

SENATE BILL No. 463

By Committee on Ways and Means

2-17

1 AN ACT concerning funds in the state treasury; abolishing the expanded
2 lottery act revenues fund, the Kansas endowment for youth fund, the
3 children's initiatives fund and the state economic development
4 initiatives fund; duties of the Kansas children's cabinet; transfers to the
5 state general fund; amending K.S.A. 2-226, 38-2101, 38-2102 and 38-
6 2103 and K.S.A. 2015 Supp. 12-5256, 38-1901, 74-8316, 74-8734, 74-
7 8738, 74-8744, 74-8747, 74-8766, 74-8768, 76-7,141, 79-34,157, 79-
8 3620, 79-3710, 79-4803 and 79-4804 and repealing the existing
9 sections; also repealing K.S.A. 38-2104 and 38-2105 and K.S.A. 2015
10 Supp. 74-50,151.

11

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

13 New Section 1. (a) On July 1, 2017, the Kansas endowment for youth
14 fund is hereby abolished. On July 1, 2017, the director of accounts and
15 reports shall transfer all moneys in the Kansas endowment for youth fund
16 to the state general fund, and all liabilities of the Kansas endowment for
17 youth fund are hereby transferred to and imposed on the state general fund.
18 Whenever the Kansas endowment for youth fund, or words of like effect,
19 is referred to or designated by a statute, contract or other document, such
20 reference or designation shall be deemed to apply to the state general fund.

21 (b) On July 1, 2017, the children's initiatives fund is hereby
22 abolished. On July 1, 2017, the director of accounts and reports shall
23 transfer all moneys in the children's initiatives fund to the state general
24 fund, and all liabilities of the children's initiatives fund are hereby
25 transferred to and imposed on the state general fund. Whenever the
26 children's initiatives fund, or words of like effect, is referred to or
27 designated by a statute, contract or other document, such reference or
28 designation shall be deemed to apply to the state general fund.

29 Sec. 2. K.S.A. 2-226 is hereby amended to read as follows: 2-226. (a)
30 The state fair board may make expenditures from money available therefor
31 for the acquisition, construction, equipping, furnishing, renovation,
32 reconstruction and repair of the Kansas state fairgrounds. Capital
33 improvement projects for the acquisition, construction, equipping,
34 furnishing, renovation, reconstruction and repair of the Kansas state
35 fairgrounds are hereby approved for the state fair board for the purposes of
36 ~~subsection (b)~~ of K.S.A. 74-8905(b), and amendments thereto, and the

1 authorization of one or more series of revenue bonds by the Kansas
2 development finance authority in accordance with that statute.
3 Expenditures from bond proceeds authorized by this section for these
4 capital improvement projects shall not exceed an aggregate of \$29,000,000
5 plus all amounts required for costs of any bond issuance, cost of interest
6 on any bond issued or obtained for such capital improvement project and
7 any required reserves for payment of any principal and interest on any
8 bond.

9 (b) The state fair board shall pursue local, state and private funds to
10 offset expenditures from the state treasury for payment of principal and
11 interest on bonds issued to finance capital improvements for the Kansas
12 state fairgrounds. ~~Subject to the provisions of appropriation acts, moneys~~
13 ~~credited to the state economic development initiatives fund may be~~
14 ~~expended for payment of principal and interest on bonds issued to finance~~
15 ~~such capital improvements.~~ Prior to the issuance of any bonds authorized
16 pursuant to this section for any such capital improvement project, the
17 general manager of the Kansas state fair shall report to the state finance
18 council concerning such project and such issuance. The report shall
19 specifically include information about the proposed utilization of bond
20 proceeds for any capital improvement project and the availability and use
21 of other sources including local, state and private funds. No bonds shall be
22 issued under this section except upon approval by the state finance council
23 acting on this matter after a review by the joint committee on state
24 building construction. The approval of the issuance of bonds is hereby
25 characterized as a matter of legislative delegation and subject to the
26 guidelines prescribed in ~~subsection (e) of K.S.A. 75-3711c(c), and~~
27 amendments thereto. Approval by the state finance council may be given
28 when the legislature is in session.

29 (c) There is hereby established the state fair debt service special
30 revenue fund in the state treasury. All moneys credited to this fund shall be
31 expended for the payment of principal and interest on bonds issued to
32 finance capital improvements for the Kansas state fairgrounds under this
33 section. All expenditures from the state fair debt service special revenue
34 fund shall be in accordance with the provisions of appropriation acts
35 pursuant to vouchers approved by the general manager of the Kansas state
36 fair board or by the designee of the general manager.

37 ~~(d) During the fiscal year ending June 30, 2003, after bonds are~~
38 ~~issued by the Kansas development finance authority to finance capital~~
39 ~~improvements for the Kansas state fairgrounds in accordance with this~~
40 ~~section, the general manager of the Kansas fair board shall certify that fact~~
41 ~~to the director of accounts and reports and, upon receipt of such~~
42 ~~certification, or as soon thereafter as moneys are available therefor, the~~
43 ~~director of accounts and reports shall transfer an amount or amounts from~~

1 ~~the state economic development initiatives fund or other available funds of~~
 2 ~~the state, as specified by appropriation act, to the state fair debt service~~
 3 ~~special revenue fund.~~

4 Sec. 3. K.S.A. 2015 Supp. 12-5256 is hereby amended to read as
 5 follows: 12-5256. (a) All expenditures from the state housing trust fund
 6 made for the purposes of K.S.A. 2015 Supp. 12-5253 through 12-5255,
 7 and amendments thereto, shall be made in accordance with appropriation
 8 acts upon warrants of the director of accounts and reports issued pursuant
 9 to vouchers approved by the president of the Kansas housing resources
 10 corporation.

11 (b) (1) On July 1, 2016, on July 1, 2017, and on July 1, 2018, the
 12 director of accounts and reports shall transfer \$2,000,000 from the state
 13 ~~economic development initiatives~~ *general* fund to the state housing trust
 14 fund established by K.S.A. 2015 Supp. 74-8959, and amendments thereto.

15 (2) Notwithstanding the provisions of K.S.A. 2015 Supp. 74-8959,
 16 and amendments thereto, to the contrary, during fiscal year 2016, fiscal
 17 year 2017, and fiscal year 2018, moneys in the state housing trust fund
 18 shall be used solely for the purpose of loans or grants to cities or counties
 19 for infrastructure or housing development in rural areas. During such fiscal
 20 years, on or before January 11, 2016, January 9, 2017, and January 8,
 21 2018, the president of the Kansas housing resources corporation shall
 22 submit a report concerning the activities of the state housing trust fund to
 23 the house of representatives committee on appropriations and the senate
 24 committee on ways and means.

25 Sec. 4. K.S.A. 2015 Supp. 38-1901 is hereby amended to read as
 26 follows: 38-1901. ~~On and after the effective date of this act:~~

27 ~~(a) The advisory committee on children and families is hereby~~
 28 ~~redesignated and shall be known and referred to as~~ *There is hereby*
 29 *established* the Kansas children's cabinet.

30 (b) The Kansas children's cabinet shall consist of 15 members as
 31 follows: (1) The secretary of health and environment, or the secretary's
 32 designee; (2) the secretary for children and families, or the secretary's
 33 designee; (3) a member of the state board of regents selected by the state
 34 board of regents, or such member's designee; (4) the commissioner of
 35 education, or the commissioner's designee; (5) the commissioner of
 36 juvenile justice, or the commissioner's designee; (6) a member of the
 37 Kansas supreme court selected by the Kansas supreme court, or such
 38 member's designee; (7) five members of the public who are interested in
 39 and knowledgeable about the needs of children and families shall be
 40 appointed by the governor, which, subject to the provisions of subsection
 41 (e), may include persons who are children's advocates, members of
 42 organizations with experience in programs that benefit children or other
 43 individuals who have experience with children's programs and services;

1 (8) one person appointed by the speaker of the house of representatives;
2 (9) one person appointed by the minority leader of the house of
3 representatives; (10) one person appointed by the president of the senate;
4 and (11) one person appointed by the minority leader of the senate. The
5 members designated by ~~clauses~~ paragraphs (1), (2), (3), (4), (5) and (6) of
6 this subsection shall be nonvoting members of the Kansas children's
7 cabinet. All other members shall be voting members.

8 (c) (1) Except as provided in paragraph (2) of this subsection, the
9 members of the Kansas children's cabinet appointed by the governor,
10 speaker, president and minority leaders shall serve for terms of four years
11 and until their successors are appointed and qualified. The governor shall
12 appoint a chairperson of the committee from among the members
13 appointed by the governor. The chairperson shall serve in such office
14 throughout such member's current term of office and until a successor is
15 appointed and qualified. The members of the Kansas children's cabinet
16 may elect any additional officers from among its members necessary to
17 carry out the duties and functions of the Kansas children's cabinet.

18 (2) Of the members first appointed by the governor, two shall be
19 appointed for terms of two years, two shall be appointed for terms of three
20 years and the member selected by the governor to be the chairperson shall
21 be appointed for a term of four years. The member first appointed by the
22 speaker of the house of representatives shall be appointed for a term of one
23 year, the member first appointed by the minority leader of the house of
24 representatives shall be appointed for a term of two years, the member first
25 appointed by the president of the senate shall be appointed for a term of
26 three years and the member first appointed by the minority leader of the
27 senate shall be appointed for a term of four years. The governor shall
28 designate the term for which each of the members first appointed by the
29 governor shall serve.

30 (3) All members appointed to fill vacancies in the membership of the
31 Kansas children's cabinet and all members appointed to succeed members
32 appointed to membership on the Kansas children's cabinet shall be
33 appointed in like manner as that provided for the original appointment of
34 the member succeeded. All members appointed to fill vacancies of a
35 member of the Kansas children's cabinet appointed by the governor, the
36 speaker of the house of representatives, the minority leader of the house of
37 representatives, the president of the senate or the minority leader of the
38 senate shall be appointed to fill the unexpired term of such member.

39 (d) Not more than three members of the Kansas children's cabinet
40 appointed by the governor under subsection (b)(7) shall be members of the
41 same political party.

42 (e) (1) No person shall serve on the Kansas children's cabinet if such
43 person has knowingly acquired a substantial interest in any business. Any

1 such person who knowingly acquires such an interest shall vacate such
2 member's position on the Kansas children's cabinet.

3 (2) For purposes of this subsection, "substantial interest" means any
4 of the following:

5 (A) If an individual or an individual's spouse, either individually or
6 collectively, has owned within the preceding 12 months a legal or
7 equitable interest exceeding \$5,000 or 5% of any business, whichever is
8 less, the individual has a substantial interest in that business.

9 (B) If an individual or an individual's spouse, either individually or
10 collectively, has received during the preceding calendar year compensation
11 which is or will be required to be included as taxable income on federal
12 income tax returns of the individual and spouse in an aggregate amount of
13 \$2,000 from any business or combination of businesses, the individual has
14 a substantial interest in that business or combination of businesses.

15 (C) If an individual or an individual's spouse holds the position of
16 officer, director, associate, partner or proprietor of any business, the
17 individual has a substantial interest in that business, irrespective of that
18 amount of compensation received by the individual or the individual's
19 spouse.

20 (D) If an individual or an individual's spouse receives compensation
21 which is a portion or percentage of each separate fee or commission paid
22 to a business or combination of businesses, the individual has a substantial
23 interest in any client or customer who pays fees or commissions to the
24 business or combination of businesses from which fees or commissions the
25 individual or the individual's spouse, either individually or collectively,
26 received an aggregate of \$2,000 or more in the preceding calendar year.

27 (3) As used in this subsection, "client or customer" means a business
28 or combination of businesses.

29 (4) As used in this subsection, "business" means any entity which is
30 eligible to receive funds ~~from the children's initiatives fund, as provided in~~
31 ~~K.S.A. 38-2102, and amendments thereto,~~ from the children's initiatives
32 accountability fund, established by K.S.A. 38-2103, and amendments
33 thereto, or from the family and children trust account of the family and
34 children investment fund, as provided in K.S.A. 38-1808, and amendments
35 thereto.

36 (f) The Kansas children's cabinet shall meet upon the call of the
37 chairperson as necessary to carry out the duties and functions of the
38 Kansas children's cabinet. A quorum of the Kansas children's cabinet shall
39 be five voting members.

40 (g) The Kansas children's cabinet shall have and perform the
41 following functions:

42 (1) Assist the governor in developing and implementing a
43 coordinated, comprehensive service delivery system to serve the children

1 and families of Kansas;

2 (2) identify barriers to service and gaps in service due to strict
3 definitions of boundaries between departments and agencies;

4 (3) facilitate interagency and interdepartmental cooperation toward
5 the common goal of serving children and families;

6 (4) investigate and identify methodologies for the combining of funds
7 across departmental boundaries to better serve children and families;

8 (5) propose actions needed to achieve coordination of funding and
9 services across departmental lines;

10 (6) encourage and facilitate joint planning and coordination between
11 the public and private sectors to better serve the needs of children and
12 families; and

13 (7) perform the duties and functions prescribed by K.S.A. 38-2103,
14 and amendments thereto.

15 (h) Members of the Kansas children's cabinet shall not be paid
16 compensation, but shall receive subsistence allowances, mileage and other
17 expenses as provided by K.S.A. 75-3223, and amendments thereto. The
18 subsistence allowances, mileage and other expenses as provided in K.S.A.
19 75-3223, and amendments thereto, shall be paid from available
20 appropriations of the Kansas department for children and families except
21 that expenses of members who are employed by a state agency shall be
22 reimbursed by that state agency.

23 ~~(i) On the effective date of this act, the advisory committee on~~
24 ~~children and families is hereby abolished and all powers, duties, functions,~~
25 ~~records and other property of the advisory committee on children and~~
26 ~~families are hereby transferred to the Kansas children's cabinet created by~~
27 ~~this section. Except as otherwise specifically provided by this act, the~~
28 ~~Kansas children's cabinet shall be a continuation of the advisory~~
29 ~~committee on children and families as it existed prior to the effective date~~
30 ~~of this act.~~

31 Sec. 5. K.S.A. 38-2101 is hereby amended to read as follows: 38-
32 2101. (a) ~~There is hereby established in the state treasury the Kansas~~
33 ~~endowment for youth fund which shall constitute a trust fund and shall be~~
34 ~~invested, managed and administered in accordance with the provisions of~~
35 ~~this act by the board of trustees of the Kansas public employees retirement~~
36 ~~system established by K.S.A. 74-4905, and amendments thereto.~~

37 (b) ~~All of the moneys received by the state pursuant to the tobacco~~
38 ~~litigation settlement agreements entered into by the attorney general on~~
39 ~~behalf of the state of Kansas, or pursuant to any judgment rendered,~~
40 ~~regarding the litigation against tobacco industry companies and related~~
41 ~~entities, shall be deposited in the state treasury and credited to the Kansas~~
42 ~~endowment for youth state general fund. All such moneys shall constitute~~
43 ~~an endowment which shall remain credited to the Kansas endowment for~~

1 youth fund except as provided in this section or in K.S.A. 38-2102, and
2 amendments thereto, for transfers to the children's initiatives fund.
3 Expenditures may be made from the Kansas endowment for youth fund for
4 the payment of the operating expenses of the Kansas children's cabinet and
5 the board of trustees, including the expenses of investing and managing
6 the moneys, which are attributable to the Kansas endowment for youth
7 fund. All moneys credited to the Kansas endowment for youth fund shall
8 be invested to provide an ongoing source of investment earnings available
9 for periodic transfer to the children's initiatives fund in accordance with
10 this act. All expenditures from the Kansas endowment for youth fund shall
11 be made in accordance with appropriation acts upon warrants of the
12 director of accounts and reports issued pursuant to vouchers approved by
13 the chairperson of the board of trustees of the Kansas public employees
14 retirement system or by the chairperson's designee.

15 (e) ~~On the effective date of this act, the director of accounts and~~
16 ~~reports shall transfer all moneys credited to the children's health care~~
17 ~~programs fund to the Kansas endowment for youth fund and the children's~~
18 ~~health care programs fund is hereby abolished. On and after July 1, 1999,~~
19 ~~whenever the children's health care programs fund, or words of like effect,~~
20 ~~is referred to or designated by statute, contract or other document, such~~
21 ~~reference or designation shall be deemed to apply to the Kansas~~
22 ~~endowment for youth fund.~~

23 Sec. 6. K.S.A. 38-2102 is hereby amended to read as follows: 38-
24 2102. (a) ~~There is hereby established in the state treasury the children's~~
25 ~~initiatives fund which shall be administered in accordance with this section~~
26 ~~and the provisions of appropriation acts.~~

27 (b) ~~All moneys credited to the children's initiatives fund shall be used~~
28 ~~for the purposes of providing additional funding for programs, projects,~~
29 ~~improvements, services and other purposes directly or indirectly beneficial~~
30 ~~to the physical and mental health, welfare, safety and overall well-being of~~
31 ~~children in Kansas as provided by appropriation or other acts of the~~
32 ~~legislature. In allocating or appropriating moneys in the children's~~
33 ~~initiatives fund, the legislature~~ *The Kansas children's cabinet shall advise*
34 *the governor and the legislature regarding the uses of the moneys*
35 *allocated and expended on children and youth programs, projects,*
36 *improvements, services and other purposes directly or indirectly beneficial*
37 *to the physical and mental health, welfare, safety and overall well-being of*
38 *children in Kansas.*

39 (b) *Annually, on or before September 1, the Kansas children's cabinet*
40 *shall make recommendations regarding children and youth programs and*
41 *services and appropriations therefor. Such appropriation*
42 *recommendations shall not exceed \$50,000,000 for any one fiscal year.*
43 *Such recommendations shall be submitted to the legislative budget*

1 *committee, house committee on appropriations, the senate committee on*
 2 *ways and means and the governor for review and consideration.*

3 (c) *When making recommendations regarding children and youth*
 4 *programs and services, the cabinet shall emphasize programs and services*
 5 *that are data-driven and outcomes-based and may emphasize programs and*
 6 *services that are generally directed toward improving the lives of children*
 7 *and youth by combating community-identified risk factors associated with*
 8 *children and youth becoming involved in tobacco, alcohol, drugs or*
 9 *juvenile delinquency.*

10 (d) ~~Programs funded must have a recommended shall:~~

11 (1) ~~Have a clearly articulated objective to be achieved with any funds~~
 12 ~~received. As a condition precedent to funding, every program must;~~

13 (2) ~~demonstrate that the program's design is supported by credible~~
 14 ~~research, that the program as implemented will;~~

15 (3) ~~constitute best practices in the field, that;~~

16 (4) ~~have data—is available to benchmark the program's desired~~
 17 ~~outcomes; and that~~

18 (5) ~~have an evaluation and assessment component is part of the~~
 19 ~~program design and that such evaluation is capable of determining~~
 20 ~~program performance, make needed program modifications to enhance~~
 21 ~~performance; if necessary, show ways in which the program could be~~
 22 ~~modified for transfer to other venues, and identify when performance no~~
 23 ~~longer justifies funding.~~

24 (e) ~~Community-based programs must demonstrate the availability of~~
 25 ~~sufficient community leadership and the capacity to appropriately~~
 26 ~~implement and administer the any program that is funded recommended.~~
 27 ~~Programs which require community mobilization to successfully achieve~~
 28 ~~program objectives must demonstrate a specific strategy to obtain the~~
 29 ~~requisite levels of community mobilization. Moneys allocated or~~
 30 ~~appropriated from the children's initiatives fund shall not be used to~~
 31 ~~replace or substitute for moneys appropriated from the state general fund~~
 32 ~~in the immediately preceding fiscal year.~~

33 (e) ~~All expenditures from the children's initiatives fund shall be made~~
 34 ~~in accordance with appropriation acts upon warrants of the director of~~
 35 ~~accounts and reports issued pursuant to vouchers approved in the manner~~
 36 ~~prescribed by law.~~

37 (d) (1) ~~On July 1, 2000, or as soon thereafter as moneys are available,~~
 38 ~~the director of accounts and reports shall transfer, in the following order of~~
 39 ~~priority, (A) first, \$70,740,000 from the Kansas endowment for youth fund~~
 40 ~~to the state general fund and (B) second, \$30,000,000 from the Kansas~~
 41 ~~endowment for youth fund to the children's initiatives fund.~~

42 (2) ~~On July 1, 2001, or as soon thereafter as moneys are available, the~~
 43 ~~director of accounts and reports shall transfer \$40,000,000 from the~~

1 Kansas endowment for youth fund to the children's initiatives fund and
2 shall transfer \$10,000,000 from the Kansas endowment for youth fund to
3 the state general fund.

4 ~~(3) On July 1, 2002, or as soon thereafter as moneys are available, the~~
5 ~~director of accounts and reports shall transfer \$45,000,000 from the~~
6 ~~Kansas endowment for youth fund to the children's initiatives fund.~~

7 ~~(4) On July 1 of each fiscal year thereafter, or as soon thereafter as~~
8 ~~moneys are available, the director of accounts and reports shall transfer~~
9 ~~from the Kansas endowment for youth fund to the children's initiatives~~
10 ~~fund the amount equal to 102.5% of the amount transferred from the~~
11 ~~Kansas endowment for youth fund to the children's initiatives fund~~
12 ~~pursuant to this section during the immediately preceding fiscal year.~~

13 ~~(5) If the amounts to be received during any fiscal year under the~~
14 ~~tobacco litigation settlement agreements entered into by the attorney~~
15 ~~general on behalf of the state of Kansas, or pursuant to any judgment~~
16 ~~rendered, regarding the litigation against tobacco industry companies and~~
17 ~~related entities, are reduced or increased from the amount that was~~
18 ~~anticipated to be received for such fiscal year, as of the time the settlement~~
19 ~~agreements were entered into, then the legislature may adjust the amount~~
20 ~~otherwise provided by this subsection to be transferred from the Kansas~~
21 ~~endowment for youth fund to the children's initiatives fund for such fiscal~~
22 ~~year by including provisions in appropriation acts for such fiscal year that~~
23 ~~proportionally reduce or increase, as appropriate, the amount otherwise~~
24 ~~provided by this subsection to be transferred from the Kansas endowment~~
25 ~~for youth fund to the children's initiatives fund for such fiscal year. In~~
26 ~~addition, for purposes of circumstances related to the investment of~~
27 ~~moneys in the Kansas endowment for youth fund or other circumstances or~~
28 ~~matters deemed sufficient by the legislature, the legislature may adjust the~~
29 ~~amount otherwise provided by this subsection to be transferred from the~~
30 ~~Kansas endowment for youth fund to the children's initiatives fund for any~~
31 ~~fiscal year by including provisions in appropriation acts for such fiscal~~
32 ~~year that proportionally reduce or increase, as appropriate, the amount~~
33 ~~otherwise provided by this subsection to be transferred from the Kansas~~
34 ~~endowment for youth fund to the children's initiatives fund for such fiscal~~
35 ~~year.~~

36 ~~(e) It is the intent of the legislature that, except as provided by this~~
37 ~~section, no amounts shall be transferred from the Kansas endowment for~~
38 ~~youth fund to the children's initiatives fund or to any other fund during any~~
39 ~~state fiscal year.~~

40 ~~(f) On or before the 10th day of each month, the director of accounts~~
41 ~~and reports shall transfer from the state general fund to the Kansas~~
42 ~~endowment for youth fund interest earnings based on (1) the average daily~~
43 ~~balance of moneys in the children's initiatives fund for the preceding~~

1 ~~month and (2) the net earnings rate of the pooled money investment~~
2 ~~portfolio for the preceding month.~~

3 Sec. 7. K.S.A. 38-2103 is hereby amended to read as follows: 38-
4 2103. (a) ~~The Kansas children's cabinet established by K.S.A. 38-1901,~~
5 ~~and amendments thereto, shall advise the governor and the legislature~~
6 ~~regarding the uses of the moneys credited to the children's initiatives fund.~~

7 (b) ~~The Kansas children's cabinet shall review, assess and evaluate all~~
8 ~~uses of the moneys in the children's initiatives fund~~ *children and youth*
9 *programs and services that were funded pursuant to the recommendations*
10 *provided in K.S.A. 38-2102, and amendments thereto.* The Kansas
11 children's cabinet shall study and shall initiate studies, assessments and
12 evaluations, by contract or otherwise, through institutions of higher
13 education and other appropriate research entities to identify best practices
14 and to measure and otherwise determine the efficiency and efficacy of
15 practices that are utilized in programs, projects, improvements, services
16 and other purposes ~~for which moneys are allocated or appropriated from~~
17 ~~the children's initiatives fund~~ *which were funded.* The costs of such
18 reviews, assessments and evaluations shall be paid from the children's
19 initiatives accountability fund.

20 (c) (b) There shall be conducted performance audits and other audit
21 work by the legislative post auditor upon request by the Kansas children's
22 cabinet and as directed by the legislative post audit committee in
23 accordance with the provisions of the legislative post audit act. The
24 purpose of such performance audits and other audit work shall be to
25 provide interested parties with the program evaluation and research needed
26 to make informed decisions for the uses of moneys credited to the
27 children's initiatives fund. The auditor to conduct such performance audit
28 or other audit work shall be specified in accordance with K.S.A. 46-1122,
29 and amendments thereto, and if the legislative post audit committee
30 specifies under such statute that a firm, as defined by K.S.A. 46-1112, and
31 amendments thereto, is to perform all or part of the audit work of such
32 audit, such firm shall be selected and shall perform such audit work as
33 provided in K.S.A. 46-1123, and amendments thereto, and K.S.A. 46-1125
34 through 46-1127, and amendments thereto. The audit work required
35 pursuant to this subsection shall be conducted in accordance with
36 generally accepted governmental auditing standards. The post auditor shall
37 compute the reasonably anticipated cost of the audit work performed by a
38 firm for such performance audit or other audit work pursuant to this
39 subsection, subject to review and approval by the contract audit committee
40 established by K.S.A. 46-1120, and amendments thereto, and the Kansas
41 children's cabinet shall pay such cost from the children's initiatives
42 accountability fund. If all or part of the audit work for such performance
43 audit or other audit work is performed by the division of post audit and the

1 division of post audit incurs costs in addition to those attributable to the
2 operations of the division of post audit in the performance of other duties
3 and responsibilities, the post auditor shall charge the Kansas children's
4 cabinet for such additional costs and the Kansas children's cabinet shall
5 pay such charges from the children's initiatives accountability fund. The
6 payment of any such costs and any such charges shall be a transaction
7 between the division of post audit and the Kansas children's cabinet and
8 such transaction shall be settled in accordance with the provisions of
9 K.S.A. 75-5516, and amendments thereto. All moneys received by the
10 division of post audit for such costs and charges shall be credited to the
11 audit services fund.

12 ~~(d)~~ (c) There is hereby established in the state treasury the children's
13 initiatives accountability fund which shall be administered in accordance
14 with this section and the provisions of appropriation acts. The governor
15 shall recommend and the legislature shall provide for moneys to be
16 credited annually to the children's initiatives accountability fund by
17 transfers or other provisions of appropriation acts.

18 ~~(e)~~ (d) All moneys credited to the children's initiatives accountability
19 fund shall be used for the purposes of providing funding for assessment
20 and evaluation of programs, projects, improvements, services and other
21 purposes for which moneys are allocated or appropriated from the
22 children's initiatives fund. All expenditures from the children's initiatives
23 accountability fund shall be made in accordance with appropriation acts
24 upon warrants of the director of accounts and reports issued pursuant to
25 vouchers approved in the manner prescribed by law.

26 ~~(f)~~ (e) On or before the 10th day of each month, the director of
27 accounts and reports shall transfer from the state general fund to the
28 Kansas endowment for youth fund interest earnings based on: (1) The
29 average daily balance of moneys in the children's initiatives accountability
30 fund for the preceding month; and (2) the net earnings rate of the pooled
31 money investment portfolio for the preceding month.

32 Sec. 8. K.S.A. 2015 Supp. 74-8316 is hereby amended to read as
33 follows: 74-8316. (a) The secretary is hereby authorized to facilitate the
34 establishment of a technology-based venture-capital fund ~~in which the~~
35 ~~department may invest only moneys from the economic development~~
36 ~~initiatives fund specifically so allocated.~~ The department may also credit
37 the fund with gifts, donations or grants received from any source other
38 than state government and with proceeds from the fund. Investments in the
39 fund shall qualify for the income tax credit allowed pursuant to K.S.A. 74-
40 8304, and amendments thereto.

41 (b) The technology-based venture-capital fund may invest the assets
42 as follows:

43 (1) To carry out the purposes of this act through investments in

- 1 qualified securities and through the forms of financial assistance
2 authorized by this act, including:
- 3 (A) Loans, loans convertible to equity, and equity;
 - 4 (B) leaseholds;
 - 5 (C) management or consultant service agreements;
 - 6 (D) loans with warrants attached that are beneficially owned by the
7 fund;
 - 8 (E) loans with warrants attached that are beneficially owned by a
9 party other than the fund; and
 - 10 (F) the fund, in connection with the provision of any form of financial
11 assistance, may enter into royalty agreements with an enterprise.
- 12 (2) To invest in such other investments as are lawful for Kansas
13 fiduciaries pursuant to K.S.A. 58-24a02, and amendments thereto.
- 14 (c) Distributions received by the corporation may be reinvested in any
15 fund consistent with the purposes of this act.
 - 16 (d) The secretary may invest only in a fund whose investment
17 guidelines permit the fund's purchase of qualified securities issued by an
18 enterprise as a part of a resource and technology project subject to the
19 following:
 - 20 (1) Receipt of an application from the enterprise which contains:
 - 21 (A) A business plan including a description of the enterprise and its
22 management, product and market;
 - 23 (B) a statement of the amount, timing and projected use of the capital
24 required;
 - 25 (C) a statement of the potential economic impact of the enterprise,
26 including the number, location and types of jobs expected to be created;
27 and
 - 28 (D) such other information as the fund manager or the fund's board of
29 directors shall request.
 - 30 (2) Approval of the investment by the fund may be made after the
31 fund manager or the fund's board of directors finds, based upon the
32 application submitted by the enterprise and such additional investigation as
33 the fund manager or the fund's board of directors shall make and
34 incorporate in its minutes, that:
 - 35 (A) The proceeds of the investment will be used only to cover the
36 venture-capital needs of the enterprise except as authorized by this section;
 - 37 (B) the enterprise has a reasonable possibility of success;
 - 38 (C) the fund's participation is instrumental to the success of the
39 enterprise because funding otherwise available for the enterprise is not
40 available on commercially feasible terms;
 - 41 (D) the enterprise has the reasonable potential to create a substantial
42 amount of employment within the state;
 - 43 (E) the entrepreneur and other founders of the enterprise have already

1 made or are contractually committed to make a substantial financial and
2 time commitment to the enterprise;

3 (F) the securities to be purchased are qualified securities;

4 (G) there is a reasonable possibility that the fund will recoup at least
5 its initial investment; and

6 (H) binding commitments have been made to the fund by the
7 enterprise for adequate reporting of financial data to the fund, which shall
8 include a requirement for an annual report, or if required by the fund
9 manager, an annual audit of the financial and operational records of the
10 enterprise, and for such control on the part of the fund as the fund manager
11 shall consider prudent over the management of the enterprise, so as to
12 protect the investment of the fund, including in the discretion of the fund
13 manager and without limitation, the right of access to financial and other
14 records of the enterprise.

15 (e) All investments made pursuant to this section shall be evaluated
16 by the fund's investment committee and the fund shall be audited annually
17 by an independent auditing firm.

18 (f) The fund shall not make investments in qualified securities issued
19 by enterprises in excess of the amount necessary to own more than 49% of
20 the qualified securities in any one enterprise at the time of the purchase by
21 the fund, after giving effect to the conversion of all outstanding convertible
22 qualified securities of the enterprise, except that in the event of severe
23 financial difficulty of the enterprise, threatening, in the judgment of the
24 fund manager, the investment of the fund therein, a greater percentage of
25 such securities may be owned by the fund.

26 (g) At least 75% of the total investment of the fund must be in Kansas
27 businesses.

28 (h) For tax year 2013 and all tax years thereafter, the income tax
29 credit provided by this section shall only be available to taxpayers subject
30 to the income tax on corporations imposed pursuant to ~~subsection (e) of~~
31 K.S.A. 79-32,110(c), and amendments thereto, and shall be applied only
32 against such taxpayer's corporate income tax liability.

33 Sec. 9. K.S.A. 2015 Supp. 74-8734 is hereby amended to read as
34 follows: 74-8734. (a) The Kansas lottery may operate one lottery gaming
35 facility in each gaming zone.

36 (b) Not more than 30 days after the effective date of this act the
37 lottery commission shall adopt and publish in the Kansas register the
38 procedure for receiving, considering and approving, proposed lottery
39 gaming facility management contracts. Such procedure shall include
40 provisions for review of competitive proposals within a gaming zone and
41 the date by which proposed lottery gaming facility management contracts
42 must be received by the lottery commission if they are to receive
43 consideration.

1 (c) The lottery commission shall adopt standards to promote the
2 integrity of the gaming and finances of lottery gaming facilities, which
3 shall apply to all management contracts, shall meet or exceed industry
4 standards for monitoring and controlling the gaming and finances of
5 gaming facilities and shall give the executive director sufficient authority
6 to monitor and control the gaming operation and to ensure its integrity and
7 security.

8 (d) The Kansas lottery commission may approve management
9 contracts with one or more prospective lottery gaming facility managers to
10 manage, or construct and manage, on behalf of the state of Kansas and
11 subject to the operational control of the Kansas lottery, a lottery gaming
12 facility or lottery gaming enterprise at specified destination locations
13 within the northeast, south central, southwest and southeast Kansas
14 gaming zones where the commission determines the operation of such
15 facility would promote tourism and economic development. The
16 commission shall approve or disapprove a proposed management contract
17 within 90 days after the deadline for receipt of proposals established
18 pursuant to subsection (b).

19 (e) In determining whether to approve a management contract with a
20 prospective lottery gaming facility manager to manage a lottery gaming
21 facility or lottery gaming enterprise pursuant to this section, the
22 commission shall take into consideration the following factors: The size of
23 the proposed facility; the geographic area in which such facility is to be
24 located; the proposed facility's location as a tourist and entertainment
25 destination; the estimated number of tourists that would be attracted by the
26 proposed facility; the number and type of lottery facility games to be
27 operated at the proposed facility; and agreements related to ancillary
28 lottery gaming facility operations.

29 (f) Subject to the requirements of this section, the commission shall
30 approve at least one proposed lottery gaming facility management contract
31 for a lottery gaming facility in each gaming zone.

32 (g) The commission shall not approve a management contract unless:

33 (1) (A) The prospective lottery gaming facility manager is a resident
34 Kansas American Indian tribe and, at a minimum: (i) Has sufficient access
35 to financial resources to support the activities required of a lottery gaming
36 facility manager under the Kansas expanded lottery act; and (ii) has three
37 consecutive years' experience in the management of gaming which would
38 be class III gaming, as defined in K.S.A. 46-2301, and amendments
39 thereto, operated pursuant to state or federal law; or

40 (B) the prospective lottery gaming facility manager is not a resident
41 Kansas American Indian tribe and, at a minimum: (i) Has sufficient access
42 to financial resources to support the activities required of a lottery gaming
43 facility manager under the Kansas expanded lottery act; (ii) is current in

1 filing all applicable tax returns and in payment of all taxes, interest and
2 penalties owed to the state of Kansas and any taxing subdivision where
3 such prospective manager is located in the state of Kansas, excluding
4 items under formal appeal pursuant to applicable statutes; and (iii) has
5 three consecutive years' experience in the management of gaming which
6 would be class III gaming, as defined in K.S.A. 46-2301, and amendments
7 thereto, operated pursuant to state or federal law; and

8 (2) the commission determines that the proposed development
9 consists of an investment in infrastructure, including ancillary lottery
10 gaming facility operations, of at least \$225,000,000 in the northeast and
11 south central Kansas gaming zones and of at least \$50,000,000 in the
12 southeast and southwest Kansas gaming zones. The commission, in
13 determining whether the minimum investment required by this subsection
14 is met, shall not include any amounts derived from or financed by state or
15 local retailers' sales tax revenues.

16 (h) Any management contract approved by the commission under this
17 section shall:

18 (1) Have a maximum initial term of 15 years from the date of opening
19 of the lottery gaming facility. At the end of the initial term, the contract
20 may be renewed by mutual consent of the state and the lottery gaming
21 facility manager;

22 (2) specify the total amount to be paid to the lottery gaming facility
23 manager pursuant to the contract;

24 (3) establish a mechanism to facilitate payment of lottery gaming
25 facility expenses, payment of the lottery gaming facility manager's share of
26 the lottery gaming facility revenues and distribution of the state's share of
27 the lottery gaming facility revenues;

28 (4) include a provision for the lottery gaming facility manager to pay
29 the costs of oversight and regulation of the lottery gaming facility manager
30 and the operations of the lottery gaming facility by the Kansas racing and
31 gaming commission;

32 (5) establish the types of lottery facility games to be installed in such
33 facility;

34 (6) provide for the prospective lottery gaming facility manager, upon
35 approval of the proposed lottery gaming facility management contract, to
36 pay to the state treasurer a privilege fee of \$25,000,000 for the privilege of
37 being selected as a lottery gaming facility manager of a lottery gaming
38 facility in the northeast or south central Kansas gaming zone and
39 \$5,500,000 for the privilege of being selected as a lottery gaming facility
40 manager of a lottery gaming facility in the southeast or southwest Kansas
41 gaming zone. Such fee shall be deposited in the state treasury and credited
42 to the lottery gaming facility manager fund, which is hereby created in the
43 state treasury;

1 (7) incorporate terms and conditions for the ancillary lottery gaming
2 facility operations;

3 (8) designate as key employees, subject to approval of the executive
4 director, any employees or contractors providing services or functions
5 which are related to lottery facility games authorized by a management
6 contract;

7 (9) include financing commitments for construction;

8 (10) include a resolution of endorsement from the city governing
9 body, if the proposed facility is within the corporate limits of a city, or
10 from the county commission, if the proposed facility is located in the
11 unincorporated area of the county;

12 (11) include a requirement that any parimutuel licensee developing a
13 lottery gaming facility pursuant to this act comply with all orders and rules
14 and regulations of the Kansas racing and gaming commission with regard
15 to the conduct of live racing, including the same minimum days of racing
16 as specified in K.S.A. 2015 Supp. 74-8746, and amendments thereto, for
17 operation of electronic gaming machines at racetrack gaming facilities;

18 (12) include a provision for the state to receive not less than 22% of
19 lottery gaming facility revenues, which shall be paid to the ~~expanded~~
20 ~~lottery act revenues state general fund established by K.S.A. 2015 Supp.~~
21 ~~74-8768, and amendments thereto;~~

22 (13) include a provision for 2% of lottery gaming facility revenues to
23 be paid to the problem gambling and addictions grant fund established by
24 K.S.A. 2015 Supp. 79-4805, and amendments thereto;

25 (14) if the prospective lottery gaming facility manager is an American
26 Indian tribe, include a provision that such tribe agrees to waive its
27 sovereign immunity with respect to any actions arising from or to enforce
28 either the Kansas expanded lottery act or any provision of the lottery
29 gaming facility management contract; any action brought by an injured
30 patron or by the state of Kansas; any action for purposes of enforcing the
31 workers compensation act or any other employment or labor law; and any
32 action to enforce laws, rules and regulations and codes pertaining to
33 health, safety and consumer protection; and for any other purpose deemed
34 necessary by the executive director to protect patrons or employees and
35 promote fair competition between the tribe and others seeking a lottery
36 gaming facility management contract;

37 (15) (A) if the lottery gaming facility is located in the northeast or
38 southwest Kansas gaming zone and is not located within a city, include a
39 provision for payment of an amount equal to 3% of the lottery gaming
40 facility revenues to the county in which the lottery gaming facility is
41 located; or (B) if the lottery gaming facility is located in the northeast or
42 southwest Kansas gaming zone and is located within a city, include
43 provision for payment of an amount equal to 1.5% of the lottery gaming

1 facility revenues to the city in which the lottery gaming facility is located
2 and an amount equal to 1.5% of such revenues to the county in which such
3 facility is located;

4 (16) (A) if the lottery gaming facility is located in the southeast or
5 south central Kansas gaming zone and is not located within a city, include
6 a provision for payment of an amount equal to 2% of the lottery gaming
7 facility revenues to the county in which the lottery gaming facility is
8 located and an amount equal to 1% of such revenues to the other county in
9 such zone; or (B) if the lottery gaming facility is located in the southeast or
10 south central Kansas gaming zone and is located within a city, provide for
11 payment of an amount equal to 1% of the lottery gaming facility revenues
12 to the city in which the lottery gaming facility is located, an amount equal
13 to 1% of such revenues to the county in which such facility is located and
14 an amount equal to 1% of such revenues to the other county in such zone;

15 (17) allow the lottery gaming facility manager to manage the lottery
16 gaming facility in a manner consistent with this act and applicable law, but
17 shall place full, complete and ultimate ownership and operational control
18 of the gaming operation of the lottery gaming facility with the Kansas
19 lottery. The Kansas lottery shall not delegate and shall explicitly retain the
20 power to overrule any action of the lottery gaming facility manager
21 affecting the gaming operation without prior notice. The Kansas lottery
22 shall retain full control over all decisions concerning lottery gaming
23 facility games;

24 (18) include provisions for the Kansas racing and gaming
25 commission to oversee all lottery gaming facility operations, including, but
26 not limited to: Oversight of internal controls; oversight of security of
27 facilities; performance of background investigations, determination of
28 qualifications and credentialing of employees, contractors and agents of
29 the lottery gaming facility manager and of ancillary lottery gaming facility
30 operations, as determined by the Kansas racing and gaming commission;
31 auditing of lottery gaming facility revenues; enforcement of all state laws
32 and maintenance of the integrity of gaming operations; and

33 (19) include enforceable provisions: (A) Prohibiting the state, until
34 July 1, 2032, from: (i) Entering into management contracts for more than
35 four lottery gaming facilities or similar gaming facilities, one to be located
36 in the northeast Kansas gaming zone, one to be located in the south central
37 Kansas gaming zone, one to be located in the southwest Kansas gaming
38 zone and one to be located in the southeast Kansas gaming zone; (ii)
39 designating additional areas of the state where operation of lottery gaming
40 facilities or similar gaming facilities would be authorized; or (iii) operating
41 an aggregate of more than 2,800 electronic gaming machines at all
42 parimutuel licensee locations; and (B) requiring the state to repay to the
43 lottery gaming facility manager an amount equal to the privilege fee paid

1 by such lottery gaming facility manager, plus interest on such amount,
2 compounded annually at the rate of 10%, if the state violates the
3 prohibition provision described in *subparagraph (A)*.

4 (i) The power of eminent domain shall not be used to acquire any
5 interest in real property for use in a lottery gaming enterprise.

6 (j) Any proposed management contract for which the privilege fee
7 has not been paid to the state treasurer within 30 days after the date of
8 approval of the management contract shall be null and void.

9 (k) A person who is the manager of the racetrack gaming facility in a
10 gaming zone shall not be eligible to be the manager of the lottery gaming
11 facility in the same zone.

12 (l) Management contracts authorized by this section may include
13 provisions relating to:

14 (1) Accounting procedures to determine the lottery gaming facility
15 revenues, unclaimed prizes and credits;

16 (2) minimum requirements for a lottery gaming facility manager to
17 provide qualified oversight, security and supervision of the lottery facility
18 games including the use of qualified personnel with experience in
19 applicable technology;

20 (3) eligibility requirements for employees, contractors or agents of a
21 lottery gaming facility manager who will have responsibility for or
22 involvement with actual gaming activities or for the handling of cash or
23 tokens;

24 (4) background investigations to be performed by the Kansas racing
25 and gaming commission;

26 (5) credentialing requirements for any employee, contractor or agent
27 of the lottery gaming facility manager or of any ancillary lottery gaming
28 facility operation as provided by the Kansas expanded lottery act or rules
29 and regulations adopted pursuant thereto;

30 (6) provision for termination of the management contract by either
31 party for cause; and

32 (7) any other provision deemed necessary by the parties, including
33 such other terms and restrictions as necessary to conduct any lottery
34 facility game in a legal and fair manner.

35 (m) A management contract shall not constitute property, nor shall it
36 be subject to attachment, garnishment or execution, nor shall it be
37 alienable or transferable, except upon approval by the executive director,
38 nor shall it be subject to being encumbered or hypothecated. The trustee of
39 any insolvent or bankrupt lottery gaming facility manager may continue to
40 operate pursuant to the management contract under order of the
41 appropriate court for no longer than one year after the bankruptcy or
42 insolvency of such manager.

43 (n) (1) The Kansas lottery shall be the licensee and owner of all

1 software programs used at a lottery gaming facility for any lottery facility
2 game.

3 (2) A lottery gaming facility manager, on behalf of the state, shall
4 purchase or lease for the Kansas lottery all lottery facility games. All
5 lottery facility games shall be subject to the ultimate control of the Kansas
6 lottery in accordance with this act.

7 (o) A lottery gaming facility shall comply with any planning and
8 zoning regulations of the city or county in which it is to be located. The
9 executive director shall not contract with any prospective lottery gaming
10 facility manager for the operation and management of such lottery gaming
11 facility unless such manager first receives any necessary approval under
12 planning and zoning requirements of the city or county in which it is to be
13 located.

14 (p) Prior to expiration of the term of a lottery gaming facility
15 management contract, the lottery commission may negotiate a new lottery
16 gaming facility management contract with the lottery gaming facility
17 manager if the new contract is substantially the same as the existing
18 contract. Otherwise, the lottery gaming facility review board shall be
19 reconstituted and a new lottery gaming facility management contract shall
20 be negotiated and approved in the manner provided by this act.

21 Sec. 10. K.S.A. 2015 Supp. 74-8738 is hereby amended to read as
22 follows: 74-8738. Upon receipt of a copy of the certification of the results
23 of the election pursuant to K.S.A. 2015 Supp. 74-8737, and amendments
24 thereto:

25 (a) If the certification shows that a majority of the voters voted
26 against the operation of a lottery gaming facility in the county, the
27 executive director shall direct the state treasurer to refund, without interest,
28 all privilege fees paid pursuant to lottery gaming facility management
29 contracts for a lottery gaming facility in the county.

30 (b) If the certification shows that a majority of the voters voted in
31 favor of the operation of a lottery gaming facility in the county, the
32 executive director shall direct the state treasurer to refund, without interest,
33 all privilege fees paid pursuant to lottery gaming facility management
34 contracts for a lottery gaming facility in the county, other than the lottery
35 gaming facility management contract which is binding as provided by
36 K.S.A. 2015 Supp. 74-8736, and amendments thereto. Thereupon, the state
37 treasurer shall transfer to the ~~expanded lottery act revenues~~ *state general*
38 fund an amount equal to the privilege fee paid pursuant to the lottery
39 gaming facility management contract which is binding as provided by
40 K.S.A. 2015 Supp. 74-8736, and amendments thereto, the lottery gaming
41 facility manager fund shall be abolished.

42 Sec. 11. K.S.A. 2015 Supp. 74-8744 is hereby amended to read as
43 follows: 74-8744. (a) In accordance with rules and regulations adopted by

1 the commission, the executive director shall have general responsibility for
2 the implementation and administration of the provisions of this act relating
3 to racetrack gaming facility operations, including the responsibility to:

4 (1) Certify net electronic gaming machine income by inspecting
5 records, conducting audits, having agents of the Kansas lottery on site or
6 by any other reasonable means; and

7 (2) assist the commission in the promulgation of rules and regulations
8 concerning the operation of racetrack gaming facilities, which rules and
9 regulations shall include, without limitation, the following:

10 (A) The number of electronic gaming machines allocated for
11 placement at each racetrack gaming facility, subject to the provisions of
12 subsection (b);

13 (B) standards for advertising, marketing and promotional materials
14 used by racetrack gaming facility managers;

15 (C) the kind, type, number and location of electronic gaming
16 machines at any racetrack gaming facility; and

17 (D) rules and regulations and procedures for the accounting and
18 reporting of the payments required from racetrack gaming facility
19 managers under K.S.A. 2015 Supp. 74-8766, and amendments thereto,
20 including the calculations required for such payments.

21 (b) Rules and regulations establishing the minimum and maximum
22 number of electronic gaming machines allocated for placement at each
23 racetrack gaming facility shall be adopted and published not later than 120
24 days after the effective date of this act. Such rules and regulations shall be
25 subject to the following:

26 (1) At least 600 electronic gaming machines shall be allocated to and
27 placed at each racetrack gaming facility.

28 (2) The total number of electronic gaming machines allocated to and
29 placed at all racetrack gaming facilities in the state shall not exceed 2,800.
30 Until lottery gaming facility management contracts for lottery gaming
31 facilities in all gaming zones become binding, the total number of
32 electronic gaming machines placed at all racetrack gaming facilities shall
33 not exceed 2,200. When lottery gaming facility management contracts for
34 lottery gaming facilities in all gaming zones have become binding, the
35 lottery commission shall take privilege fee bids from the lottery gaming
36 facility manager and racetrack gaming facility manager in each gaming
37 zone for the remaining electronic gaming machines allocated to but not yet
38 placed at the racetrack gaming facility in such zone. The minimum bid
39 shall be a privilege fee of \$2,500 per electronic gaming machine. If the
40 racetrack gaming facility manager submits the highest bid, the lottery
41 commission shall place the remaining electronic gaming machines at the
42 racetrack gaming facility. If the lottery gaming facility manager submits
43 the highest bid, the commission shall not place any additional electronic

1 gaming machines at the racetrack gaming facility.

2 (3) In addition to any privilege fee paid pursuant to paragraph (2),
3 each racetrack gaming facility manager shall pay a privilege fee of \$2,500
4 for each electronic gaming machine placed at the racetrack gaming facility
5 for which a privilege fee is not paid pursuant to paragraph (2).

6 (4) The racetrack gaming facility manager shall pay the privilege fees
7 provided by this subsection to the executive director, who shall remit the
8 entire amount to the state treasurer in accordance with K.S.A. 75-4215,
9 and amendments thereto. Upon receipt of the remittance, the state treasurer
10 shall deposit the entire amount in the state treasury and credit it to the
11 ~~expanded lottery act revenues~~ *state general* fund.

12 Sec. 12. K.S.A. 2015 Supp. 74-8747 is hereby amended to read as
13 follows: 74-8747. (a) Net electronic gaming machine income from a
14 racetrack gaming facility shall be distributed as follows:

15 (1) To the racetrack gaming facility manager, an amount equal to 25%
16 of net electronic gaming machine income;

17 (2) 7% of net electronic gaming machine income shall be credited to
18 the live horse racing purse supplement fund established by K.S.A. 2015
19 Supp. 74-8767, and amendments thereto, except that the amount of net
20 electronic gaming machine income credited to the fund during any fiscal
21 year from electronic gaming machines at a racetrack gaming facility shall
22 not exceed an amount equal to the average of \$3,750 per electronic gaming
23 machine at each location and any moneys in excess of such amount shall
24 be distributed between the state and the racetrack gaming facility manager
25 in accordance with the racetrack gaming facility management contract;

26 (3) 7% of net electronic gaming machine income shall be credited to
27 the live greyhound racing purse supplement fund established by K.S.A.
28 2015 Supp. 74-8767, and amendments thereto, except that the amount of
29 net electronic gaming machine income credited to the fund during any
30 fiscal year from electronic gaming machines at a racetrack gaming facility
31 shall not exceed an amount equal to the average of \$3,750 per electronic
32 gaming machine at each location and any moneys in excess of such
33 amount shall be distributed between the state and the racetrack gaming
34 facility manager in accordance with the racetrack gaming facility
35 management contract;

36 (4) (A) if the racetrack gaming facility is located in the northeast
37 Kansas gaming zone and is not located within a city, include a provision
38 for payment of an amount equal to 3% of the ~~racetrack gaming facility~~
39 ~~revenues~~ *net electronic gaming machine income* to the county in which the
40 racetrack gaming facility is located; or (B) if the racetrack gaming facility
41 is located in the northeast Kansas gaming zone and is located within a city,
42 include provision for payment of an amount equal to 1.5% of the ~~racetrack~~
43 ~~gaming facility revenues~~ *net electronic gaming machine income* to the city

1 in which the racetrack gaming facility is located and an amount equal to
 2 1.5% of such revenues to the county in which such facility is located;

3 (5) (A) if the racetrack gaming facility is located in the southeast or
 4 south central Kansas gaming zone and is not located within a city, include
 5 a provision for payment of an amount equal to 2% of the ~~racetrack gaming~~
 6 ~~facility revenues~~ *net electronic gaming machine income* to the county in
 7 which the racetrack gaming facility is located and an amount equal to 1%
 8 of such revenues to the other county in such zone; or (B) if the racetrack
 9 gaming facility is located in the southeast or south central Kansas gaming
 10 zone and is located within a city, provide for payment of an amount equal
 11 to 1% of the ~~racetrack gaming facility revenues~~ *net electronic gaming*
 12 *machine income* to the city in which the racetrack gaming facility is
 13 located, an amount equal to 1% of such revenues to the county in which
 14 such facility is located and an amount equal to 1% of such revenues to the
 15 other county in such zone;

16 (6) 2% of net electronic gaming machine income shall be credited to
 17 the problem gambling and addictions grant fund established by K.S.A.
 18 2015 Supp. 79-4805, and amendments thereto;

19 (7) 1% of net electronic gaming machine income shall be credited to
 20 the Kansas horse fair racing benefit fund established by K.S.A. 74-8838,
 21 and amendments thereto;

22 (8) 40% of net electronic gaming machine income shall be credited to
 23 the ~~expanded lottery act revenues~~ *state general fund*; and

24 (9) 15% of electronic gaming machine income shall be used for
 25 gaming expenses, subject to agreement between the Kansas lottery and the
 26 racetrack gaming facility manager.

27 (b) A racetrack gaming facility management contract may include
 28 provisions for a parimutuel licensee or any other entity to pay the
 29 parimutuel licensee's expenses related to electronic gaming machines, as
 30 the executive director deems appropriate, subject to the requirements of
 31 subsection (a)(9).

32 Sec. 13. K.S.A. 2015 Supp. 74-8766 is hereby amended to read as
 33 follows: 74-8766. (a) There is hereby established in the state treasury the
 34 expanded lottery receipts fund. Separate accounts shall be maintained in
 35 such fund for receipt of moneys from each lottery gaming facility manager
 36 and racetrack gaming facility manager. All expenditures from the fund
 37 shall be made in accordance with appropriation acts upon warrants of the
 38 director of accounts and reports issued pursuant to vouchers approved by
 39 the executive director for the purposes set forth in this act.

40 (b) All lottery gaming facility revenues from lottery gaming facilities
 41 and all net electronic gaming machine income from racetrack gaming
 42 facilities shall be paid daily and electronically to the executive director.
 43 The executive director shall remit all moneys received therefrom to the

1 state treasurer in accordance with K.S.A. 75-4215, and amendments
2 thereto. Upon receipt of the remittance, the state treasurer shall deposit the
3 entire amount in the state treasury and credit it to the respective account
4 maintained for the lottery gaming facility manager or racetrack gaming
5 facility manager in the expanded lottery receipts fund.

6 (c) The executive director shall certify weekly to the director of
7 accounts and reports the percentages or amounts to be transferred from
8 each account maintained in the expanded lottery receipts fund to the
9 ~~expanded lottery act revenues~~ *state general* fund, the live horse racing
10 supplement fund, the live greyhound racing purse supplement fund and the
11 problem gambling and addictions grant fund, as provided by the lottery
12 gaming facility management contract or K.S.A. 2015 Supp. 74-8747, and
13 amendments thereto. Upon receipt of the certification, the director of
14 accounts and reports shall transfer amounts from each such account in
15 accordance with the certification of the executive director. Once each
16 month, the executive director shall cause amounts from each such account
17 to be paid to cities, counties and lottery gaming facility managers in
18 accordance with the lottery gaming facility management contract and to
19 racetrack gaming facility managers in accordance with K.S.A. 2015 Supp.
20 74-8747, and amendments thereto.

21 (d) Amounts remaining in an account in the expanded lottery receipts
22 fund after transfers and payments pursuant to subsection (c) shall be
23 distributed in accordance with the related lottery gaming facility
24 management contract or racetrack gaming facility management contract.

25 Sec. 14. K.S.A. 2015 Supp. 74-8768 is hereby amended to read as
26 follows: 74-8768. ~~(a) There is hereby created the expanded lottery act~~
27 ~~revenues fund in the state treasury. All expenditures and transfers from~~
28 ~~such fund shall be made in accordance with appropriation acts. All moneys~~
29 ~~credited to such fund shall be expended or transferred only for the~~
30 ~~purposes of reduction of state debt, state infrastructure improvements, the~~
31 ~~university engineering initiative act, reduction of local ad valorem tax in~~
32 ~~the same manner as provided for allocation of amounts in the local ad~~
33 ~~valorem tax reduction fund and reduction of the unfunded actuarial~~
34 ~~liability of the system attributable to the state of Kansas and participating~~
35 ~~employers under K.S.A. 74-4931, and amendments thereto, by the Kansas~~
36 ~~public employees retirement system.~~

37 (b) ~~On July 1, 2012, July 1, 2013, July 1, 2014, July 1, 2015, July 1,~~
38 ~~2016, July 1, 2017, July 1, 2018, July 1, 2019, July 1, 2020, and July 1,~~
39 ~~2021, or as soon thereafter such date as moneys are available, the first~~
40 ~~\$10,500,000 credited to the expanded lottery act revenues fund shall be~~
41 ~~transferred by the director of accounts and reports from the expanded~~
42 ~~lottery act revenues fund in one or more substantially equal amounts, to~~
43 ~~each of the following: The Kan-grow engineering fund — KU, Kan-grow~~

1 engineering fund – KSU and Kan-grow engineering fund – WSU. Each
2 such special revenue fund shall receive \$3,500,000 annually in each of
3 such years. Commencing in fiscal year 2014, after such transfer has been
4 made, 50% of the remaining moneys credited to the fund shall be
5 transferred on a quarterly basis by the director of accounts and reports
6 from the fund to the Kansas public employees retirement system fund to
7 be applied to reduce the unfunded actuarial liability of the system
8 attributable to the state of Kansas and participating employers under
9 K.S.A. 74-4931 et seq., and amendments thereto, until the system as a
10 whole attains an 80% funding ratio as certified by the board of trustees of
11 the Kansas public employees retirement system *On July 1, 2017, the*
12 *expanded lottery act revenues fund is hereby abolished. On July 1, 2017,*
13 *the director of accounts and reports shall transfer all moneys in the*
14 *expanded lottery act revenues fund to the state general fund, and all*
15 *liabilities of the expanded lottery act revenues fund are hereby transferred*
16 *to and imposed on the state general fund. Whenever the expanded lottery*
17 *act revenues fund, or words of like effect, is referred to or designated by a*
18 *statute, contract or other document, such reference or designation shall be*
19 *deemed to apply to the state general fund.*

20 Sec. 15. K.S.A. 2015 Supp. 76-7,141 is hereby amended to read as
21 follows: 76-7,141. (a) (1) There is hereby created in the state treasury the
22 Kan-grow engineering fund – KU. The secretary shall remit all moneys
23 received under the university engineering initiative act for engineering
24 initiative facilities at the university of Kansas, to the state treasurer in
25 accordance with the provisions of K.S.A. 75-4215, and amendments
26 thereto. Upon receipt of each such remittance, the state treasurer shall
27 deposit the entire amount in the state treasury to the credit of the Kan-grow
28 engineering fund – KU.

29 (2) All expenditures from the Kan-grow engineering fund – KU shall
30 be for purposes of the university engineering initiative act and shall be
31 made in accordance with appropriation acts upon warrants of the director
32 of accounts and reports issued pursuant to vouchers approved by the
33 secretary or by a person designated by the secretary. Each expenditure
34 from the Kan-grow engineering fund – KU ~~which is transferred from~~
35 ~~expanded lottery act revenues fund moneys~~ shall be required to be
36 matched on a \$1 for \$1 basis from nonstate sources.

37 (b) (1) There is hereby created in the state treasury the Kan-grow
38 engineering fund – KSU. The secretary shall remit all moneys received
39 under the university engineering initiative act for engineering initiative
40 facilities at Kansas state university, to the state treasurer in accordance
41 with the provisions of K.S.A. 75-4215, and amendments thereto. Upon
42 receipt of each such remittance, the state treasurer shall deposit the entire
43 amount in the state treasury to the credit of the Kan-grow engineering fund

1 – KSU.

2 (2) All expenditures from the Kan-grow engineering fund – KSU
3 shall be for purposes of the university engineering initiative act and shall
4 be made in accordance with appropriation acts upon warrants of the
5 director of accounts and reports issued pursuant to vouchers approved by
6 the secretary or by a person designated by the secretary. Each expenditure
7 from the Kan-grow engineering fund – KSU ~~which is transferred from~~
8 ~~expanded lottery act revenues fund moneys~~ shall be required to be
9 matched on a \$1 for \$1 basis from nonstate sources.

10 (c) (1) There is hereby created in the state treasury the Kan-grow
11 engineering fund – WSU. The secretary shall remit all moneys received
12 under the university engineering initiative act for engineering initiative
13 facilities at Wichita state university, to the state treasurer in accordance
14 with the provisions of K.S.A. 75-4215, and amendments thereto. Upon
15 receipt of each such remittance, the state treasurer shall deposit the entire
16 amount in the state treasury to the credit of the Kan-grow engineering fund
17 – WSU.

18 (2) All expenditures from the Kan-grow engineering fund – WSU
19 shall be for purposes of the university engineering initiative act and shall
20 be made in accordance with appropriation acts upon warrants of the
21 director of accounts and reports issued pursuant to vouchers approved by
22 the secretary or by a person designated by the secretary. Each expenditure
23 from the Kan-grow engineering fund – WSU ~~which is transferred from~~
24 ~~expanded lottery act revenues fund moneys~~ shall be required to be
25 matched on a \$1 for \$1 basis from nonstate sources.

26 Sec. 16. K.S.A. 2015 Supp. 79-34,157 is hereby amended to read as
27 follows: 79-34,157. (a) There is hereby created in the state treasury the
28 Kansas qualified biodiesel fuel producer incentive fund.

29 (b) All moneys in the Kansas qualified biodiesel fuel producer
30 incentive fund shall be expended by the secretary of the department of
31 revenue for the payment of producer incentives for the production of
32 biodiesel fuel under the provisions of this act.

33 (c) All moneys remaining in the Kansas qualified biodiesel fuel
34 producer incentive fund upon the expiration of this act shall be credited by
35 the state treasurer to the state ~~economic development initiatives~~ *general*
36 fund.

37 Sec. 17. K.S.A. 2015 Supp. 79-3620 is hereby amended to read as
38 follows: 79-3620. (a) All revenue collected or received by the director of
39 taxation from the taxes imposed by this act shall be remitted to the state
40 treasurer in accordance with the provisions of K.S.A. 75-4215, and
41 amendments thereto. Upon receipt of each such remittance, the state
42 treasurer shall deposit the entire amount in the state treasury, less amounts
43 withheld as provided in subsection (b) and amounts credited as provided in

1 subsections (c), (d) and (e), to the credit of the state general fund.

2 (b) A refund fund, designated as "sales tax refund fund" not to exceed
3 \$100,000 shall be set apart and maintained by the director from sales tax
4 collections and estimated tax collections and held by the state treasurer for
5 prompt payment of all sales tax refunds. Such fund shall be in such
6 amount, within the limit set by this section, as the director shall determine
7 is necessary to meet current refunding requirements under this act. In the
8 event such fund as established by this section is, at any time, insufficient to
9 provide for the payment of refunds due claimants thereof, the director shall
10 certify the amount of additional funds required to the director of accounts
11 and reports who shall promptly transfer the required amount from the state
12 general fund to the sales tax refund fund, and notify the state treasurer,
13 who shall make proper entry in the records.

14 (c) (1) On July 1, 2010, the state treasurer shall credit 11.427% of the
15 revenue collected and received from the tax imposed by K.S.A. 79-3603,
16 and amendments thereto, at the rate of 6.3%, and deposited as provided by
17 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
18 the state highway fund.

19 (2) On July 1, 2011, the state treasurer shall credit 11.26% of the
20 revenue collected and received from the tax imposed by K.S.A. 79-3603,
21 and amendments thereto, at the rate of 6.3%, and deposited as provided by
22 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
23 the state highway fund.

24 (3) On July 1, 2012, the state treasurer shall credit 11.233% of the
25 revenue collected and received from the tax imposed by K.S.A. 79-3603,
26 and amendments thereto, at the rate of 6.3%, and deposited as provided by
27 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
28 the state highway fund.

29 (4) On July 1, 2013, the state treasurer shall credit 17.073% of the
30 revenue collected and received from the tax imposed by K.S.A. 79-3603,
31 and amendments thereto, at the rate of 6.15%, and deposited as provided
32 by subsection (a), exclusive of amounts credited pursuant to subsection
33 (d), in the state highway fund.

34 (5) On July 1, 2015, *through June 30, 2017*, the state treasurer shall
35 credit 16.226% of the revenue collected and received from the tax imposed
36 by K.S.A. 79-3603, and amendments thereto, at the rate of 6.5%, and
37 deposited as provided by subsection (a), exclusive of amounts credited
38 pursuant to subsection (d), in the state highway fund.

39 ~~(6) On July 1, 2016, and thereafter, the state treasurer shall credit~~
40 ~~16.154% of the revenue collected and received from the tax imposed by~~
41 ~~K.S.A. 79-3603, and amendments thereto, at the rate of 6.5%, and~~
42 ~~deposited as provided by subsection (a), exclusive of amounts credited~~
43 ~~pursuant to subsection (d), in the state highway fund.~~

1 (d) The state treasurer shall credit all revenue collected or received
2 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
3 certified by the director, from taxpayers doing business within that portion
4 of a STAR bond project district occupied by a STAR bond project or
5 taxpayers doing business with such entity financed by a STAR bond
6 project as defined in K.S.A. 2015 Supp. 12-17,162, and amendments
7 thereto, that was determined by the secretary of commerce to be of
8 statewide as well as local importance or will create a major tourism area
9 for the state or the project was designated as a STAR bond project as
10 defined in K.S.A. 2015 Supp. 12-17,162, and amendments thereto, to the
11 city bond finance fund, which fund is hereby created. The provisions of
12 this subsection shall expire when the total of all amounts credited
13 hereunder and under K.S.A. 79-3710(d), and amendments thereto, is
14 sufficient to retire the special obligation bonds issued for the purpose of
15 financing all or a portion of the costs of such STAR bond project.

16 (e) All revenue certified by the director of taxation as having been
17 collected or received from the tax imposed by K.S.A. 79-3603(c), and
18 amendments thereto, on the sale or furnishing of gas, water, electricity and
19 heat for use or consumption within the intermodal facility district
20 described in this subsection, shall be credited by the state treasurer to the
21 state highway fund. Such revenue may be transferred by the secretary of
22 transportation to the rail service improvement fund pursuant to law. The
23 provisions of this subsection shall take effect upon certification by the
24 secretary of transportation that a notice to proceed has been received for
25 the construction of the improvements within the intermodal facility
26 district, but not later than December 31, 2010, and shall expire when the
27 secretary of revenue determines that the total of all amounts credited
28 hereunder and pursuant to K.S.A. 79-3710(e), and amendments thereto, is
29 equal to \$53,300,000, but not later than December 31, 2045. Thereafter, all
30 revenues shall be collected and distributed in accordance with applicable
31 law. For all tax reporting periods during which the provisions of this
32 subsection are in effect, none of the exemptions contained in K.S.A. 79-
33 3601 et seq., and amendments thereto, shall apply to the sale or furnishing
34 of any gas, water, electricity and heat for use or consumption within the
35 intermodal facility district. As used in this subsection, "intermodal facility
36 district" shall consist of an intermodal transportation area as defined by
37 K.S.A. 12-1770a(o), and amendments thereto, located in Johnson county
38 within the polygonal-shaped area having Waverly Road as the eastern
39 boundary, 191st Street as the southern boundary, Four Corners Road as the
40 western boundary, and Highway 56 as the northern boundary, and the
41 polygonal-shaped area having Poplar Road as the eastern boundary, 183rd
42 Street as the southern boundary, Waverly Road as the western boundary,
43 and the BNSF mainline track as the northern boundary, that includes

1 capital investment in an amount exceeding \$150 million for the
2 construction of an intermodal facility to handle the transfer, storage and
3 distribution of freight through railway and trucking operations.

4 Sec. 18. K.S.A. 2015 Supp. 79-3710 is hereby amended to read as
5 follows: 79-3710.(a) All revenue collected or received by the director
6 under the provisions of this act shall be remitted to the state treasurer in
7 accordance with the provisions of K.S.A. 75-4215, and amendments
8 thereto. Upon receipt of each such remittance, the state treasurer shall
9 deposit the entire amount in the state treasury, less amounts set apart as
10 provided in subsection (b) and amounts credited as provided in subsection
11 (c), (d) and (e), to the credit of the state general fund.

12 (b) A revolving fund, designated as "compensating tax refund fund"
13 not to exceed \$10,000 shall be set apart and maintained by the director
14 from compensating tax collections and estimated tax collections and held
15 by the state treasurer for prompt payment of all compensating tax refunds.
16 Such fund shall be in such amount, within the limit set by this section, as
17 the director shall determine is necessary to meet current refunding
18 requirements under this act.

19 (c) (1) On July 1, 2010, the state treasurer shall credit 11.427% of the
20 revenue collected and received from the tax imposed by K.S.A. 79-3703,
21 and amendments thereto, at the rate of 6.3%, and deposited as provided by
22 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
23 the state highway fund.

24 (2) On July 1, 2011, the state treasurer shall credit 11.26% of the
25 revenue collected and received from the tax imposed by K.S.A. 79-3703,
26 and amendments thereto, at the rate of 6.3%, and deposited as provided by
27 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
28 the state highway fund.

29 (3) On July 1, 2012, the state treasurer shall credit 11.233% of the
30 revenue collected and received from the tax imposed by K.S.A. 79-3703,
31 and amendments thereto, at the rate of 6.3%, and deposited as provided by
32 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
33 the state highway fund.

34 (4) On July 1, 2013, the state treasurer shall credit 17.073% of the
35 revenue collected and received from the tax imposed by K.S.A. 79-3703,
36 and amendments thereto, at the rate of 6.15%, and deposited as provided
37 by subsection (a), exclusive of amounts credited pursuant to subsection
38 (d), in the state highway fund.

39 (5) On July 1, 2015, *through June 30, 2017*, the state treasurer shall
40 credit 16.226% of the revenue collected and received from the tax imposed
41 by K.S.A. 79-3703, and amendments thereto, at the rate of 6.5%, and
42 deposited as provided by subsection (a), exclusive of amounts credited
43 pursuant to subsection (d), in the state highway fund.

1 ~~(6) On July 1, 2016, and thereafter, the state treasurer shall credit~~
2 ~~16.154% of the revenue collected and received from the tax imposed by~~
3 ~~K.S.A. 79-3703, and amendments thereto, at the rate of 6.5%, and~~
4 ~~deposited as provided by subsection (a), exclusive of amounts credited~~
5 ~~pursuant to subsection (d), in the state highway fund.~~

6 (d) The state treasurer shall credit all revenue collected or received
7 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as
8 certified by the director, from taxpayers doing business within that portion
9 of a redevelopment district occupied by a redevelopment project that was
10 determined by the secretary of commerce to be of statewide as well as
11 local importance or will create a major tourism area for the state as defined
12 in K.S.A. 12-1770a, and amendments thereto, to the city bond finance
13 fund created by K.S.A. 79-3620(d), and amendments thereto. The
14 provisions of this subsection shall expire when the total of all amounts
15 credited hereunder and under K.S.A. 79-3620(d), and amendments thereto,
16 is sufficient to retire the special obligation bonds issued for the purpose of
17 financing all or a portion of the costs of such redevelopment project.

18 This subsection shall not apply to a project designated as a special bond
19 project as defined in K.S.A. 12-1770a(z), and amendments thereto.

20 (e) All revenue certified by the director of taxation as having been
21 collected or received from the tax imposed by K.S.A. 79-3603(c), and
22 amendments thereto, on the sale or furnishing of gas, water, electricity and
23 heat for use or consumption within the intermodal facility district
24 described in this subsection, shall be credited by the state treasurer to the
25 state highway fund. Such revenue may be transferred by the secretary of
26 transportation to the rail service improvement fund pursuant to law. The
27 provisions of this subsection shall take effect upon certification by the
28 secretary of transportation that a notice to proceed has been received for
29 the construction of the improvements within the intermodal facility
30 district, but not later than December 31, 2010, and shall expire when the
31 secretary of revenue determines that the total of all amounts credited
32 hereunder and pursuant to K.S.A. 79-3620(e), and amendments thereto, is
33 equal to \$53,300,000, but not later than December 31, 2045. Thereafter, all
34 revenues shall be collected and distributed in accordance with applicable
35 law. For all tax reporting periods during which the provisions of this
36 subsection are in effect, none of the exemptions contained in K.S.A. 79-
37 3601 et seq., and amendments thereto, shall apply to the sale or furnishing
38 of any gas, water, electricity and heat for use or consumption within the
39 intermodal facility district. As used in this subsection, "intermodal facility
40 district" shall consist of an intermodal transportation area as defined by
41 K.S.A. 12-1770a(oo), and amendments thereto, located in Johnson county
42 within the polygonal-shaped area having Waverly Road as the eastern
43 boundary, 191st Street as the southern boundary, Four Corners Road as the

1 western boundary, and Highway 56 as the northern boundary, and the
2 polygonal-shaped area having Poplar Road as the eastern boundary, 183rd
3 Street as the southern boundary, Waverly Road as the western boundary,
4 and the BNSF mainline track as the northern boundary, that includes
5 capital investment in an amount exceeding \$150 million for the
6 construction of an intermodal facility to handle the transfer, storage and
7 distribution of freight through railway and trucking operations.

8 Sec. 19. K.S.A. 2015 Supp. 79-4803 is hereby amended to read as
9 follows: 79-4803. (a) After the transfer of moneys pursuant to K.S.A. 2015
10 Supp. 79-4806, and amendments thereto:

11 (1) An amount equal to 10% of the balance of all moneys credited to
12 the state gaming revenues fund shall be transferred and credited to the
13 correctional institutions building fund created pursuant to K.S.A. 76-6b09,
14 and amendments thereto, to be appropriated by the legislature for the use
15 and benefit of state correctional institutions as provided in K.S.A. 76-
16 6b09, and amendments thereto;~~and~~

17 (2) an amount equal to 5% of the balance of all moneys credited to
18 the state gaming revenues fund shall be transferred and credited to the
19 juvenile detention facilities fund; *and*

20 (3) *the remainder to the state general fund.*

21 (b) There is hereby created in the state treasury the juvenile detention
22 facilities fund which shall be administered by the commissioner of
23 juvenile justice. The Kansas advisory group on juvenile justice and
24 delinquency prevention shall review and make recommendations
25 concerning the administration of the fund. All expenditures from the
26 juvenile detention facilities fund shall be for the retirement of debt of
27 facilities for the detention of juveniles; or for the construction, renovation,
28 remodeling or operational costs of facilities for the detention of juveniles
29 in accordance with a grant program which shall be established with grant
30 criteria designed to facilitate the expeditious award and payment of grants
31 for the purposes for which the moneys are intended. "Operational costs"
32 shall not be limited to any per capita reimbursement by the commissioner
33 of juvenile justice for juveniles under the supervision and custody of the
34 commissioner but shall include payments to counties as and for their costs
35 of operating the facility. The commissioner of juvenile justice shall make
36 grants of the moneys credited to the juvenile detention facilities fund for
37 such purposes to counties in accordance with such grant program. All
38 expenditures from the juvenile detention facilities fund shall be made in
39 accordance with appropriation acts upon warrants of the director of
40 accounts and reports issued pursuant to vouchers approved by the
41 commissioner of juvenile justice or the commissioner's designee.

42 (c) On or before the 10th day of each month, the director of accounts
43 and reports shall transfer from the state general fund to the juvenile

1 detention facilities fund interest earnings based on:

2 (1) The average daily balance of moneys in the juvenile detention
3 facilities fund for the preceding month; and

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

6 Sec. 20. K.S.A. 2015 Supp. 79-4804 is hereby amended to read as
7 follows: 79-4804. ~~(a) After the transfer of moneys pursuant to K.S.A. 2015~~
8 ~~Supp. 79-4806, and amendments thereto, an amount equal to 85% of the~~
9 ~~balance of all moneys credited to the state gaming revenues fund shall be~~
10 ~~transferred and credited to the state economic development initiatives~~
11 ~~fund. Expenditures from the state economic development initiatives fund~~
12 ~~shall be made in accordance with appropriations acts for the financing of~~
13 ~~such programs supporting and enhancing the existing economic foundation~~
14 ~~of the state and fostering growth through the expansion of current, and the~~
15 ~~establishment and attraction of new, commercial and industrial enterprises~~
16 ~~as provided by this section and as may be authorized by law and not less~~
17 ~~than $\frac{1}{2}$ of such money shall be distributed equally among the~~
18 ~~congressional districts of the state. Except as provided by subsection (g),~~
19 ~~all moneys credited to the state economic development initiatives fund~~
20 ~~shall be credited within the fund, as provided by law, to an account or~~
21 ~~accounts of the fund which are created by this section.~~

22 (b) There is hereby created the Kansas capital formation account in
23 the state economic development initiatives fund. All moneys credited to
24 the Kansas capital formation account shall be used to provide, encourage
25 and implement capital development and formation in Kansas.

26 (c) There is hereby created the Kansas economic development
27 research and development account in the state economic development
28 initiatives fund. All moneys credited to the Kansas economic development
29 research and development account shall be used to promote, encourage
30 and implement research and development programs and activities in
31 Kansas and technical assistance funded through state educational
32 institutions under the supervision and control of the state board of regents
33 or other Kansas colleges and universities.

34 (d) There is hereby created the Kansas economic development
35 endowment account in the state economic development initiatives fund.
36 All moneys credited to the Kansas economic development endowment
37 account shall be accumulated and invested as provided in this section to
38 provide an ongoing source of funds which shall be used for economic
39 development activities in Kansas, including, but not limited to, continuing
40 appropriations or demand transfers for programs and projects which shall
41 include, but are not limited to, specific community infrastructure projects
42 in Kansas that stimulate economic growth.

43 (e) Except as provided in subsection (f), the director of investments

1 may invest and reinvest moneys credited to the state economic
2 development initiatives fund in accordance with investment policies
3 established by the pooled money investment board under K.S.A. 75-4232,
4 and amendments thereto, in the pooled money investment portfolio. All
5 moneys received as interest earned by the investment of the moneys
6 credited to the state economic development initiatives fund shall be
7 deposited in the state treasury and credited to the Kansas economic
8 development endowment account of such fund.

9 (f) Moneys credited to the Kansas economic development
10 endowment account of the state economic development initiatives fund
11 may be invested in government guaranteed loans and debentures as
12 provided by law in addition to the investments authorized by subsection
13 (e) or in lieu of such investments. All moneys received as interest earned
14 by the investment under this subsection of the moneys credited to the
15 Kansas economic development endowment account shall be deposited in
16 the state treasury and credited to the Kansas economic development
17 endowment account of the state economic development initiatives fund.

18 (g) Except as provided further, in each fiscal year, the director of
19 accounts and reports shall make transfers in equal amounts on July 15 and
20 January 15 which in the aggregate equal \$2,000,000 from the state
21 economic development initiatives fund to the state water plan fund created
22 by K.S.A. 82a-951, and amendments thereto. No moneys shall be
23 transferred from the state economic development initiatives fund to the
24 state water plan fund on such dates during state fiscal year 2016, state
25 fiscal year 2017 and state fiscal year 2018. No other moneys credited to
26 the state economic development initiatives fund shall be used for: (1)
27 Water-related projects or programs, or related technical assistance; or (2)
28 any other projects or programs, or related technical assistance, which meet
29 one or more of the long-range goals, objectives and considerations set
30 forth in the state water resource planning act.

31 *On July 1, 2017, the state economic development initiatives fund is*
32 *hereby abolished. On July 1, 2017, the director of accounts and reports*
33 *shall transfer all moneys in the state economic development initiatives*
34 *fund to the state general fund, and all liabilities of the state economic*
35 *development initiatives fund are hereby transferred to and imposed on the*
36 *state general fund. Whenever the state economic development initiatives*
37 *fund, or words of like effect, is referred to or designated by a statute,*
38 *contract or other document, such reference or designation shall be*
39 *deemed to apply to the state general fund.*

40 Sec. 21. K.S.A. 2-226, 38-2101, 38-2102, 38-2103, 38-2104 and 38-
41 2105 and K.S.A. 2015 Supp. 12-5256, 38-1901, 74-50,151, 74-8316, 74-
42 8734, 74-8738, 74-8744, 74-8747, 74-8766, 74-8768, 76-7,141, 79-34,157,
43 79-3620, 79-3710, 79-4803 and 79-4804 are hereby repealed.

1 Sec. 22. This act shall take effect and be in force from and after July
2 1, 2017, and its publication in the statute book.