SENATE BILL No. 463

By Committee on Ways and Means


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

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

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

Sec. 2. K.S.A. 2-226 is hereby amended to read as follows:

The state fair board may make expenditures from money available therefor for the acquisition, construction, equipping, furnishing, renovation, reconstruction and repair of the Kansas state fairgrounds. Capital improvement projects for the acquisition, construction, equipping, furnishing, renovation, reconstruction and repair of the Kansas state fairgrounds are hereby approved for the state fair board for the purposes of subsection (b) of K.S.A. 74-8905(b), and amendments thereto, and the
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authorization of one or more series of revenue bonds by the Kansas
development finance authority in accordance with that statute.
Expenditures from bond proceeds authorized by this section for these
capital improvement projects shall not exceed an aggregate of $29,000,000
plus all amounts required for costs of any bond issuance, cost of interest
on any bond issued or obtained for such capital improvement project and
any required reserves for payment of any principal and interest on any
bond.

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

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

(d) During the fiscal year ending June 30, 2003, after bonds are
issued by the Kansas development finance authority to finance capital
improvements for the Kansas state fairgrounds in accordance with this
section, the general manager of the Kansas fair board shall certify that fact
to the director of accounts and reports and, upon receipt of such
certification, or as soon thereafter as moneys are available therefor, the
director of accounts and reports shall transfer an amount or amounts from
the state economic development initiatives fund or other available funds of
the state, as specified by appropriation act, to the state fair debt service
special revenue fund.

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

(b) (1) On July 1, 2016, on July 1, 2017, and on July 1, 2018, the
director of accounts and reports shall transfer $2,000,000 from the state
economic development initiatives general fund to the state housing trust
fund established by K.S.A. 2015 Supp. 74-8959, and amendments thereto.
(2) Notwithstanding the provisions of K.S.A. 2015 Supp. 74-8959,
and amendments thereto, to the contrary, during fiscal year 2016, fiscal
year 2017, and fiscal year 2018, moneys in the state housing trust fund
shall be used solely for the purpose of loans or grants to cities or counties
for infrastructure or housing development in rural areas. During such fiscal
years, on or before January 11, 2016, January 9, 2017, and January 8,
2018, the president of the Kansas housing resources corporation shall
submit a report concerning the activities of the state housing trust fund to
the house of representatives committee on appropriations and the senate
committee on ways and means.

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

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

(b) The Kansas children's cabinet shall consist of 15 members as
follows: (1) The secretary of health and environment, or the secretary's
designee; (2) the secretary for children and families, or the secretary's
designee; (3) a member of the state board of regents selected by the state
board of regents, or such member's designee; (4) the commissioner of
education, or the commissioner's designee; (5) the commissioner of
juvenile justice, or the commissioner's designee; (6) a member of the
Kansas supreme court selected by the Kansas supreme court, or such
member's designee; (7) five members of the public who are interested in
and knowledgeable about the needs of children and families shall be
appointed by the governor, which, subject to the provisions of subsection
(e), may include persons who are children's advocates, members of
organizations with experience in programs that benefit children or other
individuals who have experience with children's programs and services;
(8) one person appointed by the speaker of the house of representatives;
(9) one person appointed by the minority leader of the house of representatives; (10) one person appointed by the president of the senate; and (11) one person appointed by the minority leader of the senate. The members designated by clauses paragraphs (1), (2), (3), (4), (5) and (6) of this subsection shall be nonvoting members of the Kansas children's cabinet. All other members shall be voting members.
(c) (1) Except as provided in paragraph (2) of this subsection, the members of the Kansas children's cabinet appointed by the governor, speaker, president and minority leaders shall serve for terms of four years and until their successors are appointed and qualified. The governor shall appoint a chairperson of the committee from among the members appointed by the governor. The chairperson shall serve in such office throughout such member's current term of office and until a successor is appointed and qualified. The members of the Kansas children's cabinet may elect any additional officers from among its members necessary to carry out the duties and functions of the Kansas children's cabinet.
(2) Of the members first appointed by the governor, two shall be appointed for terms of two years, two shall be appointed for terms of three years and the member selected by the governor to be the chairperson shall be appointed for a term of four years. The member first appointed by the speaker of the house of representatives shall be appointed for a term of one year, the member first appointed by the minority leader of the house of representatives shall be appointed for a term of two years, the member first appointed by the president of the senate shall be appointed for a term of three years and the member first appointed by the minority leader of the senate shall be appointed for a term of four years. The governor shall designate the term for which each of the members first appointed by the governor shall serve.
(3) All members appointed to fill vacancies in the membership of the Kansas children's cabinet and all members appointed to succeed members appointed to membership on the Kansas children's cabinet shall be appointed in like manner as that provided for the original appointment of the member succeeded. All members appointed to fill vacancies of a member of the Kansas children's cabinet appointed by the governor, the speaker of the house of representatives, the minority leader of the house of representatives, the president of the senate or the minority leader of the senate shall be appointed to fill the unexpired term of such member.
(d) Not more than three members of the Kansas children's cabinet appointed by the governor under subsection (b)(7) shall be members of the same political party.
(e) (1) No person shall serve on the Kansas children's cabinet if such person has knowingly acquired a substantial interest in any business. Any
such person who knowingly acquires such an interest shall vacate such
two member's position on the Kansas children's cabinet.
(2) For purposes of this subsection, "substantial interest" means any
of the following:
(A) If an individual or an individual's spouse, either individually or
collectively, has owned within the preceding 12 months a legal or
equitable interest exceeding $5,000 or 5% of any business, whichever is
less, the individual has a substantial interest in that business.
(B) If an individual or an individual's spouse, either individually or
collectively, has received during the preceding calendar year compensation
which is or will be required to be included as taxable income on federal
income tax returns of the individual and spouse in an aggregate amount of
$2,000 from any business or combination of businesses, the individual has
a substantial interest in that business or combination of businesses.
(C) If an individual or an individual's spouse holds the position of
officer, director, associate, partner or proprietor of any business, the
individual has a substantial interest in that business, irrespective of that
amount of compensation received by the individual or the individual's
spouse.
(D) If an individual or an individual's spouse receives compensation
which is a portion or percentage of each separate fee or commission paid
to a business or combination of businesses, the individual has a substantial
interest in any client or customer who pays fees or commissions to the
business or combination of businesses from which fees or commissions the
individual or the individual's spouse, either individually or collectively,
received an aggregate of $2,000 or more in the preceding calendar year.
(3) As used in this subsection, "client or customer" means a business
or combination of businesses.
(4) As used in this subsection, "business" means any entity which is
eligible to receive funds from the children's initiatives fund, as provided in
K.S.A. 38-2102, and amendments thereto, from the children's initiatives
accountability fund, established by K.S.A. 38-2103, and amendments
thereto, or from the family and children trust account of the family and
children investment fund, as provided in K.S.A. 38-1808, and amendments
thereto.
(f) The Kansas children's cabinet shall meet upon the call of the
chairperson as necessary to carry out the duties and functions of the
Kansas children's cabinet. A quorum of the Kansas children's cabinet shall
be five voting members.
(g) The Kansas children's cabinet shall have and perform the
following functions:
(1) Assist the governor in developing and implementing a
coordinated, comprehensive service delivery system to serve the children
and families of Kansas;

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

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

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

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

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

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

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

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

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

(b) All of the moneys received by the state pursuant to the tobacco litigation settlement agreements entered into by the attorney general on behalf of the state of Kansas, or pursuant to any judgment rendered, regarding the litigation against tobacco industry companies and related entities, shall be deposited in the state treasury and credited to the Kansas endowment for youth state general fund. All such moneys shall constitute an endowment which shall remain credited to the Kansas endowment for
youth fund except as provided in this section or in K.S.A. 38-2102, and
amendments thereto, for transfers to the children's initiatives fund.
Expenditures may be made from the Kansas endowment for youth fund for
the payment of the operating expenses of the Kansas children's cabinet and
the board of trustees, including the expenses of investing and managing
the moneys, which are attributable to the Kansas endowment for youth
fund. All moneys credited to the Kansas endowment for youth fund shall
be invested to provide an ongoing source of investment earnings available
for periodic transfer to the children's initiatives fund in accordance with
this act. All expenditures from the Kansas endowment for youth fund shall
be made in accordance with appropriation acts upon warrants of the
director of accounts and reports issued pursuant to vouchers approved by
the chairperson of the board of trustees of the Kansas public employees
retirement system or by the chairperson's designee.

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

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

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

(b) Annually, on or before September 1, the Kansas children's cabinet
shall make recommendations regarding children and youth programs and
services and appropriations therefor. Such appropriation
recommendations shall not exceed $50,000,000 for any one fiscal year.
Such recommendations shall be submitted to the legislative budget
committee, house committee on appropriations, the senate committee on ways and means and the governor for review and consideration.

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

(d) Programs funded must have a recommended shall:
(1) Have a clearly articulated objective to be achieved with any funds received. As a condition precedent to funding, every program must;
(2) demonstrate that the program's design is supported by credible research, that the program as implemented will;
(3) constitute best practices in the field, that;
(4) have data—is available to benchmark the program's desired outcomes; and that
(5) have an evaluation and assessment component is part of the program design and that such evaluation is capable of determining program performance, make needed program modifications to enhance performance; if necessary, show ways in which the program could be modified for transfer to other venues, and identify when performance no longer justifies funding.

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

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

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

(2) On July 1, 2001, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer $40,000,000 from the—
Kansas endowment for youth fund to the children's initiatives fund and shall transfer $10,000,000 from the Kansas endowment for youth fund to the state general fund.

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

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

(5) If the amounts to be received during any fiscal year under the tobacco litigation settlement agreements entered into by the attorney general on behalf of the state of Kansas, or pursuant to any judgment rendered, regarding the litigation against tobacco industry companies and related entities, are reduced or increased from the amount that was anticipated to be received for such fiscal year, as of the time the settlement agreements were entered into, then the legislature may adjust the amount otherwise provided by this subsection to be transferred from the Kansas endowment for youth fund to the children's initiatives fund for such fiscal year by including provisions in appropriation acts for such fiscal year that proportionally reduce or increase, as appropriate, the amount otherwise provided by this subsection to be transferred from the Kansas endowment for youth fund to the children's initiatives fund for such fiscal year.

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

(f) On the 10th day of each month, the director of accounts and reports shall transfer from the state general fund to the Kansas endowment for youth fund interest earnings based on the average daily balance of moneys in the children's initiatives fund for the preceding-
Sec. 7. K.S.A. 38-2103 is hereby amended to read as follows: 38-2103. (a) The Kansas children's cabinet established by K.S.A. 38-1901, and amendments thereto, shall advise the governor and the legislature regarding the uses of the moneys credited to the children's initiatives fund.

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

c) (b) There shall be conducted performance audits and other audit work by the legislative post auditor upon request by the Kansas children's cabinet and as directed by the legislative post audit committee in accordance with the provisions of the legislative post audit act. The purpose of such performance audits and other audit work shall be to provide interested parties with the program evaluation and research needed to make informed decisions for the uses of moneys credited to the children's initiatives fund. The auditor to conduct such performance audit or other audit work shall be specified in accordance with K.S.A. 46-1122, and amendments thereto, and if the legislative post audit committee specifies under such statute that a firm, as defined by K.S.A. 46-1112, and amendments thereto, is to perform all or part of the audit work of such audit, such firm shall be selected and shall perform such audit work as provided in K.S.A. 46-1123, and amendments thereto, and K.S.A. 46-1125 through 46-1127, and amendments thereto. The audit work required pursuant to this subsection shall be conducted in accordance with generally accepted governmental auditing standards. The post auditor shall compute the reasonably anticipated cost of the audit work performed by a firm for such performance audit or other audit work pursuant to this subsection, subject to review and approval by the contract audit committee established by K.S.A. 46-1120, and amendments thereto, and the Kansas children's cabinet shall pay such cost from the children's initiatives accountability fund. If all or part of the audit work for such performance audit or other audit work is performed by the division of post audit and the
division of post audit incurs costs in addition to those attributable to the
operations of the division of post audit in the performance of other duties
and responsibilities, the post auditor shall charge the Kansas children's
cabinet for such additional costs and the Kansas children's cabinet shall
pay such charges from the children's initiatives accountability fund. The
payment of any such costs and any such charges shall be a transaction
between the division of post audit and the Kansas children's cabinet and
such transaction shall be settled in accordance with the provisions of
K.S.A. 75-5516, and amendments thereto. All moneys received by the
division of post audit for such costs and charges shall be credited to the
audit services fund.

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

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

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

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

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

(1) To carry out the purposes of this act through investments in
qualified securities and through the forms of financial assistance authorized by this act, including:

(A) Loans, loans convertible to equity, and equity;
(B) leaseholds;
(C) management or consultant service agreements;
(D) loans with warrants attached that are beneficially owned by the fund;
(E) loans with warrants attached that are beneficially owned by a party other than the fund; and
(F) the fund, in connection with the provision of any form of financial assistance, may enter into royalty agreements with an enterprise.

(2) To invest in such other investments as are lawful for Kansas fiduciaries pursuant to K.S.A. 58-24a02, and amendments thereto.

c) Distributions received by the corporation may be reinvested in any fund consistent with the purposes of this act.

d) The secretary may invest only in a fund whose investment guidelines permit the fund's purchase of qualified securities issued by an enterprise as a part of a resource and technology project subject to the following:

(1) Receipt of an application from the enterprise which contains:

(A) A business plan including a description of the enterprise and its management, product and market;
(B) a statement of the amount, timing and projected use of the capital required;
(C) a statement of the potential economic impact of the enterprise, including the number, location and types of jobs expected to be created; and

(D) such other information as the fund manager or the fund's board of directors shall request.

(2) Approval of the investment by the fund may be made after the fund manager or the fund's board of directors finds, based upon the application submitted by the enterprise and such additional investigation as the fund manager or the fund's board of directors shall make and incorporate in its minutes, that:

(A) The proceeds of the investment will be used only to cover the venture-capital needs of the enterprise except as authorized by this section;
(B) the enterprise has a reasonable possibility of success;
(C) the fund's participation is instrumental to the success of the enterprise because funding otherwise available for the enterprise is not available on commercially feasible terms;
(D) the enterprise has the reasonable potential to create a substantial amount of employment within the state;
(E) the entrepreneur and other founders of the enterprise have already
made or are contractually committed to make a substantial financial and
time commitment to the enterprise;
(F) the securities to be purchased are qualified securities;
(G) there is a reasonable possibility that the fund will recoup at least
its initial investment; and
(H) binding commitments have been made to the fund by the
enterprise for adequate reporting of financial data to the fund, which shall
include a requirement for an annual report, or if required by the fund
manager, an annual audit of the financial and operational records of the
enterprise, and for such control on the part of the fund as the fund manager
shall consider prudent over the management of the enterprise, so as to
protect the investment of the fund, including in the discretion of the fund
manager and without limitation, the right of access to financial and other
records of the enterprise.
(e) All investments made pursuant to this section shall be evaluated
by the fund's investment committee and the fund shall be audited annually
by an independent auditing firm.
(f) The fund shall not make investments in qualified securities issued
by enterprises in excess of the amount necessary to own more than 49% of
the qualified securities in any one enterprise at the time of the purchase by
the fund, after giving effect to the conversion of all outstanding convertible
qualified securities of the enterprise, except that in the event of severe
financial difficulty of the enterprise, threatening, in the judgment of the
fund manager, the investment of the fund therein, a greater percentage of
such securities may be owned by the fund.
(g) At least 75% of the total investment of the fund must be in Kansas
businesses.
(h) For tax year 2013 and all tax years thereafter, the income tax
credit provided by this section shall only be available to taxpayers subject
to the income tax on corporations imposed pursuant to subsection (c) of
K.S.A. 79-32,110(c), and amendments thereto, and shall be applied only
against such taxpayer's corporate income tax liability.
Sec. 9. K.S.A. 2015 Supp. 74-8734 is hereby amended to read as
follows: 74-8734. (a) The Kansas lottery may operate one lottery gaming
facility in each gaming zone.
(b) Not more than 30 days after the effective date of this act the
lottery commission shall adopt and publish in the Kansas register the
procedure for receiving, considering and approving, proposed lottery
gaming facility management contracts. Such procedure shall include
provisions for review of competitive proposals within a gaming zone and
the date by which proposed lottery gaming facility management contracts
must be received by the lottery commission if they are to receive
consideration.
(c) The lottery commission shall adopt standards to promote the integrity of the gaming and finances of lottery gaming facilities, which shall apply to all management contracts, shall meet or exceed industry standards for monitoring and controlling the gaming and finances of gaming facilities and shall give the executive director sufficient authority to monitor and control the gaming operation and to ensure its integrity and security.

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

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

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

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

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

2. The prospective lottery gaming facility manager is not a resident Kansas American Indian tribe and, at a minimum: (i) Has sufficient access to financial resources to support the activities required of a lottery gaming facility manager under the Kansas expanded lottery act; (ii) is current in
filing all applicable tax returns and in payment of all taxes, interest and
penalties owed to the state of Kansas and any taxing subdivision where
such prospective manager is located in the state of Kansas, excluding
items under formal appeal pursuant to applicable statutes; and (iii) has
three consecutive years' experience in the management of gaming which
would be class III gaming, as defined in K.S.A. 46-2301, and amendments
thereto, operated pursuant to state or federal law; and

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

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

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

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

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

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

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

(6) provide for the prospective lottery gaming facility manager, upon
approval of the proposed lottery gaming facility management contract, to
pay to the state treasurer a privilege fee of $25,000,000 for the privilege of
being selected as a lottery gaming facility manager of a lottery gaming
facility in the northeast or south central Kansas gaming zone and
$5,500,000 for the privilege of being selected as a lottery gaming facility
manager of a lottery gaming facility in the southeast or southwest Kansas
gaming zone. Such fee shall be deposited in the state treasury and credited
to the lottery gaming facility manager fund, which is hereby created in the
state treasury;
(7) incorporate terms and conditions for the ancillary lottery gaming facility operations;
(8) designate as key employees, subject to approval of the executive director, any employees or contractors providing services or functions which are related to lottery facility games authorized by a management contract;
(9) include financing commitments for construction;
(10) include a resolution of endorsement from the city governing body, if the proposed facility is within the corporate limits of a city, or from the county commission, if the proposed facility is located in the unincorporated area of the county;
(11) include a requirement that any parimutuel licensee developing a lottery gaming facility pursuant to this act comply with all orders and rules and regulations of the Kansas racing and gaming commission with regard to the conduct of live racing, including the same minimum days of racing as specified in K.S.A. 2015 Supp. 74-8746, and amendments thereto, for operation of electronic gaming machines at racetrack gaming facilities;
(12) include a provision for the state to receive not less than 22% of lottery gaming facility revenues, which shall be paid to the expanded lottery act revenues state general fund established by K.S.A. 2015 Supp. 74-8768, and amendments thereto;
(13) include a provision for 2% of lottery gaming facility revenues to be paid to the problem gambling and addictions grant fund established by K.S.A. 2015 Supp. 79-4805, and amendments thereto;
(14) if the prospective lottery gaming facility manager is an American Indian tribe, include a provision that such tribe agrees to waive its sovereign immunity with respect to any actions arising from or to enforce either the Kansas expanded lottery act or any provision of the lottery gaming facility management contract; any action brought by an injured patron or by the state of Kansas; any action for purposes of enforcing the workers compensation act or any other employment or labor law; and any action to enforce laws, rules and regulations and codes pertaining to health, safety and consumer protection; and for any other purpose deemed necessary by the executive director to protect patrons or employees and promote fair competition between the tribe and others seeking a lottery gaming facility management contract;
(15) (A) if the lottery gaming facility is located in the northeast or southwest Kansas gaming zone and is not located within a city, include a provision for payment of an amount equal to 3% of the lottery gaming facility revenues to the county in which the lottery gaming facility is located; or (B) if the lottery gaming facility is located in the northeast or southwest Kansas gaming zone and is located within a city, include provision for payment of an amount equal to 1.5% of the lottery gaming
facility revenues to the city in which the lottery gaming facility is located and an amount equal to 1.5% of such revenues to the county in which such facility is located;

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

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

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

(19) include enforceable provisions: (A) Prohibiting the state, until July 1, 2032, from: (i) Entering into management contracts for more than four lottery gaming facilities or similar gaming facilities, one to be located in the northeast Kansas gaming zone, one to be located in the south central Kansas gaming zone, one to be located in the southwest Kansas gaming zone and one to be located in the southeast Kansas gaming zone; (ii) designating additional areas of the state where operation of lottery gaming facilities or similar gaming facilities would be authorized; or (iii) operating an aggregate of more than 2,800 electronic gaming machines at all parimutuel licensee locations; and (B) requiring the state to repay to the lottery gaming facility manager an amount equal to the privilege fee paid
by such lottery gaming facility manager, plus interest on such amount, compounded annually at the rate of 10%, if the state violates the prohibition provision described in subparagraph (A).

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

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

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

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

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

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

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

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

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

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

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

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

(n) (1) The Kansas lottery shall be the licensee and owner of all
software programs used at a lottery gaming facility for any lottery facility game.

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

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

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

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

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

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

Sec. 11. K.S.A. 2015 Supp. 74-8744 is hereby amended to read as follows: 74-8744. (a) In accordance with rules and regulations adopted by
the commission, the executive director shall have general responsibility for
the implementation and administration of the provisions of this act relating
to racetrack gaming facility operations, including the responsibility to:
(1) Certify net electronic gaming machine income by inspecting
records, conducting audits, having agents of the Kansas lottery on site or
by any other reasonable means; and
(2) assist the commission in the promulgation of rules and regulations
concerning the operation of racetrack gaming facilities, which rules and
regulations shall include, without limitation, the following:
(A) The number of electronic gaming machines allocated for
placement at each racetrack gaming facility, subject to the provisions of
subsection (b);
(B) standards for advertising, marketing and promotional materials
used by racetrack gaming facility managers;
(C) the kind, type, number and location of electronic gaming
machines at any racetrack gaming facility; and
(D) rules and regulations and procedures for the accounting and
reporting of the payments required from racetrack gaming facility
managers under K.S.A. 2015 Supp. 74-8766, and amendments thereto,
including the calculations required for such payments.
(b) Rules and regulations establishing the minimum and maximum
number of electronic gaming machines allocated for placement at each
racetrack gaming facility shall be adopted and published not later than 120
days after the effective date of this act. Such rules and regulations shall be
subject to the following:
(1) At least 600 electronic gaming machines shall be allocated to and
placed at each racetrack gaming facility.
(2) The total number of electronic gaming machines allocated to and
placed at all racetrack gaming facilities in the state shall not exceed 2,800.
Until lottery gaming facility management contracts for lottery gaming
facilities in all gaming zones become binding, the total number of
electronic gaming machines placed at all racetrack gaming facilities shall
not exceed 2,200. When lottery gaming facility management contracts for
lottery gaming facilities in all gaming zones have become binding, the
lottery commission shall take privilege fee bids from the lottery gaming
facility manager and racetrack gaming facility manager in each gaming
zone for the remaining electronic gaming machines allocated to but not yet
placed at the racetrack gaming facility in such zone. The minimum bid
shall be a privilege fee of $2,500 per electronic gaming machine. If the
racetrack gaming facility manager submits the highest bid, the lottery
commission shall place the remaining electronic gaming machines at the
racetrack gaming facility. If the lottery gaming facility manager submits
the highest bid, the commission shall not place any additional electronic
gaming machines at the racetrack gaming facility.

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

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

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

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

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

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

(4) (A) if the racetrack gaming facility is located in the northeast Kansas gaming zone and is not located within a city, include a provision for payment of an amount equal to 3% of the racetrack gaming facility revenues net electronic gaming machine income to the county in which the racetrack gaming facility is located; or (B) if the racetrack gaming facility is located in the northeast Kansas gaming zone and is located within a city, include provision for payment of an amount equal to 1.5% of the racetrack gaming facility revenues net electronic gaming machine income to the city
in which the racetrack gaming facility is located and an amount equal to 1.5% of such revenues to the county in which such facility is located;

(5) (A) if the racetrack gaming facility is located in the southeast or south central Kansas gaming zone and is not located within a city, include a provision for payment of an amount equal to 2% of the racetrack gaming facility revenues net electronic gaming machine income to the county in which the racetrack gaming facility is located and an amount equal to 1% of such revenues to the other county in such zone; or (B) if the racetrack gaming facility is located in the southeast or south central Kansas gaming zone and is located within a city, provide for payment of an amount equal to 1% of the racetrack gaming facility revenues net electronic gaming machine income to the city in which the racetrack gaming facility is located, an amount equal to 1% of such revenues to the county in which such facility is located and an amount equal to 1% of such revenues to the other county in such zone;

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

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

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

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

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

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

(b) All lottery gaming facility revenues from lottery gaming facilities and all net electronic gaming machine income from racetrack gaming facilities shall be paid daily and electronically to the executive director. The executive director shall remit all moneys received therefrom to the
state treasurer in accordance with K.S.A. 75-4215, and amendments thereto. Upon receipt of the remittance, the state treasurer shall deposit the entire amount in the state treasury and credit it to the respective account maintained for the lottery gaming facility manager or racetrack gaming facility manager in the expanded lottery receipts fund.

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

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

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

(b) On July 1, 2012, July 1, 2013, July 1, 2014, July 1, 2015, July 1, 2016, July 1, 2017, July 1, 2018, July 1, 2019, July 1, 2020, and July 1, 2021, or as soon thereafter such date as moneys are available, the first $10,500,000 credited to the expanded lottery act revenues fund shall be transferred by the director of accounts and reports from the expanded lottery act revenues fund in one or more substantially equal amounts, to each of the following: The Kan-grow engineering fund – KU, Kan-grow-
engineering fund – KSU and Kan-grow engineering fund – WSU. Each such special revenue fund shall receive $3,500,000 annually in each of such years. Commencing in fiscal year 2014, after such transfer has been made, 50% of the remaining moneys credited to the fund shall be transferred on a quarterly basis by the director of accounts and reports from the fund to the Kansas public employees retirement system fund to be applied to reduce the unfunded actuarial liability of the system attributable to the state of Kansas and participating employers under K.S.A. 74-4931 et seq., and amendments thereto, until the system as a whole attains an 80% funding ratio as certified by the board of trustees of the Kansas public employees retirement system. On July 1, 2017, the expanded lottery act revenues fund is hereby abolished. On July 1, 2017, the director of accounts and reports shall transfer all moneys in the expanded lottery act revenues fund to the state general fund, and all liabilities of the expanded lottery act revenues fund are hereby transferred to and imposed on the state general fund. Whenever the expanded lottery act revenues fund, or words of like effect, is referred to or designated by a statute, contract or other document, such reference or designation shall be deemed to apply to the state general fund.

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

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

(b) (1) There is hereby created in the state treasury the Kan-grow engineering fund – KSU. The secretary shall remit all moneys received under the university engineering initiative act for engineering initiative facilities at Kansas state university, to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the Kan-grow engineering fund.
(2) All expenditures from the Kan-grow engineering fund – KSU shall be for purposes of the university engineering initiative act and shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary or by a person designated by the secretary. Each expenditure from the Kan-grow engineering fund – KSU which is transferred from expanded lottery act revenues fund moneys shall be required to be matched on a $1 for $1 basis from nonstate sources.

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

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

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

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

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

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

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

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

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

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

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

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

(6) On July 1, 2016, and thereafter, the state treasurer shall credit 16.154% of the revenue collected and received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 6.5%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.
(d) The state treasurer shall credit all revenue collected or received from the tax imposed by K.S.A. 79-3603, and amendments thereto, as certified by the director, from taxpayers doing business within that portion of a STAR bond project district occupied by a STAR bond project or taxpayers doing business with such entity financed by a STAR bond project as defined in K.S.A. 2015 Supp. 12-17,162, and amendments thereto, that was determined by the secretary of commerce to be of statewide as well as local importance or will create a major tourism area for the state or the project was designated as a STAR bond project as defined in K.S.A. 2015 Supp. 12-17,162, and amendments thereto, to the city bond finance fund, which fund is hereby created. The provisions of this subsection shall expire when the total of all amounts credited hereunder and under K.S.A. 79-3710(d), and amendments thereto, is sufficient to retire the special obligation bonds issued for the purpose of financing all or a portion of the costs of such STAR bond project.

(e) All revenue certified by the director of taxation as having been collected or received from the tax imposed by K.S.A. 79-3603(c), and amendments thereto, on the sale or furnishing of gas, water, electricity and heat for use or consumption within the intermodal facility district described in this subsection, shall be credited by the state treasurer to the state highway fund. Such revenue may be transferred by the secretary of transportation to the rail service improvement fund pursuant to law. The provisions of this subsection shall take effect upon certification by the secretary of transportation that a notice to proceed has been received for the construction of the improvements within the intermodal facility district, but not later than December 31, 2010, and shall expire when the secretary of revenue determines that the total of all amounts credited hereunder and pursuant to K.S.A. 79-3710(e), and amendments thereto, is equal to $53,300,000, but not later than December 31, 2045. Thereafter, all revenues shall be collected and distributed in accordance with applicable law. For all tax reporting periods during which the provisions of this subsection are in effect, none of the exemptions contained in K.S.A. 79-3601 et seq., and amendments thereto, shall apply to the sale or furnishing of any gas, water, electricity and heat for use or consumption within the intermodal facility district. As used in this subsection, "intermodal facility district" shall consist of an intermodal transportation area as defined by K.S.A. 12-1770a(oo), and amendments thereto, located in Johnson county within the polygonal-shaped area having Waverly Road as the eastern boundary, 191st Street as the southern boundary, Four Corners Road as the western boundary, and Highway 56 as the northern boundary, and the polygonal-shaped area having Poplar Road as the eastern boundary, 183rd Street as the southern boundary, Waverly Road as the western boundary, and the BNSF mainline track as the northern boundary, that includes
capital investment in an amount exceeding $150 million for the
construction of an intermodal facility to handle the transfer, storage and
distribution of freight through railway and trucking operations.

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

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

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

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

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

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

(5) On July 1, 2015, through June 30, 2017, the state treasurer shall
credit 16.226% of the revenue collected and received from the tax imposed
by K.S.A. 79-3703, and amendments thereto, at the rate of 6.5%, and
deposited as provided by subsection (a), exclusive of amounts credited
pursuant to subsection (d), in the state highway fund.
(6) On July 1, 2016, and thereafter, the state treasurer shall credit 16.154% of the revenue collected and received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 6.5%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

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

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

(e) All revenue certified by the director of taxation as having been collected or received from the tax imposed by K.S.A. 79-3603(c), and amendments thereto, on the sale or furnishing of gas, water, electricity and heat for use or consumption within the intermodal facility district described in this subsection, shall be credited by the state treasurer to the state highway fund. Such revenue may be transferred by the secretary of transportation to the rail service improvement fund pursuant to law. The provisions of this subsection shall take effect upon certification by the secretary of transportation that a notice to proceed has been received for the construction of the improvements within the intermodal facility district, but not later than December 31, 2010, and shall expire when the secretary of revenue determines that the total of all amounts credited hereunder and pursuant to K.S.A. 79-3620(e), and amendments thereto, is equal to $53,300,000, but not later than December 31, 2045. Thereafter, all revenues shall be collected and distributed in accordance with applicable law. For all tax reporting periods during which the provisions of this subsection are in effect, none of the exemptions contained in K.S.A. 79-3601 et seq., and amendments thereto, shall apply to the sale or furnishing of any gas, water, electricity and heat for use or consumption within the intermodal facility district. As used in this subsection, "intermodal facility district" shall consist of an intermodal transportation area as defined by K.S.A. 12-1770a(oo), and amendments thereto, located in Johnson county within the polygonal-shaped area having Waverly Road as the eastern boundary, 191st Street as the southern boundary, Four Corners Road as the
western boundary, and Highway 56 as the northern boundary, and the
polygonal-shaped area having Poplar Road as the eastern boundary, 183rd
Street as the southern boundary, Waverly Road as the western boundary,
and the BNSF mainline track as the northern boundary, that includes
capital investment in an amount exceeding $150 million for the
construction of an intermodal facility to handle the transfer, storage and
distribution of freight through railway and trucking operations.

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

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

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

(3) the remainder to the state general fund.

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

(c) On or before the 10th day of each month, the director of accounts
and reports shall transfer from the state general fund to the juvenile
detention facilities fund interest earnings based on:
(1) The average daily balance of moneys in the juvenile detention
facilities fund for the preceding month; and
(2) the net earnings rate of the pooled money investment portfolio for
the preceding month.
Sec. 20. K.S.A. 2015 Supp. 79-4804 is hereby amended to read as
follows: 79-4804. (a) After the transfer of moneys pursuant to K.S.A. 2015
Supp. 79-4806, and amendments thereto, an amount equal to 85% of the
balance of all moneys credited to the state gaming revenues fund shall be
transferred and credited to the state economic development initiatives-
fund. Expenditures from the state economic development initiatives fund
shall be made in accordance with appropriations acts for the financing of
such programs supporting and enhancing the existing economic foundation
of the state and fostering growth through the expansion of current, and the
establishment and attraction of new, commercial and industrial enterprises
as provided by this section and as may be authorized by law and not less
than 7/8 of such money shall be distributed equally among the
congressional districts of the state. Except as provided by subsection (g),
all moneys credited to the state economic development initiatives fund
shall be credited within the fund, as provided by law, to an account or
accounts of the fund which are created by this section.
(b) There is hereby created the Kansas capital formation account in
the state economic development initiatives fund. All moneys credited to
the Kansas capital formation account shall be used to provide, encourage
and implement capital development and formation in Kansas.
(e) There is hereby created the Kansas economic development
research and development account in the state economic development
initiatives fund. All moneys credited to the Kansas economic development
research and development account shall be used to promote, encourage
and implement research and development programs and activities in
Kansas and technical assistance funded through state educational
institutions under the supervision and control of the state board of regents
or other Kansas colleges and universities.
(d) There is hereby created the Kansas economic development
endowment account in the state economic development initiatives fund.
All moneys credited to the Kansas economic development endowment
account shall be accumulated and invested as provided in this section to
provide an ongoing source of funds which shall be used for economic
development activities in Kansas, including, but not limited to, continuing
appropriations or demand transfers for programs and projects which shall
include, but are not limited to, specific community infrastructure projects
in Kansas that stimulate economic growth.
(e) Except as provided in subsection (f), the director of investments
may invest and reinvest moneys credited to the state economic-
development initiatives fund in accordance with investment policies-
established by the pooled money investment board under K.S.A. 75-4232,
and amendments thereto, in the pooled money investment portfolio. All-
moneys received as interest earned by the investment of the moneys-
credited to the state economic development initiatives fund shall be-
deposited in the state treasury and credited to the Kansas economic-
development endowment account of such fund.

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

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

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

Sec. 21. K.S.A. 2-226, 38-2101, 38-2102, 38-2103, 38-2104 and 38-
2105 and K.S.A. 2015 Supp. 12-5256, 38-1901, 74-50,151, 74-8316, 74-
8734, 74-8738, 74-8744, 74-8747, 74-8766, 74-8768, 76-7,141, 79-34,157, 
79-3620, 79-3710, 79-4803 and 79-4804 are hereby repealed.
Sec. 22. This act shall take effect and be in force from and after July 1, 2017, and its publication in the statute book.