketplace.

41 (3) Records made before the date of the expiration of an
42 exception shall be subject to disclosure as otherwise provided by law.
43 In deciding whether the records shall be made public, the legislature

1 shall consider whether the damage or loss to persons or entities
2 uniquely affected by the exception of the type specified in paragraph
3 (2)(B) or (2)(C) of this subsection (h) would occur if the records were
4 made public.

5 (i) Exceptions contained in the following statutes as continued in
6 existence in section 2 of chapter 126 of the 2005 Session Laws of
7 Kansas and exceptions contained in the following statutes as certified
8 by the revisor of statutes to the president of the senate and the speaker
9 of the house of representatives pursuant to subsection (e) of this
10 section during 2009 are hereby continued in existence until July 1,
11 2015, at which time such exceptions shall expire: 1-401, 2-1202, 5-512,
12 9-1137, 9-1712, 9-2217, 10-630, 11-306, 12-189, 12-1,108, 12-1694, 12-
13 1698, 12-2819, 12-4516, 16-715, 16a-2-304, 17-1312e, 17-2036, 17-2227,
14 17-5832, 17-7511, 17-7514, 17-76,139, 19-4321, 21-2511, 22-3711, 22-
15 4707, 22-4909, 22a-243, 22a-244, 23-605, 23-9,312, 25-4161, 25-4165,
16 31-405, 34-251, 38-1664, 38-2212, 39-709b, 39-719e, 39-934, 39-1434,
17 39-1704, 40-222, 40-2,156, 40-2c20, 40-2c21, 40-2d20, 40-2d21, 40-409,
18 40-956, 40-1128, 40-2807, 40-3012, 40-3304, 40-3308, 40-3403b, 40-
19 3421, 40-3613, 40-3805, 40-4205, 40-5301, 44-510j, 44-550b, 44-594, 44-
20 635, 44-714, 44-817, 44-1005, 44-1019, subsections (a)(1) through (43),
21 (a)(45) and (a)(46) of 45-221, 46-256, 46-259, ~~46-220+~~, 47-839, 47-844,
22 47-849, 47-1709, 48-1614, 49-406, 49-427, 55-1,102, 58-4114, 59-2135,
23 59-2802, 59-2979, 59-29b79, 60-3333, 60-3336, 60-3351, 65-102b, 65-
24 118, 65-119, 65-153f, 65-170g, 65-177, 65-1,106, 65-1,113, 65-1,116, 65-
25 1,157a, 65-1,163, 65-1,165, 65-1,168, 65-1,169, 65-1,171, 65-1,172, 65-
26 436, 65-445, 65-507, 65-525, 65-531, 65-657, 65-1135, 65-1467, 65-1627,
27 65-1831, 65-2422d, 65-2438, 65-2836, 65-2839a, 65-2898a, 65-3015, 65-
28 3447, 65-34,108, 65-34,126, 65-4019, 65-4922, 65-4925, 65-5602, 65-
29 5603, 65-6002, 65-6003, 65-6004, 65-6010, 65-67a05, 65-6803, 65-6804,
30 66-101c, 66-117, 66-151, 66-1,190, 66-1,203, 66-1220a, 66-2010, 72-
31 972a, 72-996, 72-4311, 72-4452, 72-5214, 72-53,106, 72-5427, 72-8903,
32 73-1228, 74-2424, 74-2433f, 74-4905, 74-4909, 74-50,131, 74-5515, 74-
33 7308, 74-7338, 74-8104, 74-8307, 74-8705, 74-8804, 74-9805, 74-99d05,
34 75-104, 75-712, 75-7b15, 75-1267, 75-2943, 75-4332, 75-4362, 75-5133,
35 75-5266, 75-53,105, 75-5665, 75-5666, 75-7310, 76-355, 76-359, 76-493,
36 76-12b11, 76-3305, 79-1119, 79-1437f, 79-3234, 79-3395, 79-3420, 79-
37 3499, 79-34,113, 79-3614, 79-3657, 79-4301 and 79-5206.

38 (j) Exceptions contained in the following statutes as continued in
39 existence in section 1 of chapter 87 of the 2006 Session Laws of Kansas
40 and exceptions contained in the following statutes as certified by the
41 revisor of statutes to the president of the senate and the speaker of the
42 house of representatives pursuant to subsection (e) of this section
43 during 2010, are hereby continued in existence until July 1, 2016, at

1 which time such exceptions shall expire: 1-501, 9-1303, 12-4516a, 12-
2 5358, 12-5611, 22-4906, 22-4909, 38-2310, 38-2311, 38-2326, 39-970, 44-
3 1132, 60-3333, 65-525, 65-5117, 65-6016, 65-6017, 65-6154, 71-218, 74-
4 7508, 75-457, 75-712c, 75-723 and 75-7c06.

5 (k) Exceptions contained in the following statutes as certified by
6 the revisor of statutes to the president of the senate and the speaker of
7 the house of representatives pursuant to subsection (e) during 2006,
8 2007 and 2008 are hereby continued in existence until July 1, 2014, at
9 which time such exceptions shall expire: 8-240, 8-247, 8-255c, 8-1324,
10 8-1325, 12-17,150, 12-2001, 12-5332, 17-12a607, 38-1008, 38-2209, 40-
11 5006, 40-5108, 41-2905, 41-2906, 44-706, 44-1518, subsections (a)(44),
12 (45), (46) and (47) of 45-221, 56-1a610, 56a-1204, 65-1,243, 65-3239,
13 66-1233, 74-50,184, 74-8134, 74-99b06 and 82a-2210.

14 (l) Exceptions contained in the following statutes as certified by
15 the revisor of statutes to the president of the senate and the speaker of
16 the house of representatives pursuant to subsection (e) during 2011 are
17 hereby continued in existence until July 1, 2017, at which time such
18 exceptions shall expire: 12-5711, 21-2511, 38-2313, 65-516, 74-8745, 74-
19 8752, 74-8772 and 75-7427.

20 Sec. 37. K.S.A. 2012 Supp. 75-2264 is hereby amended to read as
21 follows: 75-2264. ~~(a)–The Kansas state historical society and the~~
22 ~~department of administration shall develop plans to place a mural in~~
23 ~~the capitol honoring the 1st Kansas (Colored) Voluntary Infantry~~
24 ~~regiment. Such plans shall be developed in consultation with the joint~~
25 ~~committee on arts and cultural resources.~~

26 ~~(b)–On or before January 1, 2002, the plans developed pursuant to~~
27 ~~subsection (a) shall be submitted to the joint committee on arts and~~
28 ~~cultural resources.~~

29 Sec. 38. K.S.A. 2012 Supp. 75-2268 is hereby amended to read as
30 follows: 75-2268. (a) The capitol preservation committee shall develop
31 plans to place a mural in the capitol commemorating the United States
32 supreme court decision entered May 17, 1954, in the case of *Brown v.*
33 *Board of Education* (347 U.S. 483, 74 S.Ct. 686, 98 L.Ed. 873). ~~Such~~
34 ~~plans shall be developed in consultation with the joint committee on arts~~
35 ~~and cultural resources.~~

36 (b) Except for the costs associated with the preparation and
37 submission of the plans under subsection (a), no public funds shall be
38 used to pay the costs of creating and installing the mural developed
39 under this section.

40 Sec. ~~36.~~ 39. K.S.A. 12-2015, 19-4109, 38-2007, 46-912, 46-1604, 46-
41 2201, 71-212 and 74-4907 and K.S.A. 2012 Supp. 39-7,160, 39-7,161, 39-
42 7,162, 45-229, 46-1801, 46-2801, 46-3001, 46-3501, 46-3701, 65-1,251,
43 72-5395, 74-4908, 74-4909, 74-4920, 74-4921, 74-4921c, 74-4937, 74-

1 49,129, 74-49,132, 74-49,133, 74-5001a, 74-5002s, 74-5049, 74-5097, 74-
2 50,123, 74-50,151, 74-50,216, 74-8004, 74-8135, 74-8136, 74-8204, 74-
3 8310, 74-8317, 74-8405, 74-99c07, **75-2264, 75-2268**, 75-7423, 75-7425,
4 75-7427 and 75-7435 are hereby repealed.

5 Sec. ~~37~~. **40.** This act shall take effect and be in force from and after
6 its publication in the ~~Kansas register~~**statute book**.