

HOUSE BILL No. 2216

AN ACT concerning joint committees; repealing certain joint committees; relating to membership on the joint committee on special claims against the state; amending K.S.A. 12-2015, 19-4109, 38-2007, 46-912 and 71-211 and K.S.A. 2012 Supp. 65-1,251, 72-9924, 74-5001a, 74-5002s, 74-5049, 74-5097, 74-50,123, 74-50,151, 74-50,216, 74-8004, 74-8135, 74-8136, 74-8204, 74-8310, 74-8317, 74-8405, 74-99c07, 75-2264, 75-2268, 75-7423, 75-7427 and 79-32,215 and repealing the existing sections; also repealing K.S.A. 46-1208b, 46-1208c, 46-1604 and 74-3202e and K.S.A. 2012 Supp. 46-1208a, 46-1208e, 46-1801, 46-3001, 46-3701, 74-49,132, 74-49,133, 75-7425 and 76-3402.

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

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

Sec. 2. K.S.A. 19-4109 is hereby amended to read as follows: 19-4109. (a) The secretary shall transmit annually to the governor, the standing committee on commerce of the senate; *and the standing committee on commerce, labor and economic development of the house of representatives* ~~and the joint committee on economic development~~, a report, based upon information received from each qualified manufacturer for which benefits have been issued during the preceding year, describing the following: (1) The manner in which the purpose, as described in this act, has been carried out; (2) an estimate of jobs created and jobs preserved by cash investments made in qualified manufacturers; and (3) an estimate of the multiplier effect on the Kansas economy of the cash investments made pursuant to this act. (b) The secretary shall conduct an annual review of the activities undertaken pursuant to this act to ensure that benefits issued pursuant to this act are issued in compliance with the provisions of this act or rules and regulations promulgated by the department with respect to this act. (c) Any violation of the reporting requirements set forth in this section shall be grounds for loss of designation as a qualified manufacturer under this section. (d) If the secretary determines that a qualified manufacturer is not in substantial compliance with the requirements of this act, the secretary, by written notice, shall inform the officers of the qualified manufacturer that such qualified manufacturer will lose its designation as a qualified manufacturer unless such qualified manufacturer corrects the deficiencies and is once again in compliance with the requirements for designation.

Sec. 3. K.S.A. 38-2007 is hereby amended to read as follows: 38-2007. For the purpose of financially empowering parents to choose a health plan for a child, the secretary should review and report both verbally and in writing to the ~~joint committee on children's issues~~ *standing committee on public health and welfare of the senate and the standing committee on children and seniors of the house of representatives* prior to each legislative session with recommendations regarding the following items: (a) Direct transfer of the annual premium for a plan chosen by an eligible low-income family to the insurer; (b) The use of a refundable tax credit for an eligible low-income family to apply toward the purchase of a child's health care coverage. Such refundable tax credit would cover most or all of the cost of the insurance with the parents paying any difference. Additionally, an eligible low-income family would receive full benefit of the credit, regardless of how small their income tax obligation was; and (c) The status of the Kansas insurance coverage for children's pro-

gram including all performance measures relating to the Kansas insurance coverage for children's program.

Sec. 4. K.S.A. 46-912 is hereby amended to read as follows: 46-912. There is hereby established the joint committee on special claims against the state which shall have ~~13~~ *seven* members consisting of ~~five~~ *three* members of the senate and ~~eight~~ *four* members of the house of representatives. The representative members shall be appointed by the speaker, and the senator members shall be appointed by the senate committee on organization, calendar and rules. *Of the members of the house, three members shall be from the majority party with the remaining member from the minority party. Of the members of the senate, two members shall be from the majority party with the remaining member from the minority party.* Not less than ~~two representative members and two senator members~~ *one representative member and not less than one senator member* shall be attorneys licensed to practice law in the state of Kansas. Not less than one representative member shall be a member of the house committee on appropriations and not less than one senator member shall be a member of the senate committee on ways and means. In the biennium commencing with the convening of the regular session of the legislature in 1979, and in the biennium commencing with the convening of the regular session of the legislature each four years thereafter, the chairperson of the joint committee shall be a representative member designated by the speaker of the house of representatives. In the biennium commencing with the convening of the regular session of the legislature in 1981, and in the biennium commencing with the regular session of the legislature each four years thereafter, the senate committee on organization, calendar and rules shall designate a senator member to be the chairperson of the joint committee. If a chairperson shall die, resign or otherwise be incapable of serving as chairperson for the full two-year period, a successor shall be designated to fill the unexpired portion of such period in the same manner as the original chairperson was selected. ~~The members appointed from each house shall include minority party representation thereon.~~ The joint committee shall meet in the interim between legislative sessions on the call of the chairperson as authorized by the legislative coordinating council. Any ~~seven~~ *four* members of the joint committee shall constitute a quorum. Any action of such joint committee may be taken by an affirmative vote of a majority of the members present, if a quorum is present.

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

Sec. 5. K.S.A. 2012 Supp. 65-1,251 is hereby amended to read as follows: 65-1,251. ~~(a)~~ The department of health and environment shall work to increase influenza immunization awareness and participation among parents of children aged six months to five years in child care facilities. The official website of the department of health and environment shall have information on the benefits of annual immunization against influenza for children and its programs offered for the children. The department of health and environment shall cooperate with the department of social and rehabilitation for aging and disability services in order to distribute the information to the parents and child care facilities effectively in August or September in every year.

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

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

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

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

~~(c) The department of health and environment shall submit a report on its findings and recommendations resulting from such study to the joint committee on health policy oversight before the 2009 legislature~~

convenes. The joint committee on health policy oversight may introduce bills or request funding in order to provide for the program.

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

Sec. 6. K.S.A. 2012 Supp. 74-5001a is hereby amended to read as follows: 74-5001a. The purpose of the department of commerce shall be to develop and implement strategies to:

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

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

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

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

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

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

Sec. 7. K.S.A. 2012 Supp. 74-5002s is hereby amended to read as follows: 74-5002s. (a) There is hereby established, within the Kansas department of commerce, a division of workforce development. The head of the division shall be the director of workforce development, who shall be appointed by and serve at the pleasure of the secretary of the department of commerce. The director shall be in the unclassified service under the Kansas civil service act and shall receive an annual salary fixed by the secretary of commerce, with the approval of the governor. Under the supervision of the secretary of commerce, the director of workforce development shall administer the division of workforce development.

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

Sec. 8. K.S.A. 2012 Supp. 74-5049 is hereby amended to read as follows: 74-5049. (a) In order to insure that the department of commerce is effectively administering this act, the department shall cooperate with the standing committee on commerce of the senate; ~~and the standing committee on new economy~~ *commerce, labor and economic development* of the house of representatives ~~and the joint committee on economic development~~ in the performance of an independent performance review of the activities of the department and the departmental divisions. The review shall include, but not be limited to: (1) An assessment of the impacts of the department's programs corresponding to the strategic plans of the department and the departmental divisions; (2) a comparative assessment of the relative impact of the department's programs with similar programs in other states; and (3) a comparative assessment of the targeting of the department's programs by size and sector of economic activity, and by location in different areas of the state. The review shall be completed or updated at least once every three years.

(b) On or before October 1, the department shall prepare and publish an annual report, which shall be made widely available, of its activities and expenditures for the information of the governor, the standing committee on commerce of the senate, the standing committee on ~~new economy commerce, labor and economic development~~ of the house of representatives, ~~the joint committee on economic development~~, and the public, and shall, from time to time, submit recommendations to the governor concerning legislation found to be necessary or desirable in effecting the purposes of this act. The annual report shall include any information which the department is required to report by law. The annual report shall specifically account for the ways in which the purposes of the department and its divisions as described in this act have been achieved, and the recommendations shall specifically note what changes in the activities of the department and its divisions, and of state government are necessary to better address the purposes described in this act. The annual report to the standing committee on commerce of the senate; *and* the standing committee on ~~new economy commerce, labor and economic development~~ of the house of representatives ~~and the joint committee on economic development~~ shall be made by the department either: (1) By publishing such report on the internet and by notifying each member of the committees that the report is available and providing, as part of such notice, the uniform resource locator (URL) at which such report is available; or (2) by submitting copies of such report on CD-ROM or other electronically readable media to such committees.

Sec. 9. K.S.A. 2012 Supp. 74-5097 is hereby amended to read as follows: 74-5097. (a) Subject to the provisions of appropriations acts and in accordance with the provisions of this act, the department of commerce may provide planning grants and action grants to city-county economic development organizations located in nonmetropolitan counties, for the development and implementation of countywide economic development strategy plans or to neighborhood revitalization organizations, in metropolitan counties, for the planning and implementation of urban economic development plans.

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

(1) Grant applicants from nonmetropolitan counties shall be subject to the following conditions. Planning grants shall be for the development of countywide economic development strategy plans. No planning grant shall exceed \$15,000 for any single county economic development plan. An additional award for an amount not to exceed \$5,000 may be granted for each additional county participating in the development of a joint multi-county strategic economic development plan, except that under no circumstances shall the total planning grant exceed \$35,000. Any city-county economic development organization receiving a planning grant shall be required to provide additional funds equaling 25% of the amount of the planning grant. Action grants shall be for the implementation of countywide economic development strategy plans. Total action grants shall not exceed \$25,000 for any single county action grant application. An additional award for an amount not to exceed \$10,000 may be granted for each additional county participating in a joint multi-county action grant implementation effort, except that under no circumstances shall the action grant totals exceed \$65,000. Any city-county economic development organization receiving a grant shall be required to provide additional funds equaling 100% of the amount of the action grant. Not more than one planning grant may be awarded to any one county or combination of counties.

(2) Neighborhood revitalization organizations from metropolitan counties shall be subject to the following conditions. Prior to applying to the committee, the neighborhood revitalization organization must submit its application to a local economic development organization designated by the county commission of the county in which the organization is located. The local economic development organization shall review the application and determine whether the application should be funded on

the basis of local needs and priorities. If the application is approved by the local economic development organization and endorsed by resolution by the county commission and the governing body of the city in which the blighted area is located, the application shall be forwarded to the committee for further consideration. Planning grants shall be for the development of urban economic development strategy plans. No planning grant shall exceed \$15,000 for any single urban economic development plan. Any neighborhood revitalization organization receiving a planning grant shall be required to provide additional funds equaling 25% of the amount of the planning grant. Action grants shall be for the implementation of urban economic development strategy plans. Total action grants shall not exceed \$25,000 for any single urban action grant application. Any neighborhood revitalization organization receiving a grant shall be required to provide additional funds equaling 100% of the amount of the action grant. Not more than one planning grant may be awarded to any one neighborhood revitalization organization.

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

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

(c) The secretary of commerce may enter into an agreement with economic development service providers to provide reimbursement to such providers for expenses incurred in strategic planning activities which do not relate to the facilitation of a specific strategic plan. Such activities may include, but are not limited to, preapplication consulting and maintenance of economic development data bases. Such expenses shall be paid on a per project basis and must be preapproved by the secretary.

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

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

(f) As a part of the annual report required pursuant to K.S.A. 74-5049, and amendments thereto, the Kansas department of commerce

shall present a status report of activities including, but not limited to, specifics of community strengths and weaknesses and planning issues and strategies under the provisions of this act to the ~~joint committee on economic development~~ *standing committee on commerce of the senate and the standing committee on commerce, labor and economic development of the house of representatives.*

Sec. 10. K.S.A. 2012 Supp. 74-50,123 is hereby amended to read as follows: 74-50,123. (a) The secretary shall transmit annually to the governor, the standing committee on commerce of the senate, ~~and the standing committee on commerce, labor and economic development and tourism~~ of the house of representatives ~~and the joint committee on economic development~~, or any successor committee, a report, based upon information received from each qualified industrial manufacturer for which benefits have been issued during the preceding year, describing the following: (1) The manner in which the purpose, as described in this act, has been carried out;

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

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

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

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

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

Sec. 11. K.S.A. 2012 Supp. 74-50,151 is hereby amended to read as follows: 74-50,151. (a) There is hereby created in the state treasury the Kansas economic opportunity initiatives fund. Subject to acts of the legislature applicable thereto, the moneys in the Kansas economic opportunity initiatives fund shall be used only for the purposes prescribed by this section.

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

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

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

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

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

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

(c) An intervention strategy may include financial assistance in the form of grants, loans or both. The department of commerce shall adopt written guidelines concerning the terms and conditions of any such loans. However, all repaid funds shall be credited to the Kansas economic opportunity initiatives fund. No intervention strategy approved pursuant to this act shall facilitate the moving of an existing Kansas firm to another location within the state unless such restriction is waived by the secretary of commerce. Every intervention strategy approved pursuant to this act

shall identify the intended outcomes to be realized by the strategy for which funding is sought.

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

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

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

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

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

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

Sec. 12. K.S.A. 2012 Supp. 74-50,216 is hereby amended to read as follows: 74-50,216. The secretary shall transmit annually to the governor, the standing committees on taxation and assessment and commerce of the senate, the standing committees on taxation and *commerce, labor and economic development and tourism* of the house of representatives ~~and the joint committee on economic development~~, or any successor committee, a report, based on information received from each qualified company receiving benefits under this act, describing the following:

- (a) The names of the qualified companies;
- (b) the types of qualified companies utilizing the act;
- (c) the location of such companies and the location of such companies' business operations in Kansas;
- (d) the number of new employees hired;
- (e) the wages paid for such new employees;
- (f) the annual amount of benefits provided under this act;
- (g) the estimated net state fiscal impact, including the direct and indirect new state taxes derived from the new employees hired; and
- (h) an estimate of the multiplier effect on the Kansas economy of the benefits received under this act.

Sec. 13. K.S.A. 2012 Supp. 74-8004 is hereby amended to read as follows: 74-8004. (a) In order to achieve its purpose as provided in this act, the secretary of commerce shall:

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

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

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

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

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

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

(7) Provide appropriate oversight to ensure the successful implementation of Kansas venture capital, inc.

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

(9) Review and evaluate the annual report of Kansas venture capital, inc. The secretary of commerce shall transmit recommendations concerning the Kansas venture capital, inc. activities to the governor and the legislature no later than September 1 of each year.

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

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

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

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

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

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

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

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

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

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

(b) In addition to reports by the businesses to the department, the secretary will also provide an annual report, on or before February 1, to the governor, to the senate committee on commerce; *and* the house committee on *commerce, labor and economic development and tourism and the joint committee on economic development* and any successor committees thereto, on the marketing and use of the angel investor tax credits. This report will include the following: The amount of tax credits used in the previous fiscal year including what percentage was claimed by individuals and what percentage was claimed by investment firms; the types of businesses that benefited from the tax credits; and any aggregate job creation or capital investment in Kansas that resulted from the use of the tax credits for a period of five years beginning from the date on which the tax credits were awarded. In addition, the annual report will provide information regarding what businesses which derived benefit from the tax credits remained in Kansas and what businesses ceased business, what businesses were purchased and what businesses may have moved out-of-state and why.

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

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

(c) The secretary shall transmit annually to the governor, the standing committee on commerce of the senate; *and* the standing committee

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

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

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

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

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

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

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

Sec. 16. K.S.A. 2012 Supp. 74-8204 is hereby amended to read as follows: 74-8204. (a) Kansas venture capital, inc., shall prepare and publish an annual report of its activities for the information of the governor, the standing committee on commerce of the senate, the standing committee on ~~new economy~~ *commerce, labor and economic development* of the house of representatives ~~and the joint committee on economic development~~, securities commissioner of Kansas, attorney general and the public which shall be made widely available and shall specifically account for:

- (1) The manner in which the purpose as described in this act has been carried out by Kansas venture capital, inc.;
- (2) the total investments made annually by Kansas venture capital, inc., in Kansas businesses;
- (3) an estimate of jobs created and jobs preserved by investments by Kansas venture capital, inc., in Kansas businesses;
- (4) an estimate of the multiplier effect on the Kansas economy of investments by Kansas venture capital, inc., in Kansas businesses; and
- (5) an analysis of the targeting of scarce resources by Kansas venture

capital, inc., by size, sector and location to enterprises of particular need and opportunity.

(b) The report to the standing committee on commerce of the senate; ~~and the standing committee on *new economy* commerce, labor and economic development~~ of the house of representatives ~~and the joint committee on economic development~~ under this section shall be made by Kansas venture capital, inc., either: (1) By publishing such report on the internet and by notifying each member of the committees that the report is available and providing, as part of such notice, the uniform resource locator (URL) at which such report is available; or (2) by submitting copies of such report on CD-ROM or other electronically readable media.

Sec. 17. K.S.A. 2012 Supp. 74-8310 is hereby amended to read as follows: 74-8310. (a) Pursuant to K.S.A. 74-5049, and amendments thereto, the secretary shall report the following:

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

(b) Additionally, in the report the secretary shall evaluate the success of the program in collaboration with the standing committee on commerce of the senate; ~~and the standing committee on *commerce, labor and economic development* of the house of representatives and the joint committee on economic development~~, and may include specific recommendations for legislation.

Sec. 18. K.S.A. 2012 Supp. 74-8317 is hereby amended to read as follows: 74-8317. The secretary shall transmit annually to the governor, the standing committee on commerce of the senate; ~~and the standing committee on *commerce, labor and economic development* of the house of representatives and the joint committee on economic development~~:

- (a) The annual statement of the fund; and
- (b) a report, based upon information received by the fund manager, which specifies the following:
 - (1) The manner in which the purpose as described in this act has been carried out by the fund.
 - (2) The total investments made annually by the fund in Kansas businesses.

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

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

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

Sec. 19. K.S.A. 2012 Supp. 74-8405 is hereby amended to read as follows: 74-8405. (a) Pursuant to K.S.A. 74-5049, and amendments thereto, the secretary of commerce shall report the following:

- (1) The number of local seed capital pools;
- (2) the total tax credit generated;
- (3) the total investments made in Kansas venture capital companies;
- (4) the total investments in Kansas businesses by local seed capital pools;
- (5) an estimate of jobs created or preserved under the program; and
- (6) an estimate of the multiplier effect on the Kansas economy of the program.

(b) Additionally, in the report the secretary shall evaluate the success of the program in collaboration with the standing committee on commerce of the senate; ~~and the standing committee on *commerce, labor and economic development* of the house of representatives and the joint committee on economic development~~, and may include specific recommendations for legislation.

Sec. 20. K.S.A. 2012 Supp. 74-99c07 is hereby amended to read as follows: 74-99c07. (a) The Kansas center for entrepreneurship shall transmit annually to the governor, the secretary, the standing committee on commerce in the senate; ~~and the standing committee on *commerce, labor*~~

~~and the joint committee on economic development~~ and economic development in the house of representatives ~~and the joint committee on economic development~~ a report stating what tax credits have been issued during the preceding year and based on information provided by the regional or local community seed capital fund or economic development agency, describing the following: (1) The manner in which the purpose, as described in this act, has been carried out; (2) the total grants given to community seed capital funds or economic development agencies during the preceding year and cumulatively since the inception of this act; (3) the number of companies and jobs created or preserved by the grants given under this act and their location; and (4) an estimate of the multiplier effect on the Kansas economy of the grants made pursuant to this act.

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

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

Sec. 22. K.S.A. 2012 Supp. 75-7427 is hereby amended to read as follows: 75-7427. (a) As used in this section:

(1) “Attorney general” means the attorney general, employees of the attorney general or authorized representatives of the attorney general.

(2) “Benefit” means the receipt of money, goods, items, facilities, accommodations or anything of pecuniary value.

(3) “Claim” means an electronic, electronic impulse, facsimile, magnetic, oral, telephonic or written communication that is utilized to identify any goods, service, item, facility or accommodation as reimbursable to the state medicaid program, or its fiscal agents, the state mediKan program or the state children’s health insurance program or which states income or expense.

(4) “Client” means past or present beneficiaries or recipients of the state medicaid program, the state mediKan program or the state children’s health insurance program.

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

(6) “Contractor files” means those records of contractors which relate to the state medicaid program, the state mediKan program or the state children’s health insurance program.

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

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

(9) “Department” means the department of health and environment, or its successor agency.

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

(11) “Medicaid program” means the Kansas program of medical as-

sistance for which federal or state moneys, or any combination thereof, are expended, or any successor federal or state, or both, health insurance program or waiver granted thereunder.

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

(13) “Provider” means a person who has applied to participate in, who currently participates in, who has previously participated in, who attempts or has attempted to participate in the state medicaid program, the state mediKan program or the state children’s health insurance program, by providing or claiming to have provided goods, services, items, facilities or accommodations.

(14) “Recipient” means an individual, either real or fictitious, in whose behalf any person claimed or received any payment or payments from the state medicaid program, or its fiscal agent, the state mediKan program or the state children’s health insurance program, whether or not any such individual was eligible for benefits under the state medicaid program, the state mediKan program or the state children’s health insurance program.

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

(16) “State children’s health insurance program” means the state children’s health insurance program as provided in K.S.A. 38-2001 et seq., and amendments thereto.

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

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

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

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

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

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

(3) Within the limits of appropriations therefor, the inspector general may hire such employees in the unclassified service as are necessary to administer the office of the inspector general. Such employees shall serve at the pleasure of the inspector general. Subject to appropriations, the inspector general may obtain the services of certified public accountants, qualified management consultants, professional auditors, or other professionals necessary to independently perform the functions of the office.

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

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

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

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

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

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

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

(d) The inspector general shall have access to all pertinent information, confidential or otherwise, and to all personnel and facilities of the department of health and environment, their employees, vendors, contractors and health care providers and any federal, state or local governmental agency that are necessary to perform the duties of the office as

directly related to such programs administered by the department. Access to contractor or health care provider files shall be limited to those files necessary to verify the accuracy of the contractor's or health care provider's invoices or their compliance with the contract provisions or program requirements. No health care provider shall be compelled under the provisions of this section to provide individual medical records of patients who are not clients of the state medicaid program, the state mediKan program or the state children's health insurance program. State and local governmental agencies are authorized and directed to provide to the inspector general requested information, assistance or cooperation.

(e) Except as otherwise provided in this section, the inspector general and all employees and former employees of the office of inspector general shall be subject to the same duty of confidentiality imposed by law on any such person or agency with regard to any such information, and shall be subject to any civil or criminal penalties imposed by law for violations of such duty of confidentiality. The duty of confidentiality imposed on the inspector general and all employees and former employees of the office of inspector general shall be subject to the provisions of subsection (f), and the inspector general may furnish all such information to the attorney general, Kansas bureau of investigation or office of the United States attorney in Kansas pursuant to subsection (f). Upon receipt thereof, the attorney general, Kansas bureau of investigation or office of the United States attorney in Kansas and all assistants and all other employees and former employees of such offices shall be subject to the same duty of confidentiality with the exceptions that any such information may be disclosed in criminal or other proceedings which may be instituted and prosecuted by the attorney general or the United States attorney in Kansas, and any such information furnished to the attorney general, the Kansas bureau of investigation or the United States attorney in Kansas under subsection (f) may be entered into evidence in any such proceedings.

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

(g) To carry out the duties as described in this section, the inspector general and the inspector general's designees shall have the power to compel by subpoena the attendance and testimony of witnesses and the production of books, electronic records and papers as directly related to such programs administered by the department of health and environment. Access to contractor files shall be limited to those files necessary to verify the accuracy of the contractor's invoices or its compliance with the contract provisions. No health care provider shall be compelled to provide individual medical records of patients who are not clients of the department.

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

(i) The inspector general shall make annual reports, findings and recommendations regarding the office's investigations into reports of fraud, waste, abuse and illegal acts relating to any such programs administered by the director of health care finance to the secretary of health and environment, the legislative post auditor, the committee on ways and means of the senate, the committee on appropriations of the house of represen-

tatives, ~~the joint committee on health policy oversight~~ and the governor. These reports shall include, but not be limited to, the following information:

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

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

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

(2) No person shall:

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

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

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

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

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

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

(D) prohibiting disciplinary action of an employee who discloses information which: (i) The employee knows to be false or which the employee discloses with reckless disregard for its truth or falsity;; (ii) the employee knows to be exempt from required disclosure under the open

records act; or (iii) is confidential or privileged under statute or court rule.

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

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

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

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

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

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

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

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

Sec. 24. K.S.A. 2012 Supp. 75-2268 is hereby amended to read as follows: 75-2268. (a) The capitol preservation committee shall develop plans to place a mural in the capitol commemorating the United States supreme court decision entered May 17, 1954, in the case of *Brown v. Board of Education* (347 U.S. 483, 74 S.Ct. 686, 98 L.Ed. 873). ~~Such plans shall be developed in consultation with the joint committee on arts and cultural resources.~~

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

Sec. 25. K.S.A. 71-211 is hereby amended to read as follows: 71-211. The director of accounts and reports, with the advice of the state board of regents ~~and the legislative educational planning committee, the senate committee on education and the house of representatives committee on~~

education, shall prescribe a standardized and uniform chart of accounts for use by all community colleges. Such chart of accounts shall be compatible with the revenues and expenditures classification system developed by the national association of college and university business officers. The chart of accounts shall be adaptable to manual or automated systems, and use of such chart of accounts is hereby required for all community colleges.

Sec. 26. K.S.A. 2012 Supp. 72-9924 is hereby amended to read as follows: 72-9924. On or before September 1, 2006, the state board of education shall report its progress on the implementation of the Kansas skills for success in school program to the legislative educational planning committee. ~~The state board shall submit other reports as requested by the chairperson of the legislative educational planning committee.~~ On or before ~~September 1, 2007~~ *the first day of the legislative session in 2014*, and each year thereafter, the state board shall make an annual report on the program to the ~~legislative educational planning committee~~ *senate committee on education and the house of representatives committee on education*. Annual reports shall include data relating to and supporting evaluations of goals, objectives and outcomes established by the state board. ~~On or before the first day of the legislative session in 2007, and each year thereafter, the legislative educational planning committee shall prepare and submit to the legislature a report on the program and any recommendations relating thereto.~~

Sec. 27. K.S.A. 2012 Supp. 79-32,215 is hereby amended to read as follows: 79-32,215. (a) For taxable years 2005, 2006 and 2007, any business firm which has entered into a partnership agreement pursuant to subsection (f) shall be allowed a credit against the income tax imposed by the Kansas income tax act as follows:

(1) An amount equal to 25% of the amount paid during the taxable year by such business firm to teachers as salary pursuant to the partnership agreement; or

(2) an amount equal to 30% of the amount paid during the taxable year by such business firm to teachers as salary pursuant to the partnership agreement if the teacher is teaching in a school district located in a rural community, underserved area, or underperforming urban area.

(b) In no event shall the total amount of credits allowed under this section exceed \$500,000 for any one fiscal year, and of that amount, except as otherwise provided, no more than \$125,000 of credits shall be allowed for business firms located in any one congressional district per fiscal year. The secretary of revenue shall establish by the adoption of rules and regulations a procedure to allow reallocation of unused tax credits by one congressional district to a congressional district which has or will use all of its allocated tax credits in that fiscal year and has additional tax credit allowance requests pending. The secretary of revenue shall approve all such credits in advance on a first-come, first-serve basis pursuant to subsection (d). No credit shall be allowed pursuant to this section to a business firm that enters into a partnership agreement with a school district in which the teacher employed by the business firm is a household or family member of any owner, director, officer or employee of such business firm.

(c) The credit allowed by this section shall not exceed the amount of tax imposed under the Kansas income tax act reduced by the sum of any other credits allowable pursuant to law. Such credit shall be deducted from the taxpayer's income tax liability for the taxable year in which the expenditures are made by the taxpayer. The taxpayer shall not be allowed to carry over any amount of such credit exceeding the taxpayer's income tax liability. No credit shall be allowed pursuant to this section to a business firm that enters into a partnership agreement with a school district in which the teacher employed by the business firm is a household or family member of any owner, director, officer or employee of such business firm.

(d) Prior to a business firm claiming this tax credit, the secretary of revenue shall require each business firm to submit for approval the following information on forms as prescribed by the secretary: (1) Each partnership agreement; (2) the salary amount paid to each teacher during the taxable year by such business firm pursuant to such partnership agree-

ment and for which the tax credit is sought; and (3) such further information as the secretary may require to administer this provision.

(e) As used in this section:

(1) “Business firm” means any business entity authorized to do business in the state of Kansas which is subject to the state income tax imposed by the provisions of the Kansas income tax act and any individual subject to the state income tax imposed by the provisions of the Kansas income tax act.

(2) “Underserved area” shall have the meaning ascribed thereto by K.S.A. 74-32,101, and amendments thereto.

(3) “Teacher” means a person who holds a certificate to teach in Kansas with an endorsement in the areas of mathematics, science, physics, chemistry or biology and has entered into a partnership agreement.

(4) “Partnership agreement” means an agreement entered into pursuant to subsection (f). Such agreement shall contain a description of the duties of the position the teacher shall be performing, sufficient to establish that such position satisfies the criteria set forth in subsection (f).

(5) “Rural community” shall have the meaning ascribed thereto by K.S.A. 79-32,195, and amendments thereto.

(6) “Underperforming urban area” means an area of the state in which low academic performance by pupils in school districts in such area as determined and specified by the state board of education.

(f) The board of education of any school district, teacher and business firm may enter a partnership agreement under which such business firm agrees to employ such teacher in a position that requires mathematics or science skills commensurate with the classes that the teacher regularly teaches during the times in which school is not regularly in session. If a teacher entering into a partnership agreement voluntarily leaves the employ of the school district to be employed by the business firm during the term of the agreement or within one year after the agreement is completed or terminated, the business firm shall repay to the state all credits claimed pursuant to this section. Such payment shall be due as part of the tax liability of the business entity for the tax year in which the teacher is no longer employed by the school district.

~~(g) The secretary of revenue shall submit an annual report to the chairperson of the legislative educational planning committee regarding utilization of the credits claimed pursuant to this act, for purposes of evaluation of the program by such committee. Such report shall be due on or before the first day of the legislative session, commencing with the 2007 legislative session and ending with the 2009 legislative session.~~

Sec. 28. K.S.A. 12-2015, 19-4109, 38-2007, 46-912, 46-1208b, 46-1208c, 46-1604, 71-211 and 74-3202e and K.S.A. 2012 Supp. 46-1208a, 46-1208e, 46-1801, 46-3001, 46-3701, 65-1,251, 72-9924, 74-49,132, 74-49,133, 74-5001a, 74-5002s, 74-5049, 74-5097, 74-50,123, 74-50,151, 74-50,216, 74-8004, 74-8135, 74-8136, 74-8204, 74-8310, 74-8317, 74-8405, 74-99c07, 75-2264, 75-2268, 75-7423, 75-7425, 75-7427, 76-3402 and 79-32,215 are hereby repealed.

Sec. 29. This act shall take effect and be in force from and after its publication in the statute book.

I hereby certify that the above BILL originated in the HOUSE, and passed that body

HOUSE adopted
Conference Committee Report _____

Speaker of the House.

Chief Clerk of the House.

Passed the SENATE
as amended _____

SENATE adopted
Conference Committee Report _____

President of the Senate.

Secretary of the Senate.

APPROVED _____

Governor.