

Kansas Register

Ron Thornburgh, Secretary of State

Vol. 22, No. 22 May 29, 2003 Pages 897-966

In this issue . . .

Page

Legislative interim committee schedule	898
USDA—Natural Resources Conservation Service	
Notice of Kansas Technical Committee meeting	899
Department of Administration—Division of Facilities Management	
Notice of commencement of negotiations for engineering services	899
Kansas, Inc.	
Notice of meeting	899
Pooled Money Investment Board	
Notice of investment rates.....	899
Social and Rehabilitation Services	
Request for proposals for children and family services	899
State Fair Board	
Notice of meeting	900
Secretary of State	
Executive appointments.....	900
Kansas Department of Transportation	
Notices to consulting engineers	900, 901
Department of Administration—Division of Purchases	
Notice to bidders for state purchases	901
Kansas State University	
Notice to bidders.....	902
Notice of Bond Sale	
U.S.D. 229, Johnson County	902
Department of Health and Environment	
Requests for comments on proposed air quality permits.....	903
Notice concerning Kansas water pollution control permits.....	904
Governmental Ethics Commission	
Opinions 2003-08 through 2003-14.....	906
New State Laws	
Senate Bill 281 , enacting the economic revitalization and reinvestment act; relating to the secretary of commerce and Kansas development finance authority	910
House Bill 2014 , concerning retirement and pensions; relating to the Kansas public employees retirement system and systems thereunder	911
Senate Bill 285 , concerning the department of commerce and housing; relating to changing the name of such agency	927
Index to administrative regulations	959

State of Kansas

Legislature

Interim Committee Schedule

The following committee meetings have been scheduled during the period of May 29-30. Any individual with a disability may request accommodation in order to participate in committee meetings. Requests for accommodation should be made at least two working days in advance of the meeting by contacting Legislative Administrative Services at (785) 296-2391 or TTY (785) 296-8430. When available, agendas can be found at: <http://kslegislature.org/kldr>.

Date	Room	Time	Committee	Agenda
May 29			Sine Die 2003 Legislative Session	
May 29	123-S	11:00 a.m.	Legislative Coordinating Council	
May 29	514-S	1:30 p.m.	Administrative Rules and Regulations, Joint Committee	Rules and regulations noticed for hearing by the Dept. of Health and Environment.
May 30	514-S	9:00 a.m.	Administrative Rules and Regulations, Joint Committee	Rules and regulations noticed for hearing by SRS, Board of Regents, Dept. of Administration, Dept. of Corrections, Wildlife and Parks, Behavioral Sciences Board and Dept. of Agriculture, and staff review of permanent regulations.

Jeff Russell
Director of Legislative
Administrative Services

Doc. No. 029400

The KANSAS REGISTER (USPS 0662-190) is an official publication of the State of Kansas, published by authority of K.S.A. 75-430. The Kansas Register is published weekly by the Kansas Secretary of State, 1st Floor, Memorial Hall, 120 S.W. 10th Ave., Topeka, KS 66612-1594. One-year subscriptions are \$80 (Kansas residents must include \$5.76 state and local sales tax). Single copies may be purchased, if available, for \$2 each. Periodicals postage paid at Topeka, KS.

POSTMASTER: Send change of address form to Kansas Register, Secretary of State, 1st Floor, Memorial Hall, 120 S.W. 10th Ave., Topeka, KS 66612-1594.

© Kansas Secretary of State 2003. Reproduction of this publication in its entirety or for commercial purposes is prohibited without prior permission. Official enactments of the Kansas Legislature and proposed and adopted administrative regulations of state agencies may be reproduced in any form without permission.

PUBLISHED BY
Ron Thornburgh
Secretary of State
1st Floor, Memorial Hall
120 S.W. 10th Ave.
Topeka, KS 66612-1594
(785) 296-4564
www.kssos.org



Register Office:
1st Floor, Memorial Hall
(785) 296-3489
Fax (785) 368-8024
kansasregister@kssos.org

(Published in the Kansas Register May 29, 2003.)

**USDA—Natural Resources
Conservation Service**

Notice of Kansas Technical Committee Meeting

The Kansas Technical Committee will meet from 1 to 3 p.m. Tuesday, June 10, at the NRCS Conference Center, 747 Duvall, Salina, to discuss delivery of the USDA—Natural Resources Conservation Service (NRCS) Grassland Reserve Program.

For additional information contact Steve Parkin, Assistant State Conservationist for Programs, USDA—NRCS, 760 S. Broadway, Salina, 67401-4604, (785) 823-4568, fax (785) 823-4540, e-mail steve.parkin@ks.nrcs.usda.gov.

Kansas Technical Committee information is posted at www.ks.nrcs.usda.gov (select Kansas Technical Committee). NRCS is an equal opportunity provider and employer.

Mary D. Shaffer
Public Affairs Specialist

Doc. No. 029401

State of Kansas

**Department of Administration
Division of Facilities Management**

**Notice of Commencement of
Negotiations for Engineering Services**

Notice is hereby given of the commencement of negotiations for "on-call" mechanical-electrical-plumbing engineering services for Fort Hays State University. The contract will be for one year, renewable for two additional one-year periods.

For information concerning the scope of services, contact Dana Cunningham, Director of Facilities Planning, (785) 628-4424.

If interested, an original and six copies (seven total) of the SF 255 form (plus relevant attachments of information regarding similar projects) should be submitted. **In addition to the seven submitted copies, an optional CD with your proposal in pdf format would be appreciated.** These submittals should be concise, relevant to the project and follow the State Building Advisory Commission guidelines for submittal. Copies of the guidelines have previously been distributed to firms; if copies of the guidelines are required, contact **Phyllis Fast, Division of Facilities Management, Room 152, Landon State Office Building, 900 S.W. Jackson, Topeka, 66612, (785) 296-5796.** Submittals not complying with the guidelines will be returned without consideration. **Please include an e-mail address in proposal.**

Expressions of interest and the SF 255 submittals should be received by Phyllis Fast before 5 p.m. June 13.

Stuart D. Leighty
Director, Division of
Facilities Management

Doc. No. 029391

State of Kansas

Kansas, Inc.

Notice of Meeting

The Kansas, Inc. Board of Directors will meet at 10 a.m. Thursday, June 5, at Boeing, 3801 S. Oliver, Wichita. The meeting is open to the public. For more information, call (785) 296-1460.

Larry McCants
Co-Chair

Doc. No. 029405

State of Kansas

Pooled Money Investment Board

Notice of Investment Rates

The following rates are published in accordance with K.S.A. 75-4210. These rates and their uses are defined in K.S.A. 12-1675(b)(c)(d), 75-4201(l) and 75-4209(a)(1)(B).

Effective 5-26-03 through 6-01-03

Term	Rate
1-89 days	1.23%
3 months	1.01%
6 months	1.06%
1 year	1.11%
18 months	1.19%
2 years	1.30%

Derl S. Treff
Director of Investments

Doc. No. 029392

State of Kansas

Social and Rehabilitation Services

Request for Proposals

The Department of Social and Rehabilitation Services announces the release of a request for proposals by the Wichita Area Office, Children and Family Services. The proposal is for provision of services to children and families for the prevention of out-of-home placement and reduction in the need for, and/or time spent in, police protective custody. Crisis intervention, case management and other assessment services are expected. Other new and innovative methods, services and collaborations are requested in order to decrease the number of children requiring out-of-home placement and to reduce current expenditures for police protective custody.

Vendors interested in receiving the request for proposal should contact Bruce Brown at the Wichita Area SRS Office, P.O. Box 1620, Wichita, 67201, (316) 337-6636 or fax (316) 337-6789. It is anticipated that the proposal deadline will be during the third week of June.

Janet Schalansky
Secretary of Social and
Rehabilitation Services

Doc. No. 029394

State of Kansas

Department of Transportation

Notice to Consulting Engineers

The Kansas Department of Transportation is seeking qualified consulting engineering firms to perform engineering surveys as needed, statewide. Two to four firms will be selected. A response may be submitted by e-mail to Neil@ksdot.org, or seven signed copies of the response can be mailed to Neil Rusch, P.E., Assistant to the Director, Division of Engineering and Design, KDOT, Room 1084-West, Docking State Office Building, 915 S.W. Harrison, Topeka, 66612-1568. Responses shall be limited to four pages. Responses must be received in Room 1084-West by 5 p.m. June 11 for the consulting engineering firm to be considered.

From the firms expressing interest, the Consultant Selection Committee will select a list of the most highly qualified (not less than three and not more than five) and invite them to attend an individual interview conference. At this time, the consulting firms can more thoroughly discuss their experience related to the type of project at hand and will be expected to discuss, in some detail, their approach to this project and the personnel to be assigned to the project. Firms not selected to be short-listed will be notified by letter.

The Consultant Negotiating Committee, appointed by the Secretary of Transportation, will conduct the discussions with the firms invited to the individual interview conferences. The committee will select the firm to perform the professional services required for completing the advertised project. After the selection of this firm, the remaining firms will be notified by letter of the outcome.

The firms selected will be required to provide the following survey services:

1. Engineering surveys;
2. Flagging of proposed right of way;
3. Supplemental surveys to original surveys;
4. Land survey of right of way and installation of right of way markers;
5. Cross sectioning of roadway and/or borrow locations;
6. Re-establishing section corners and control points; and
7. Similar surveying services.

It is KDOT's policy to use the following criteria as the basis for selection of the consulting engineering firms:

- Size and professional qualifications;
- Experience of staff;
- Location of firm with respect to proposed project;
- Work load of firm; and
- Firm's performance record.

Deb Miller
Secretary of Transportation

Doc. No. 029370

State of Kansas

State Fair Board

Notice of Meeting

The Kansas State Fair Board will meet at 10:30 a.m. Tuesday, June 3, in the White House on the Kansas State Fairgrounds in Hutchinson. For further information, contact Deana Novak at (620) 669-3612.

Mary Alice Lair
President

Doc. No. 029397

State of Kansas

Secretary of State

Executive Appointments

Executive appointments made by the Governor, and in some cases by other state officials, are filed with the Secretary of State's office. A complete listing of Kansas state agencies, boards and commissions, and county officials are included in the Kansas Directory, published by the Secretary of State. The directory also is available on the Secretary of State's Web site at www.kssos.org. The following appointments were recently filed with the Secretary of State:

**District Judge, 3rd Judicial District,
Division 3**

Jean M. Schmidt, Shawnee County Courthouse, 200 S.E. 7th, Topeka, 66603.

Trego County Sheriff

James Ryan Bloom, 219 N. 10th, WaKeeney, 67672. Term expires when a successor is elected and qualifies according to law. Succeeds Curtis Bender, resigned.

Kansas Business Health Policy Committee

Pat Kaufman, 4307 W. 63rd Terrace, Shawnee Mission, 66208. Serves at the pleasure of the Governor. Succeeds Cliff R. Sones.

State Corporation Commission

Robert E. Krehbiel, 23805 S. Dean Road, Pretty Prairie, 67570. Term expires March 15, 2007. Succeeds Cynthia Claus.

Health Care Data Governing Board

Deanne Bacco, 6500 Millbrook, Shawnee Mission, 66218. Term expires May 17, 2006. Succeeds John P. Noonan.

Kansas Development Finance Authority

Brett A. Reber, 320 S. Walnut, McPherson, 67460. Term expires January 15, 2007. Succeeds Bart Hildreth.

Daniel L. Watkins, 643 Indiana, Lawrence, 66044. Term expires January 15, 2005. Succeeds Thomas C. Blackburn, resigned.

Ron Thornburgh
Secretary of State

Doc. No. 029388

State of Kansas

Department of Transportation

Notice to Consulting Engineers

The Kansas Department of Transportation is seeking qualified consulting engineering firms for the projects listed below. All surveys and bridge designs will be provided by KDOT. A response may be submitted by e-mail to Neil@ksdot.org, or seven signed copies of the response can be mailed to Neil Rusch, P.E., Assistant to the Director, Division of Engineering and Design, KDOT, Room 1084-West, Docking State Office Building, 915 S.W. Harrison, Topeka, 66612-1568. Responses shall be limited to four pages. Responses must be received in Room 1084-West by 5 p.m. June 11 for the consulting engineering firm to be considered.

A Consultant Selection Committee will select a list of the most highly qualified firms expressing interest (not less than three and not more than five) and invite them to attend an individual interview conference. At this time, the consulting firms can more thoroughly discuss their experience related to the type of project at hand and will be expected to discuss, in some detail, their approach to this project and the personnel to be assigned to the project. Firms not selected to be short-listed will be notified by letter.

The Consultant Negotiating Committee, appointed by the Secretary of Transportation, will conduct the discussions with the firms invited to the individual interview conferences. The committee will select the firm to perform the professional services required for completing the advertised project. After the selection of this firm, the remaining firms will be notified by letter of the outcome.

61-78 K-8252-01 - Reno County

The scope of services is to prepare construction of a four-lane access controlled freeway from just north of 17th Street in Hutchinson, northeast 8.63 miles to the Reno-McPherson county line, with a bypass at Medora. There will be an interchange at 56th Street and at Medora. Work required on K-14 to turn back to the county also is included in the project. The project is programmed for fiscal year 2009, and the estimated construction cost is \$58.678 million.

61-59 K-8253-01 - McPherson County

The scope of services is to prepare construction of a four-lane partial access controlled improvement from the Reno-McPherson county line, northeast 7.43 miles to northeast of Chisholm Road, with a bypass at Inman. There will be an interchange at Inman and a future interchange at Arapaho Road. The project is programmed for fiscal year 2009, and the estimated construction cost is \$45.253 million.

61-59 K-8253-02 - McPherson County

The scope of services is to prepare construction of a four-lane partial access controlled improvement from northeast of Chisholm Road, northeast 7 miles to the four-lane section south of McPherson. There will be an interchange at K-153 Spur and a future interchange at Comanche Road. Work required on U.S. 81B, K-86 and K-175 to turn back to the county also is included in this project.

It is KDOT's policy to use the following criteria as the basis for selection of the consulting engineering firms:

- Size and professional qualifications;
- Experience of staff;
- Location of firm with respect to proposed project;
- Work load of firm; and
- Firm's performance record.

Deb Miller
Secretary of Transportation

Doc. No. 029372

State of Kansas

Department of Administration
Division of Purchases

Notice to Bidders

Sealed bids for items listed will be received by the Director of Purchases until 2 p.m. on the date indicated. For more information, call (785) 296-2377:

6/09/2003	06253	Wave Form/Spectrum Analysis System
6/10/2003	06264	Water Transport Semi-Trailer
6/10/2003	06266	Recreational Management Software
6/10/2003	06267	Variable Message Board, Truck Mounted
6/11/2003	06256	Self-Contained Breathing Apparatus (SCBA) Trailer
6/11/2003	06258	Utility Trailers
6/11/2003	06259	Pressure Seal Forms
6/11/2003	06260	Portable Traffic Control Signal
6/11/2003	06277	Anti-Freeze and Summer Coolant
6/12/2003	06255	Furnish and Install Fire Alarm — Ford Hall
6/12/2003	06257	Install HVAC Units and Piping
6/12/2003	06272	Ford E-350 Passenger Van
6/12/2003	06285	Furnish and Install Washer/Extractor
6/12/2003	06287	Two Way Radio Equipment
6/13/2003	06189	Stock Computer Forms
6/13/2003	06252	High Performance Liquid Chromatograph System
6/16/2003	06188	Custom Continuous Forms

The above referenced bid documents can be downloaded at the following Web site:

<http://da.state.ks.us/purch/rfq/>

Additional files may be located at the following Web site (please monitor this Web site on a regular basis for any changes/addenda):

<http://da.state.ks.us/purch/adds/default/htm>

The following bid documents may be obtained by calling (785) 296-8899:

6/10/2003	A-9585(A)	Sports Field Irrigation and Seeding
6/24/2003	A-9042	Parking and Drive Improvements
6/24/2003	A-9627	Roof Replacement — Administration Building

Stuart D. Leighty
Director of Purchases

Doc. No. 029408

State of Kansas

Kansas State University

Notice to Bidders

Sealed bids for items listed below will be received by the Kansas State University Purchasing Office, Manhattan, until 2 p.m. local time on the date indicated and then will be publicly opened. Interested bidders may call (785) 532-6214 or fax (785) 532-5577 for additional information:

Thursday, June 5, 2003

#40086

Deferred Compensation Plans

Monday, June 9, 2003

#3204

Automated DNA Genetic Analysis System

William H. Sesler
Director of Purchasing

Doc. No. 029393

(Published in the Kansas Register May 29, 2003.)

Summary Notice of Bond Sale

Unified School District No. 229

Johnson County, Kansas

\$40,925,000*

**General Obligation Refunding and
Improvement Bonds, Series 2003-A**

**(General obligation bonds payable from
unlimited ad valorem taxes)**

Bids

Subject to the notice of bond sale and preliminary official statement dated May 12, 2003, sealed and electronic bids will be received by (1) in the case of sealed bids, the clerk of Unified School District No. 229, Johnson County, Kansas (the issuer), on behalf of the governing body at the district office, 15020 Metcalf, P.O. Box 23901, Overland Park, KS 66283, and (2) in the case of electronic bids, through *PARITY* electronic bid submission system, until 1 p.m. Monday, June 9, 2003, for the purchase of \$40,925,000* principal amount of General Obligation Refunding and Improvement Bonds, Series 2003-A. No bid of less than the principal amount of the bonds less a discount not to exceed 0.75 percent thereof and accrued interest thereon to the date of delivery will be considered.

Bond Details

The bonds will consist of fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. The bonds will initially be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York, to which payments of principal and interest on the bonds will be made. Individual purchases of bonds will be made in book-entry form only. Purchasers will not receive certificates representing their interest in bonds purchased. The bonds will be dated July 1, 2003, and will become due on October 1 in the years as follows:

Year	Amount*
2004	\$6,775,000
2005	7,045,000

2006	6,610,000
2007	6,765,000
2008	6,925,000
2009	5,275,000
2010	1,530,000

The bonds will *not* be subject to redemption prior to maturity.

The bonds will bear interest from the date thereof at rates to be determined when the bonds are sold as hereinafter provided, which interest will be payable semiannually on April 1 and October 1 in each year, beginning April 1, 2004.

Paying Agent and Bond Registrar

The Kansas State Treasurer.

Bidder's Option Municipal Bond Insurance

The district has applied to several insurers for bidder's option municipal bond insurance on the bonds. The premium for any such bond insurance, if elected by the successful bidder, will be paid by the successful bidder. Further information is provided in the notice of bond sale.

Good Faith Deposit

Each bid shall be accompanied by a cashier's or certified check or a financial surety bond in the amount of \$818,500.

Delivery

The issuer will pay for printing the bonds and will deliver the same properly prepared, executed and registered without cost to the successful bidder within 45 days after the date of sale.

Assessed Valuation and Indebtedness

The total assessed valuation of taxable tangible property in the district for the year 2002 (except for motor vehicle valuations which are as of January 2003) is \$1,891,468,904. The total general obligation indebtedness of the issuer as of the expected date of delivery of the bonds, including the bonds in the amount shown above and excluding the refunded bonds, is \$277,405,000.

Approval of Bonds

The bonds will be sold subject to the legal opinion of Gilmore & Bell, P.C., Kansas City, Missouri, bond counsel, whose approving legal opinion as to the validity of the bonds will be furnished and paid for by the issuer and delivered to the successful bidder when the bonds are delivered.

Additional Information

Additional information regarding the bonds may be obtained from the clerk, (913) 239-4000, or from the financial advisor, George K. Baum & Company, Kansas City, Missouri, (816) 474-1100.

Dated May 12, 2003.

Unified School District No. 229
Johnson County, Kansas
By Diane Mitchell, Clerk
Board of Education

* Subject to change as provided in the notice of bond sale and preliminary official statement.

Doc. No. 029406

State of Kansas

Department of Health
and Environment

Request for Comments

The Kansas Department of Health and Environment is soliciting comments regarding a proposed air quality operating permit. ExxonMobil has applied for a Class I operating permit in accordance with the provisions of K.A.R. 28-19-510 et seq. The purpose of a Class I permit is to identify the sources and types of regulated air pollutants emitted from the facility; the emission limitations, standards and requirements applicable to each source; and the monitoring, record keeping and reporting requirements applicable to each source as of the effective date of permit issuance.

Exxon Mobil, Houston, Texas, owns and operates Lateral C Compressor Station located at Section 2, Township 31 South, Range 36 West, Stevens County, Kansas.

A copy of the proposed permit, permit application, all supporting documentation and all information relied upon during the permit application review process is available for a 30-day public review during normal business hours at the KDHE, Bureau of Air and Radiation, 1000 S.W. Jackson, Suite 310, Topeka; and at the KDHE South Central District Office, 130 S. Market, sixth floor, Wichita. To obtain or review the proposed permit and supporting documentation, contact Michael J. Parhomek, (785) 296-1580, at the KDHE central office; or Don Mies, (316) 337-6107, at the KDHE South Central District Office. The standard departmental cost will be assessed for any copies requested.

Direct written comments or questions regarding the proposed permit to Michael J. Parhomek, KDHE, Bureau of Air and Radiation, 1000 S.W. Jackson, Suite 310, Topeka, 66612-1366. In order to be considered in formulating a final permit decision, written comments must be received by the close of business June 30.

A person may request a public hearing be held on the proposed permit. The request for a public hearing shall be in writing and set forth the basis for the request. The written request must be submitted to Connie Carreno, Bureau of Air and Radiation, not later than the close of business June 30 in order for the Secretary of Health and Environment to consider the request.

The U.S. Environmental Protection Agency has a 45-day review period, which will start concurrently with the 30-day public comment period, within which to object to the proposed permit. If the EPA has not objected in writing to the issuance of the permit within the 45-day review period, any person may petition the administrator of the EPA to review the permit. The 60-day public petition period will directly follow the EPA 45-day review period. If the EPA waives its 45-day review period, the 60-day public petition period will start directly after the 30-day public comment period. Interested parties may contact KDHE to determine if the EPA's 45-day review period has been waived.

Any such petition shall be based only on objections to the permit that were raised with reasonable specificity during the public comment period provided for in this

notice, unless the petitioner demonstrates that it was impracticable to raise such objections within such period, or unless the grounds for such objection arose after such period. Contact Gary Schlicht, U.S. EPA, Region VII, Air Permitting and Compliance Branch, 901 N. 5th St., Kansas City, KS 66101, (913) 551-7097, to determine when the 45-day EPA review period ends and the 60-day petition period commences.

Roderick L. Bremby
Secretary of Health
and Environment

Doc. No. 029403

State of Kansas

Department of Health
and Environment

Request for Comments

The Kansas Department of Health and Environment is soliciting comments regarding a proposed air quality construction permit. Anadarko Gathering Company has applied for an air quality construction permit in accordance with the provisions of K.A.R. 28-19-300 to exchange three compressor engines. Emissions of oxides of nitrogen (NOx), carbon monoxide (CO) and volatile organic compounds (VOCs) were evaluated during the permit review process.

Anadarko Gathering Company, Houston, Texas, owns and operates the Rolla Booster Station located at Section 1, Township 35 South, Range 40 West, Morton County, Kansas, at which three compressor engines are to be exchanged.

A copy of the proposed permit, permit application, all supporting documentation and all information relied upon during review of the permit application is available for public inspection for a period of 30 days from the date of publication during normal business hours at the KDHE, Bureau of Air and Radiation, 1000 S.W. Jackson, Suite 310, Topeka; and at the KDHE South Central District Office, 130 S. Market, Suite 6050, Wichita. To obtain or review the proposed permit and supporting documentation, contact Michael Stewart, (785) 296-1994, at the KDHE central office; or Don Mies, (316) 337-6107, at the KDHE South Central District Office. The standard departmental cost will be assessed for any copies requested.

Direct written comments or questions regarding the proposed permit to Michael Stewart, KDHE, Bureau of Air and Radiation, 1000 S.W. Jackson, Suite 310, Topeka, 66612-1366. In order to be considered in formulating a final permit decision, written comments must be received by the close of business June 30.

A person may request a public hearing be held on the proposed permit. The request for a public hearing shall be in writing and set forth the basis for the request. The written request must be submitted to Connie Carreno, Bureau of Air and Radiation, not later than the close of business June 30 in order for the Secretary of Health and Environment to consider the request.

Roderick L. Bremby
Secretary of Health
and Environment

Doc. No. 029402

State of Kansas

Department of Health and Environment

Notice Concerning Kansas Water Pollution Control Permits

In accordance with Kansas Administrative Regulations 28-16-57 through 63, 28-18-1 through 15, 28-18a-1 through 32, 28-16-150 through 154, 28-46-7, and the authority vested with the state by the administrator of the U.S. Environmental Protection Agency, draft permits have been prepared and/or permit applications have been received for discharges to the waters of the United States and the State of Kansas for the class of discharges described below.

The determinations for permit content are based on staff review, applying the appropriate standards, regulations and effluent limitations of the State of Kansas and the EPA, and when issued will result in a State Water Pollution Control Permit and National Pollutant Discharge Elimination System Authorization subject to certain conditions.

All Kansas Department of Health and Environment district office addresses and telephone numbers are listed below.

Public Notice No. KS-AG-03-125/131

Pending Permits for Confined Feeding Facilities

Name and Address of Applicant	Legal Description	Receiving Water
Francis Hulsing Route 1, Box 66A Baileyville, KS 66404	SE/4 of Section 03, T02S, R11E, Nemaha County	Missouri River Basin

Kansas Permit No. A-MONM-S044

This is a permit renewal and modification for an existing facility for 275 head (110 animal units) of swine greater than 55 pounds. The modification will reduce the number of swine greater than 55 pounds to 166 head (66.4 animal units). Also, due to the changes in the law or method of counting, the permit will include baby pigs in crates and nursery pigs formerly not counted, 400 head (40 animal units) of swine 55 pounds or less, for a new total of 106.4 animal units.

Wastewater will be impounded for subsequent application to agricultural land for beneficial use. Wastewater storage capacity is provided that meets or exceeds KDHE minimum requirements. The manure/waste management plan developed by the designer and approved by the department shall be adhered to as a condition of the permit.

Name and Address of Applicant	Legal Description	Receiving Water
Bob McLean 23060 W. 287th Paola, KS 66071	SE/4 of Section 34, T16S, R23E, Miami County	Marais des Cygnes River Basin

Kansas Permit No. A-MCMI-S018

This is a permit renewal for an existing facility for 300 head (120 animal units) of swine greater than 55 pounds. Due to changes in the law or method of counting, the permit will include 360 head (36 animal units) of swine 55 pounds or less, for a new total of 156 animal units.

Wastewater will be impounded for subsequent application to agricultural land for beneficial use. Wastewater storage capacity is provided that meets or exceeds KDHE minimum requirements. The manure/waste management plan developed by the designer and approved by the department shall be adhered to as a condition of the permit.

Name and Address of Applicant	Legal Description	Receiving Water
Erich Wiedmann Route 1, Box 150 Onaga, KS 66521	SW/4 of Section 34, T05S, R11E, Nemaha County	Kansas River Basin

Kansas Permit No. A-KSNM-S017

This is a permit renewal, modification and expansion for an existing facility of 862 head (344.8 animal units) of swine greater than 55 pounds. The modification will reduce the number of swine greater than 55 pounds by 20 head (8 animal units) to 842 head (336.8 animal units). Due to regulation changes in the method of counting, 480 head (48 animal units) of baby pigs in crates and nursery pigs 55 pounds or less will be included in the new permit. The expansion is to add: 1,800 turkeys (32.4 animal units), 1,000 broiler chickens (33 animal units), 1,000 hen chickens (33 animal units) and 400 hen chickens on dry litter (0 animal units). The new permit is for a total of 483.2 animal units.

Wastewater will be impounded for subsequent application to agricultural land for beneficial use. Wastewater storage capacity is provided that meets or exceeds KDHE minimum requirements. The manure/waste management plan developed by the designer and approved by the department shall be adhered to as a condition of the permit.

Name and Address of Applicant	Legal Description	Receiving Water
Leslie Keim 17289 N.W. Hwy. 31 Garnett, KS 66032	SW/4 of Section 13, T20S, R18E, Anderson County	Marais des Cygnes River Basin

Kansas Permit No. A-MCAN-S025

This is a new permit for an existing facility due to a change in ownership for a maximum of 120 head (48 animal units) of swine weighing greater than 55 pounds and a maximum of 55 head (6 animal units) of swine weighing 55 pounds or less.

Wastewater will be impounded for subsequent application to agricultural land for beneficial use. Wastewater storage capacity is provided that meets or exceeds KDHE minimum requirements. The manure/waste management plan developed by the designer and approved by the department shall be adhered to as a condition of the permit.

Name and Address of Applicant	Legal Description	Receiving Water
Coolidge Dairy, LLC P.O. Box 199 Coolidge, KS 67836	W/2 & NE/4 of Section 21 & S/2 of Section 20, T23S, R42W, Hamilton County	Upper Arkansas River Basin

Kansas Permit No. A-UAHM-D001 Federal Permit No. KS0093343

This is a permit renewal with expansion of the dairy and replacement heifer facilities. The dairy facility is being increased from 4,280 head to 6,000 head. The replacement heifer operation is being expanded from 800 head to 2,800 head. The total number of head and animal units are 8,800 and 11,200 respectively.

Soil sampling and analysis shall be conducted on soils from fields determined by the department to be located in a sensitive groundwater area and that have received manure or wastewater within the five-year permit cycle.

Permeability tests shall be conducted on the earthen wastewater retention structure(s) that are altered by clean-out and/or reconstruction, and on all new construction (Ponds A and B). In addition, permeability testing of Cell 1 and Cell 2 shall be performed. Permeability tests shall be completed after the soil liner(s) have been compacted and prior to placing the earthen wastewater retention structure(s) into service.

Dewatering equipment shall be obtained prior to placing new retention structures (Ponds A and B) into service through purchase, rental or custom application agreement. Written verification of the acquisition of the equipment shall be submitted to the department.

Wastewater will be impounded for subsequent application to agricultural land for beneficial use. Wastewater storage capacity is provided that meets or exceeds KDHE minimum requirements. The manure/waste management plan developed by the designer and approved by the department shall be adhered to as a condition of the permit.

An on-site investigation shall be conducted to verify the uppermost elevation of groundwater in relation to the lowest elevation of the proposed retention structures (Ponds A and B) is at least 10 vertical feet. The proposed retention structures shall be redesigned if the groundwater separation distance is less than 10 feet.

Permeability testing shall be completed within six months of the effective date of the permit.

Name and Address of Applicant	Legal Description	Receiving Water
Mayden Feedlot, Mark Mayden 953 2400 Ave. Abilene, KS 67410	NE/4 of Section 35, T14S, R01E, Dickinson County	Smoky Hill River Basin

Kansas Permit No. A-SHDK-C003 Federal Permit No. KS0094972

This is a permit renewal and downsizing for an existing cattle feedlot. New information regarding separation distance to habitable structures limits the capacity of the feedlot. The permitted capacity of the facility will be reduced from 4,250 head [4,250 animal units (a.u.)] of cattle to 2,000 head of cattle weighing more than 700 pounds.

Soil sampling and analysis shall be conducted on soils from fields determined by the department to be located in a sensitive groundwater area and that have received manure or wastewater within the previous five years.

Within six months from the effective date of the permit, the facility must propose a groundwater monitoring plan for the northern retention structure. Upon KDHE approval, the permittee shall implement the approved plan.

Within 120 days from the effective date of the permit, the facility must reduce the number of animal units at the facility to the permitted capacity of 2,000 head of cattle weighing more than 700 pounds (2,000 a.u.).

Wastewater will be impounded for subsequent application to agricultural land for beneficial use. Wastewater storage capacity is provided that meets or exceeds KDHE minimum requirements. The manure/waste management plan developed by the designer and approved by the department shall be adhered to as a condition of the permit.

Name and Address of Applicant	Legal Description	Receiving Water
Milk Palace Dairy II HC01, Box 14 Syracuse, KS 67878	S/2 of Section 02, T26S, R43W, Hamilton County	Cimafiron River Basin

Kansas Permit No. A-CIHM-D006 Federal Permit No. KS0095761

This is a name change and new permit for the expansion of a previously permitted facility. The facility was formerly Hughs Livestock and was permitted for 2,400 head of beef cattle. The facility will change to a dairy operation and will be permitted for 3,000 head (4,200 animal units) of dairy cattle.

Permeability tests shall be conducted on the existing and proposed earthen wastewater retention structure(s). Permeability tests shall be completed after the soil liner(s) have been compacted and prior to placing the earthen wastewater retention structure(s) into service.

Dewatering equipment for the northeast retention structure shall be obtained within six months after the effective date of the permit, through purchase, rental or custom application agreement. Written verification of the acquisition of the equipment shall be submitted to the department.

Wastewater will be impounded for subsequent application to agricultural land for beneficial use. Wastewater storage capacity is provided that meets or exceeds KDHE minimum requirements. The manure/waste management plan developed by the designer and approved by the department shall be adhered to as a condition of the permit.

Persons wishing to comment on or object to the draft permits and/or permit applications must submit their comments in writing to the Kansas Department of Health and Environment if they wish to have the comments or objections considered in the decision making process. Comments or objections should be submitted to the attention of Glenda Newquist for agricultural permits or

applications, or to the permit clerk for all other permits, at the Kansas Department of Health and Environment, Division of Environment, Bureau of Water, 1000 S.W. Jackson, Suite 420, Topeka, 66612-1367.

All comments regarding the draft permit or application notice postmarked or received on or before June 28 will be considered in the formulation of final determinations regarding this public notice. Please refer to the appropriate Kansas permit number (KS-AG-03-125/131) and name of applicant/application as listed when preparing comments. If no objections are received during the public notice period regarding any proposed permit, the Secretary of Health and Environment will issue the final determination regarding issuance or denial of the proposed permit. If response to this notice indicates significant public interest, a public hearing may be held in conformance with K.A.R. 28-16-61 (28-46-21 for UIC). Media coordination for publication and/or announcement of the public notice or public hearing is handled by the Kansas Department of Health and Environment.

For agricultural permits and applications, a copy of the permit application, supporting documentation and a KDHE-developed fact sheet, if appropriate, is available for review at the appropriate district office:

Northwest District Office, 2301 E. 13th, Hays,
67601-2651, (785) 625-5664

North Central District Office, 2501 Market Place,
Salina, 67401-7699, (785) 827-9639

Northeast District Office, 800 W. 24th, Lawrence,
66046-4417, (785) 842-4600

Southwest District Office, 302 W. McArtor Road,
Dodge City, 67801-6098, (620) 225-0596

South Central District Office, 130 S. Market, 6th Floor,
Wichita, 67202-3802, (316) 337-6020

Southeast District Office, 1500 W. 7th, Chanute, 66720,
(620) 431-2390

Application information and components of plans and specifications for all new facilities and for expansions of existing swine facilities may be reviewed on the Internet at <http://www.kdhe.state.ks.us/feedlots>.

For all other proposed permits, the draft permit(s), including proposed effluent limitations and special conditions, fact sheets as appropriate, comments received and other information, are on file and may be inspected at the offices of the Kansas Department of Health and Environment, Bureau of Water.

Division of Environment offices are open from 8 a.m. to 5 p.m. Monday through Friday, excluding holidays. These documents are available upon request at the copying cost assessed by KDHE. Additional copies of this public notice also may be obtained at the Division of Environment.

Roderick L. Bremby
Secretary of Health
and Environment

Doc. No. 029404

State of Kansas

Governmental Ethics Commission

Opinion No. 2003-08

Written March 20, 2003, to Myra Christopher, CEO, Midwest Bioethics Center, Kansas City, Missouri.

This opinion is in response to your email dated March 20, 2003, in which you request an opinion from the Kansas Governmental Ethics Commission concerning the State level governmental ethics laws (K.S.A. 46-215 *et seq.*). We note at the outset that the Commission's jurisdiction is limited to the application of K.S.A. 46-215 *et seq.*, and whether some other statutory system, common law theory or agency rule or regulation applies to your inquiry is not covered by this opinion.

Factual Statement

We understand that you request this opinion in your capacity as the Chief Executive Officer of Midwest Bioethics Center (MBC), a non-profit corporation. You have informed us that your organization is hosting a national end of life conference (the Conference) which will educate the attendees on advance care planning and ethical matters surrounding end of life issues. The conference is a national meeting of statewide coalition leaders working to improve care at the end-of-life. MBC would like to fund travel and expenses associated with the conference for all attendees. It is a tuition free event and key Kansas legislators will be invited to attend.

Question

May a state legislator accept the invitation and attend the tuition-free MBC conference without violating State governmental ethics laws?

Opinion

K.S.A. 46-237 applies to your question. It states in pertinent part:

(a) No state officer or employee, candidate for state office or state officer elect shall accept, or agree to accept any economic opportunity, gift, loan, gratuity, special discount, favor, hospitality, or service having an aggregate value of \$40 or more in any calendar year from any one person known to have a special interest, under circumstances where such person knows or should know that a major purpose of the donor is to influence such person in the performance of their official duties or prospective official duties.

(b) No person with a special interest shall offer, pay, give or make any economic opportunity, gift, loan, gratuity, special discount, favor, hospitality or service having an aggregate value of \$40 or more in any calendar year to any state officer or employee, candidate for state office or state officer elect with a major purpose of influencing such officer or employee, candidate for state office or state officer elect in the performance of official duties or prospective official duties.

Three elements must be shown before the prohibitions in these sections apply. First, the value of the gift must be \$40.00 or greater. Second, the person giving the gift must have a special interest in the person accepting the gift. And finally, the person accepting the gift must know or should have known that a major purpose of the donor was to influence such person in the performance of their

official duties or prospective official duties. If any element is not met, the restrictions in the statute do not apply.

Based upon the facts presented to the Commission, it is clear that MBC intends to present the members of the Kansas Legislature with an educational opportunity. There has been no evidence presented to the Commission to suggest that the donor has a major purpose of influencing the legislators in the performance of their official duties or prospective official duties. Therefore, the Commission determines that state legislators may accept the invitation and attend the tuition-free MBC conference without violating State governmental ethics laws.

Opinion No. 2003-09

Written April 17, 2002, to Billie Denton, Councilwoman, City of Merriam, Kansas.

This opinion is in response to your letter of March 22, 2003, in which you request an opinion from the Kansas Governmental Ethics Commission concerning the application of the local level conflict of interest laws (K.S.A. 75-4301a *et seq.*). We note at the outset that the Commission's jurisdiction is limited to the application of K.S.A. 75-4301a *et seq.*, and whether some other statutory system, common law theory, or agency rule or regulation applies to your inquiry is not covered by this opinion.

Factual Statement

We understand that you request this opinion in your capacity as a Councilwoman for the City of Merriam, Kansas (the City). You have explained that you are the former owner of Denton Fence Company which your grandson now owns and operates. You have informed us that neither you or your husband have received more than \$2,000 last year from this company and do not fit any of the other categories for holding a substantial interest as described in K.S.A. 75-4301a. The City, through a competitive bid process, has hired Denton Fence Company many times over the past 20 years. During your two years on the City Council, you have never voted on or participated in the making of any of these contracts.

Question

May the City enter into contracts with Denton Fence Company without violating the local conflict of interest laws?

Opinion

As a City Councilwoman, you are governed by the local level conflict of interest laws (K.S.A. 75-4301a *et seq.*). Under these laws, K.S.A. 75-4304 applies to the making of certain contracts. It states in pertinent part:

(a) No local governmental officer or employee shall, in the capacity of such an officer or employee, make or participate in the making of a contract with any person or business by which such officer or employee is employed or in whose business the officer or employee has a substantial interest.

(b) No person or business shall enter into any contract where any local governmental officer or employee, acting in that capacity, is a signatory to or a participant in the making of the contract and is employed by or has a substantial interest in the person or business.

(c) A local governmental officer or employee does not make or participate in the making of a contract if the officer or employee abstains from any action in regard to the contract.

(d) This section shall not apply to the following:

(1) Contracts let after competitive bidding has been advertised for by published notice

Pursuant to this statute, you would be prohibited from being substantially involved in the making of a contract with a business by which you are employed or in which you had a substantial interest. Pursuant to K.S.A. 75-4301a, you no longer have a substantial interest in Denton Fence Company, and, therefore, would not be prohibited from being involved in the making of a contract with that company. In addition, in the scenario you have described, the contracts at issue were let after a competitive bid procedure. Therefore, the prohibitions in this statute are not applicable and would not prohibit you from entering into competitively bid contracts with Denton Fence Company, even if you still held a substantial interest in the company.

Opinion No. 2003-10

Written April 17, 2003, to Chris R. Davis, Topeka.

This opinion is in response to your letter of March 18, 2003, in which you request an advisory opinion from the Kansas Governmental Ethics Commission concerning the application of the governmental ethics laws (K.S.A. 46-215 *et seq.*). We note at the outset that the Commission's jurisdiction is limited to the application of K.S.A. 46-215 *et seq.*, and whether some other statutory system, common law theory or agency rule or regulation applies to your inquiry is not covered by this opinion.

Factual Statement

We understand that you request this opinion in your capacity as a Juvenile Corrections Officer I at the Topeka Juvenile Correctional Facility (TJCF). You have advised us that your sister-in-law also works at TJCF, although she is a Juvenile Corrections Officer III and holds the position of shift manager. You have explained that she is sometimes required to supervise your work, although she does not have anything to do with determining your salary or with evaluating your performance.

Question

Is it a violation of K.S.A. 46-246a for a state employee to recommend disciplinary action with regard to her brother-in-law?

Opinion

K.S.A. 46-246a states in pertinent part:

(a) From and after the effective date of this act, no state officer or employee shall advocate or cause the employment, appointment, promotion, transfer or advancement to any office or position of the state, of a member of such officer's or employee's household or a family member.

(b) No state officer or employee shall participate in an action relating to the employment or discipline of a member of the officer's or employee's household or a family member.

K.A.R. 19-40-4(b)(1)(G) defines a family member as, among other things, a "parent, child or sibling related by

marriage as denoted by the suffix of 'in-law.'" Therefore, your sister-in-law is a family member within the meaning of the statute.

This Commission has previously held that a recommendation regarding a family member's salary, termination or continuation of employment was prohibited by this statute (Commission Opinion 1998-10). Similarly, a recommendation regarding the discipline of a family member would also violate K.S.A. 46-246a.

You have also questioned whether the "potential" for making a recommendation would violate this statute. Although no violation of the statute would occur by the mere possibility of a recommendation being made, it is possible that such a situation might cause an appearance of impropriety. Under such circumstances, an agency may choose to have policies which are stricter than K.S.A. 46-246a. The Commission notes that it makes no determination as to whether the situation you have described conforms with TJCF policies or procedures.

Opinion No. 2003-11

Written April 17, 2003, to Whitney B. Damron, Topeka.

This opinion is in response to your faxed letter dated April 15, 2003, in which you request an opinion from the Kansas Governmental Ethics Commission concerning the State level governmental ethics laws (K.S.A. 46-215 *et seq.*). We note at the outset that the Commission's jurisdiction is limited to the application of K.S.A. 46-215 *et seq.*, and whether some other statutory system, common law theory or agency rule or regulation applies to your inquiry is not covered by this opinion.

Factual Statement

We understand that you request this opinion in your capacity as the representative of the Smokeless Tobacco Council, Inc. (STC). You have informed us that the Nevada Attorney General is hosting a conference entitled Compliance Thru Collaboration (the Conference). The purpose of this conference is to reduce youth access to tobacco products through a collaborative effort by law enforcement officials, retailers, marketers, tobacco product manufactures, and policy makers. This Conference is being held twice this year with representatives of Idaho, Washington, Colorado, Indiana, Kansas, Michigan, Wisconsin, Florida, Mississippi, and Tennessee invited to participate.

You have explained that STC would like to invite selected public officials from Kansas to participate in this conference and pay for the expenses associated with such participation.

Question

I. May a state legislator accept an invitation and attend the conference without violating State governmental ethics laws?

II. May an executive branch employee accept an invitation and attend the conference without violating State governmental ethics laws?

Opinion

With regard to your first question, K.S.A. 46-237 applies. It states in pertinent part:

(continued)

(a) No state officer or employee, candidate for state office or state officer elect shall accept, or agree to accept any economic opportunity, gift, loan, gratuity, special discount, favor, hospitality, or service having an aggregate value of \$40 or more in any calendar year from any one person known to have a special interest, under circumstances where such person knows or should know that a major purpose of the donor is to influence such person in the performance of their official duties or prospective official duties.

(b) No person with a special interest shall offer, pay, give or make any economic opportunity, gift, loan, gratuity, special discount, favor, hospitality or service having an aggregate value of \$40 or more in any calendar year to any state officer or employee, candidate for state office or state officer elect with a major purpose of influencing such officer or employee, candidate for state office or state officer elect in the performance of official duties or prospective official duties.

Three elements must be shown before the prohibitions in these sections apply. First, the value of the gift must be \$40.00 or greater. Second, the person giving the gift must have a special interest in the person accepting the gift. And finally, the person accepting the gift must know or should have known that a major purpose of the donor was to influence such person in the performance of their official duties or prospective official duties. If any element is not met, the restrictions in the statute do not apply.

From your request and materials provided, it appears that the donor, by providing access to this conference, has a major purpose of influencing the legislators in the performance of their official duties or prospective official duties because this conference advocates a specific legislative agenda. Therefore, the Commission determines that state legislators may not accept the invitation and attend the conference without violating State governmental ethics laws.

With regard to your second question, K.S.A. 46-237a applies. It states in pertinent part:

(d) No person subject to the provisions of this section shall solicit or accept free or special discount travel or related expenses from a source outside state government, except:

(2) when the person's presence at a meeting, seminar or event serves a legitimate state purpose or interest and the person's agency authorizes or would authorize payment for such travel and expenses.

Pursuant to this section, if the executive branch employee's presence at the Conference serves a legitimate state purpose, and that employee's agency authorizes or would authorize payment for the travel and expenses, the employee may accept all of the expenses associated with attendance at this conference with the exception of any meals which are not provided as a part of the conference.

Opinion No. 2003-12

Written May 15, 2003, to Linda Hubbard-Williams, Topeka.

This opinion is in response to your letter of May 5, 2003, in which you request an opinion from the Kansas Governmental Ethics Commission concerning the state level conflict of interest laws (K.S.A. 46-215 *et seq.*). We note at

the outset that the Commission's jurisdiction is limited to the application of K.S.A. 46-215 *et seq.*, and whether some other statutory system, common law theory or agency rule or regulation applies to your inquiry is not covered by this opinion.

Factual Statement

We understand that you are asking for this opinion as a Compliance Specialist (Auditor) for the Kansas Health Care Stabilization Fund (Fund). You are interested in accepting a part-time position as Operations Manager with a new business called NBC-Eze, which is in the business of assisting insurance companies to fill out the Notice of Basic Coverage (NBC) forms, which, by statute, must be submitted by insurance companies to the Fund. You have informed us that in your position as an Auditor, you are not involved in the making of any contracts with the insurance companies and it is not a part of your job to fill out the NBC forms for the insurance companies. You have explained that your position requires you to contact insurance companies that have filed forms which contain errors and inform those insurance companies of the information which needs to be rectified. Once the insurance company has corrected the information, it is required to re-submit the form to the Fund.

Question

May an Auditor for the Kansas Health Care Stabilization Fund work part-time as the Operations Manager for a company that fills out forms submitted to the Fund?

Opinion

Two statutes apply to the question you have raised: K.S.A. 46-235, which governs restrictions on compensation of state employees; and K.S.A. 46-241, which involves the use of confidential information. Each of these statutes will be addressed in turn.

K.S.A. 46-235 states in pertinent part:

No state officer or employee shall accept compensation for performance of official duties, other than that to which such person is entitled for such performance. . . . The receipt of wages or salary from an individual's non-state employer during a period of service as a state officer or employee shall not be construed as compensation for performance of official duties.

Pursuant to this statute, so long as it is not part of your current state duties to perform the services you propose to perform in your part-time employment, K.S.A. 46-235 would not prohibit you from accepting compensation for performing these services.

Because it is not a part of your state duties to complete the forms for the insurance companies, you would not be prohibited from accepting a part-time position as the Operations Manager for NBC-Eze.

Finally, K.S.A. 46-241 states:

No state officer or employee shall disclose or use confidential information acquired in the course of his or her official duties in order to further his or her own economic interest or those of any other person.

This section is self-explanatory. Confidential information obtained during your official duties with the State may not be used for your financial gain or the financial gain of another.

Opinion No. 2003-13

Written May 15, 2003, to David E. Frey, Administrator, Kansas Wheat Commission, Manhattan.

This opinion is in response to your emailed letter of April 24, 2003, in which you request an opinion from the Kansas Governmental Ethics Commission concerning the state level conflict of interest laws (K.S.A. 46-215 *et seq.*). We note at the outset that the Commission's jurisdiction concerning your question is limited to the application of K.S.A. 46-215 *et seq.* Thus, whether some other statutory system, common law theory or agency rule or regulation applies to your inquiry is not covered by this opinion.

Factual Statement

We understand that you request this opinion in your capacity as the Administrator for the Kansas Wheat Commission (Wheat Commission). You have explained that the members of the Wheat Commission are state employees. Several of the members of the Wheat Commission also serve on the Board of Directors of the U.S. Wheat Associates (Association), which is an association of Wheat Commissioners. The Wheat Commission will soon consider whether to pay the Wheat Commission's dues to the Association. You question whether the members of the Wheat Commission who are also on the Board of Directors for the Association may participate and vote on the contract for the payment of the dues to the Association.

Question

May a Wheat Commissioner who serves on the Board of Directors of the U.S. Wheat Associates participate in a contract for the payment of annual dues to that Association?

Opinion

K.S.A. 46-233 and K.A.R. 19-40-5 must be reviewed in order to answer your question. K.S.A. 46-233 states in pertinent part:

(a) No state officer or employee shall in the capacity as such officer or employee be substantially involved in the preparation of or participate in the making of a contract with any person or business by which such officer or employee is employed or in whose business such officer or employee or any member of such officer's or employee's immediate family has a substantial interest. . . . (emphasis added).

Pursuant to this statute, a Wheat Commissioner would generally be prohibited from participating in the making of a contract with a business in which he held a substantial interest. K.A.R. 19-40-5, however, must be addressed to fully answer your question. It states:

The term "contract" as defined by K.S.A. 46-231 shall exclude agreements to pay membership dues to a person or business when the primary occupation of the person or business is to provide publications and educational material to the agency or promote state interests.

You have explained that the purpose of the Association is to promote the use and sale of its member states' wheat. The Commission now determines that this Association fits the definition of a business whose primary occupation is to promote state interests. Therefore, the Wheat Com-

missioners who serve on the Board of Directors of the U.S. Wheat Associates may participate in a contract for the payment of the Wheat Commission's annual dues to the Association.

Opinion No. 2003-14

Written May 15, 2003, to Allyson Christman, Legal Counsel, Kansas Highway Patrol, Topeka.

This opinion is in response to your email of March 20, 2003, in which you request an opinion from the Kansas Governmental Ethics Commission concerning the state level conflict of interest laws (K.S.A. 46-215 *et seq.*). We note at the outset that the Commission's jurisdiction is limited to the application of K.S.A. 46-215 *et seq.*, and whether some other statutory system, common law theory or agency rule or regulation applies to your inquiry is not covered by this opinion.

Factual Statement

We understand that you request this opinion in your capacity as Legal Counsel for the Kansas Highway Patrol. You have explained that Colonel Don Brownlee's nephew by marriage has successfully passed the tests and background checks for the trooper application process. Colonel Brownlee has not been involved in the testing procedures nor will he be involved in the interview process for his nephew. Should the interview team recommend that his nephew be hired, Colonel Brownlee questions whether he could avoid problems with the nepotism statute if he delegated decisions involving the appointment, promotion, transfer, advancement, or discipline of his nephew to subordinate staff.

Question

Is it a violation of K.S.A. 46-246a for a state employee to delegate decisions involving the appointment, promotion, transfer, advancement, or discipline of family members to subordinate staff?

Opinion

K.S.A. 46-246a applies to your question. It states in pertinent part:

(a) From and after the effective date of this act, no state officer or employee shall advocate or cause the employment, appointment, promotion, transfer or advancement to any office or position of the state, of a member of such officer's or employee's household or a family member.

(b) No state officer or employee shall participate in an action relating to the employment or discipline of a member of the officer's or employee's household or a family member.

K.A.R. 19-40-4(b)(1) defines a family member as, among other things, a "(A) a spouse, parent, child, or sibling . . . (E) a uncle, aunt, nephew, or niece. . . (G) parent, child or sibling related by marriage as denoted by the suffix of 'in-law.'" In Opinion 1999-25, the Commission held that "the natural or adopted children of your sibling or of your spouse's siblings will be considered nieces or nephews pursuant to K.A.R. 19-40-4(b)(1)(E)." Because Colonel Brownlee's nephew by marriage is considered his nephew, Colonel Brownlee would be prohibited from advocating or causing the employment, ap-

(continued)

pointment, promotion, transfer or advancement of his nephew. He would not be in violation of this statute, however, if he delegated all such decisions involving his nephew to subordinate staff or some other individual.

Daniel Severt
Chairman

Doc. No. 029390

State of Kansas

Secretary of State

Certification of New State Laws

I, Ron Thornburgh, Secretary of State of the State of Kansas, do hereby certify that each of the following bills is a correct copy of the original enrolled bill now on file in my office.

Ron Thornburgh
Secretary of State

(Published in the Kansas Register May 29, 2003.)

SENATE BILL No. 281

AN ACT enacting the economic revitalization and reinvestment act; relating to the secretary of commerce and Kansas development finance authority; authorizing the issuance of bonds for certain economic development purposes; amending K.S.A. 74-8017 and repealing the existing section.

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

New Section 1. (a) The provisions of this section shall be known and may be cited as the "economic revitalization and reinvestment act."

(b) The purpose of the economic revitalization and reinvestment act is to foster Kansas employment by encouraging product development and engineering leading to new manufactured products in Kansas.

(c) As used in this act:

(1) "Base eligibility period" means the three taxable years immediately preceding the date of application for benefits under this act.

(2) "Eligible business" means a person, corporation, partnership or other entity doing business in Kansas that satisfies conditions imposed by the secretary, which may include, among other conditions, that the person, corporation, partnership or other entity:

(A) Paid at least \$600,000,000 in average annual gross Kansas compensation, according to reports filed with the secretary of human resources, during the base eligibility period; and

(B) paid at least \$50,000 of average annual gross compensation per Kansas employee during the base eligibility period; and

(C) has invested at least \$1,000,000,000 in real and tangible personal property located within and currently used in the operation of a business in Kansas; and

(D) is described by north American industrial classification system as being in the manufacturing sector.

(3) "Eligible project" means a research, development, engineering or manufacturing project (A) undertaken by an eligible business relating to the development of a new or improved business component or product and may include, but not be limited to, product development and design, applied research, manufacturing, improvement, replacement or acquisition of real or personal property and modernization and retooling of existing property in Kansas, (B) for which the eligible business proposes to invest not less than \$500,000,000 in Kansas in direct connection with the eligible project of not less than \$500,000,000 in Kansas and (C) for which the eligible business proposes to employ up to 4,000 full-time employees in Kansas, as defined in K.S.A. 74-50,114 and amendments thereto.

(4) "Gross compensation" means gross wages and benefits paid to or on behalf of employees receiving wages.

(5) "Secretary" means the secretary of commerce and housing.

(d) A person, corporation, partnership or other entity proposing to undertake an eligible project may apply to the secretary to enter into an

agreement for benefits under this act. The application shall include (1) evidence that the applicant is an "eligible business" as defined in subsection (c)(2) and (2) a detailed description of the eligible project.

(e) Upon receipt of an application described in subsection (d), if the secretary finds that the application is from an eligible business and that the project constitutes an eligible project, the secretary may enter into an agreement with the eligible business for benefits under this act. Such agreement for benefits shall be subject to review and approval of the state finance council created by K.S.A. 75-3708, and amendments thereto. The agreement shall commit the secretary to request that the Kansas development finance authority issue bonds pursuant to the Kansas development finance authority act, K.S.A. 74-8901, *et seq.* to finance the eligible project for the benefit of the eligible business in an aggregate principal amount not to exceed \$500,000,000, plus costs of issuance, costs of credit enhancement, reserve funds and capitalized interest, and shall commit the eligible business to pay the principal of and interest on such obligations, except that during the period from the issuance of such bonds through the maturity of such obligations but not to exceed 20 years revenue realized from withholding upon Kansas wages paid by the eligible business pursuant to K.S.A. 79-3294 *et seq.* and amendments thereto, with respect to the eligible project which is necessary to pay the interest on such obligations shall be credited to the special economic revitalization fund created in subsection (h), and shall be transferred by the state treasurer to pay interest on such obligations as provided by law. The agreement shall further specifically provide that if the revenue from the withholding upon Kansas wages is insufficient to pay interest on the bonds, the eligible business shall remain obligated to make such payments. The terms and conditions with respect to the obligations shall be set forth in the agreement or in the financing documents relating to the issuance of the bonds. In the event the eligible business terminates, cancels or reduces the scope of the eligible project approved by the secretary, the agreement shall provide that with respect to debt service, the eligible business shall remain responsible for payment of the entire outstanding principal as well as any interest still outstanding, and no moneys remaining in the special economic revitalization fund shall be made available for the purpose of paying the remaining interest portion of the eligible business' debt service obligation.

(f) Income tax refunds and balances due resulting from withholding upon Kansas wages paid by the eligible business pursuant to K.S.A. 79-3294 *et seq.* and amendments thereto, with respect to the eligible project, shall be reconciled on at least an annual basis by a method defined in the agreement described in subsection (e).

(g) The Kansas development finance authority is hereby authorized to issue obligations, for the purpose of financing the eligible project provided in subsection (e), in a principal amount not to exceed the amount specified in subsection (e). The maximum maturity of bonds issued pursuant to this act shall be 20 years, unless the secretary shall find and determine that a maturity greater than 20 years, but in no event greater than 30 years, is necessary for economic feasibility of the eligible project of the eligible business.

(h) The state treasurer shall credit all revenue collected or received from withholding upon Kansas wages paid by a taxpayer which is an eligible business with respect to an eligible project, as certified by the secretary, to the special economic revitalization fund, which fund is hereby created in the custody of the state treasurer but shall not be a part of the state general fund. Distributions from the special economic revitalization fund shall be used to pay interest on the bonds as authorized pursuant to this act and shall not be subject to appropriation. On or before the 10th day of each month, the director of accounts and reports shall transfer from the state general fund to the special economic revitalization fund interest earnings based on: (1) The average daily balance of moneys in the special economic revitalization fund for the preceding month; and (2) the net earnings rate of the pooled money investment portfolio for the preceding month. The provisions of this section shall expire when all interest on obligations issued for the purpose of financing all or a portion of the costs of an eligible project has been paid. Moneys credited to the special economic revitalization fund in accordance with the foregoing provisions shall be distributed to or on the order of the Kansas development finance authority to pay interest on bonds issued to finance an eligible project. The state treasurer shall make such distributions on such dates as mutually agreed to by the Kansas development finance authority, the paying agent for such obligations and the state treasurer. The total of all

distributions under this section shall not exceed an amount determined to be sufficient to pay the interest on such bonds.

(i) The eligible business shall not be allowed to participate in the IMPACT act or program pursuant to K.S.A. 74-50,102 *et seq.* and amendments thereto, with respect to the eligible project. The secretary may include provisions in the agreement described in subsection (e) to limit or reduce the amount of eligible credits, including but not limited to those allowed pursuant to K.S.A. 79-32,160a, 79-32,182b or 79-32,206 and amendments thereto, on the investment of the proceeds of the bonds issued under this act. Nothing in this subsection shall be construed to prohibit the eligible business from receiving credits allowed by law for any investment not related to bonds issued pursuant to this section.

(j) All hiring and use of the employees described in subsection (c)(3)(C) by an eligible business in connection with an eligible project, shall be subject to post audit under the legislative post audit act, and amendments thereto. All audit expenses incurred shall be charged to and paid by such eligible business. All moneys received for such audit expenses shall be deposited in the state treasury and credited to the audit services fund of the division of post audit. The division of post audit is hereby authorized to conduct the audit work authorized by this section in accordance with the provisions of the legislative post audit act, and amendments thereto.

(k) Bonds issued under this section shall not be used to provide for or to increase compensation packages, rewards, bonuses, pensions, enhanced retirement, stock options, buyouts or substantial severance pay or other financial benefits to any chief executive officer, chief financial officer or any officers of the company.

(l) The agreement described in subsection (e) shall include a provision requiring the eligible business to agree that (1) the eligible business shall be subject to post audit under the legislative post audit act, and amendments thereto, (2) the eligible business shall pay audit expenses and (3) the eligible business shall not limit access to information required under the legislative post audit act, and amendments thereto.

(m) No new eligible project shall be approved for financing under the provisions of this section on or after July 1, 2005.

Sec. 2. K.S.A. 74-8017 is hereby amended to read as follows: 74-8017. On and after January 1, 2003, it shall be the duty of Kansas, Inc. to prepare an annual report evaluating the cost effectiveness of the various income tax credits and sales tax exemptions enacted to encourage economic development within this state and submit the same to the standing committees on taxation and economic development of the house and assessment and taxation and commerce of the senate at the beginning of each regular session of the legislature. The secretary of revenue, in consultation with the president of Kansas, Inc., shall develop a questionnaire on the utilization of state income tax credits and sales tax exemptions that shall be completed by all corporate taxpayers that: (1) Are subject to state income tax and (2) utilize any of the state income tax credits and exemptions described in subsections (a) through (i) below that shall be submitted to the department of revenue concurrently with the filing of an annual corporate income tax return. The secretary shall provide the completed questionnaires to Kansas, Inc. for use in the preparation of such annual report. The questionnaire shall require respondents to indicate utilization of the following credits and exemptions:

(a) Income tax credits authorized under the provisions of the job expansion and investment credit act of 1976 and acts amendatory thereof and supplemental thereto;

(b) income tax credits for expenditures in research and development activities authorized by K.S.A. 79-32,182, and amendments thereto;

(c) income and financial institutions privilege tax credits for cash investment in stock of Kansas Venture Capital, Inc. authorized by K.S.A. 74-8205 and 74-8206, and amendments thereto;

(d) income tax credits for cash investment in certified Kansas venture capital companies authorized by K.S.A. 74-8304, and amendments thereto;

(e) income tax credits for cash investment in certified local seed capital pools authorized by K.S.A. 74-8401, and amendments thereto;

(f) income tax credits for investment in the training and education of qualified firms' employees authorized by K.S.A. 74-50,132, and amendments thereto;

(g) sales tax exemptions for property or services purchased for the purpose of and in conjunction with constructing, reconstructing, enlarging or remodeling a business, or retail business meeting the requirements of K.S.A. 74-50,115, and amendments thereto, and machinery and equip-

ment for installation at such business or retail business authorized by subsection (cc) of K.S.A. 79-3606, and amendments thereto; and

(h) sales tax exemptions for machinery and equipment used directly and primarily for the purposes of manufacturing, assembling, processing, finishing, storing, warehousing or distributing articles of tangible personal property in this state intended for resale by a manufacturing or processing plant or facility or a storage, warehousing or distribution facility. The secretary of revenue shall provide the completed questionnaires and copies of sales tax exemption certificates to Kansas, Inc. for the preparation of such report; and

(i) distribution from the special economic revitalization fund pursuant to the provisions of the economic revitalization reinvestment act, section 1, and amendments thereto.

Sec. 3. K.S.A. 74-8017 is hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the Kansas register.

(Published in the Kansas Register May 29, 2003.)

HOUSE BILL No. 2014

AN ACT concerning retirement and pensions; relating to the Kansas public employees retirement system and systems thereunder; benefits; purchase of service credit; appointment of officers and employees by board of regents; employer contribution rates; retirement annuities of certain members of the legislature; death and disability benefits; membership; issuance of revenue bonds; retirement payment dividends; amending K.S.A. 74-4902, 74-4908, 74-4911f, 74-4918, 74-4920, 74-4925, 74-4927, 74-4927f, 74-4927k, 74-4963, 74-4963a, 74-4964, 74-4964a and 74-49,110 and K.S.A. 2002 Supp. 20-2610a and repealing the existing sections.

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

Section 1. K.S.A. 2002 Supp. 20-2610a is hereby amended to read as follows: 20-2610a. (a) A judge may elect to have such judge's retirement annuity paid under one of the options provided in this section in lieu of having it paid in the form stated in K.S.A. 20-2610 and amendments thereto. Such election shall be made before the date of actual retirement. A specific person shall be designated as joint annuitant at the time of election of the joint and $\frac{1}{2}$ to joint annuitant survivor option, joint and survivor option and the joint and $\frac{3}{4}$ to joint annuitant survivor option. Under no circumstances may an option be changed or canceled nor the named joint annuitant changed after the date of actual retirement of the judge.

(b) The amount of retirement annuity payable under an option shall be based on the age of the judge and, if applicable, the age of the joint annuitant, and shall be such amount as to be the actuarial equivalent of the retirement annuity otherwise payable under K.S.A. 20-2610 and amendments thereto as prescribed in subsection (c). Whenever the amount of any benefit is to be determined on the basis of actuarial assumptions, the assumptions shall be specified in a way that precludes employer discretion. In no case shall the total amount of retirement annuity payable under any option provided in this section be more than 100% of the retirement annuity which would have been otherwise payable if no option had been elected under this section.

(c) The following retirement options, which are subject to the provisions of K.S.A. 74-49,123 and amendments thereto, are available:

(1) *Joint and $\frac{1}{2}$ to joint annuitant survivor.* A reduced retirement annuity payable to the judge during the judge's lifetime in a monthly amount equal to the product of (A) the monthly payment of the retirement annuity otherwise payable under K.S.A. 20-2610 and amendments thereto and (B) the percentage equal to 91% minus .4% for each year by which the age of the judge's joint annuitant is less than the judge's age, computed to the nearest whole year, or plus .4% for each year by which the age of the judge's joint annuitant is more than the judge's age, computed to the nearest whole year, with $\frac{1}{2}$ of that monthly amount continued to the judge's joint annuitant during such joint annuitant's remaining lifetime, if any, after the death of the judge. In the event that the designated joint annuitant under this option predeceases the retired judge, the amount of the retirement annuity otherwise payable to the judge under this option shall be adjusted automatically to the retirement annuity which the judge would have received if no option had been elected under this section.

(2) *Joint and survivor.* A reduced retirement annuity payable to the judge during the judge's lifetime in a monthly amount equal to the prod-

(continued)

uct of (A) the monthly payment of the retirement annuity otherwise payable under K.S.A. 20-2610 and amendments thereto and (B) the percentage equal to 83% minus .6% for each year by which the age of the judge's joint annuitant is less than the judge's age, computed to the nearest whole year, or plus .6% for each year by which the age of the judge's joint annuitant is more than the judge's age, computed to the nearest whole year, with that monthly amount continued to the joint annuitant during the joint annuitant's remaining lifetime, if any, after the death of judge. In the event that the designated joint annuitant under this option predeceases the retired judge, the amount of the retirement annuity otherwise payable to the judge under this option shall be adjusted automatically to the retirement annuity which the judge would have received if no option had been elected under this section.

(3) *Joint and 3/4 to joint annuitant survivor.* A reduced retirement annuity payable to the judge during the judge's lifetime in a monthly amount equal to the product of (A) the monthly payment of the retirement annuity otherwise payable under K.S.A. 20-2610 and amendments thereto and (B) the percentage equal to 87% minus .5% for each year by which the age of the judge's joint annuitant is less than the judge's age, computed to the nearest whole year, or plus .5% for each year by which the age of the judge's joint annuitant is more than the judge's age, computed to the nearest whole year, with 3/4 of that monthly amount continued to the judge's joint annuitant during such joint annuitant's remaining lifetime, if any, after the death of the judge. In the event that the designated joint annuitant under this option predeceases the retired judge, the amount of the retirement annuity otherwise payable to the judge under this option shall be adjusted automatically to the retirement annuity which the judge would have received if no option had been elected under this section.

(4) *Life with 5 years certain.* A reduced retirement annuity payable to the judge during the judge's lifetime in a monthly amount equal to 98% of the monthly payment of the retirement annuity otherwise payable under K.S.A. 20-2610 and amendments thereto and if the judge dies within the five-year certain period, measured from the commencement of retirement annuity payments, such monthly payments shall be continued to such judge's beneficiary during the balance of the five-year certain period.

(5) *Life with 10 years certain.* A reduced retirement annuity payable to the judge during the judge's lifetime in a monthly amount equal to 95% of the monthly payment of the retirement annuity otherwise payable under K.S.A. 20-2610 and amendments thereto and if the judge dies within the ten-year certain period, measured from the commencement of retirement annuity payments, such monthly payments shall be continued to such judge's beneficiary during the balance of the ten-year certain period.

(6) *Life with 15 years certain.* A reduced retirement annuity payable to the judge during the judge's lifetime in a monthly amount equal to 88% of the monthly payment of the retirement annuity otherwise payable under K.S.A. 20-2610 and amendments thereto and if the judge dies within the fifteen-year certain period, measured from the commencement of retirement annuity payments, such monthly payments shall be continued to such judge's beneficiary during the balance of the fifteen-year certain period.

(7) *Lump sum payment at retirement.* (A) Pursuant to this option, the judge must specify a lump sum amount to be paid to the judge upon the judge's retirement. The lump sum amount will be based on the actuarial present value of the benefit as provided in K.S.A. 20-2610, and amendments thereto. The lump sum amount designated by the judge must be in 10% increments and shall not exceed 1/2 of the actuarial present value of the benefit provided in K.S.A. 20-2610, and amendments thereto. *If the judge's spouse elects a lump sum payment as provided in this section pursuant to the provisions of subsection (d), the lump sum payment will be based on the present value of the retirement option selected by the spouse. The lump sum amount designated by the spouse must be in 10% increments and shall not exceed 1/2 of the actuarial present value of the option selected in this section.*

(B) Pursuant to this option, the judge must elect to have the remaining actuarial present value paid in a monthly amount under the provisions of K.S.A. 20-2610, and amendments thereto, or subsections (c)(1) through (c)(6) of this section.

(C) In the event that the designated joint annuitant pursuant to subsection (c)(1), (c)(2) or (c)(3), under this option predeceases the retirant,

the amount of the retirement benefit otherwise payable to the retirant under the option shall be adjusted automatically to the retirement benefit which the retirant would have received if no option had been elected under this section.

(D) The provisions of this subsection shall be effective on and after July 1, 2001.

(d) If a judge, who is eligible to retire, dies without having actually retired, the judge's spouse, if the spouse is the sole beneficiary for the judge's accumulated contributions, may elect to receive benefits as a joint annuitant under one of the options provided in this section in lieu of receiving the judge's accumulated contributions.

(e) On and after July 1, 1993, if a judge with 15 or more years of credited service dies before attaining retirement age, the judge's spouse, if the spouse is the sole beneficiary for the judge's accumulated contributions, may elect to receive benefits under one of the options provided in this section in lieu of receiving the judge's accumulated contributions. Payments under one of the options provided in this section to the judge's spouse if so elected, shall commence on the date that the judge would have first attained retirement age.

(f) Benefits payable to a joint annuitant shall accrue from the first day of the month following the death of a member or retirant and, in the case of the joint and 1/2 to joint annuitant survivor option, the joint and survivor option and the joint and 3/4 to joint annuitant survivor option, shall end on the last day of the month in which the joint annuitant dies.

(g) The provisions of the law in effect on the retirement date of a judge under the retirement system for judges shall govern the retirement annuity payable to the retired judge and any joint annuitant, except, for retirement benefits payable after July 1, 1993, for judges who retired prior to July 1, 1982, in the event that the designated joint annuitant under the option provided in subsection (c)(1), (2) or (3), as applicable, predeceases the judge, the amount of the retirement benefit otherwise payable to the judge under the option provided in subsection (c)(1), (2) or (3), as applicable, shall be adjusted automatically to the retirement benefit which the judge would have received if no option had been elected under this section.

(h) Upon the death of a joint annuitant who is receiving a retirement benefit under the provisions of this section, there shall be paid to such joint annuitant's beneficiary an amount equal to the excess, if any, of the accumulated contributions of the retired judge over the sum of all retirement benefit payments made to such retired judge and such joint annuitant. Such joint annuitant shall designate a beneficiary by filing in the office of the retirement system such designation at the time of death of the retired judge. If there is no named beneficiary of such joint annuitant living at the time of death of such joint annuitant, any amount provided for by this section shall be paid to, in order of preference as follows:

- (1) The joint annuitant's surviving spouse;
- (2) the joint annuitant's dependent child or children;
- (3) the joint annuitant's dependent parent or parents;
- (4) the joint annuitant's nondependent child or children;
- (5) the joint annuitant's nondependent parent or parents; or
- (6) the estate of the deceased joint annuitant.

(i) In any event, benefits shall be adjusted as necessary to satisfy the incidental death benefits regulations under the federal internal revenue code.

Sec. 2. K.S.A. 74-4902 is hereby amended to read as follows: 74-4902. As used in articles 49 and 49a of chapter 74 and amendments thereto, unless otherwise provided or the context otherwise requires:

(1) "Accumulated contributions" means the sum of all contributions by a member to the system which are credited to the member's account, with interest allowed thereon;

(2) "acts" means the provisions of articles 49 and 49a of the Kansas Statutes Annotated and amendments thereto;

(3) "actuarial equivalent" means an annuity or benefit of equal value to the accumulated contributions, annuity or benefit, when computed upon the basis of the actuarial tables in use by the system. Whenever the amount of any benefit is to be determined on the basis of actuarial assumptions, the assumptions shall be specified in a way that precludes employer discretion;

(4) "actuarial tables" means the actuarial tables approved and in use by the board at any given time;

(5) "actuary" means the actuary or firm of actuaries employed or retained by the board at any given time;

(6) "agent" means the individual designated by each participating employer through whom system transactions and communication are directed;

(7) "beneficiary" means any natural person or persons or estate named by a member to receive any benefits as provided for by this act. Designations of beneficiaries by a member who is a member of more than one retirement system made on or after July 1, 1987, shall be the basis of any benefits payable under all systems unless otherwise provided by law. Except as otherwise provided by subsection (33) of this section, if there is no named beneficiary living at time of member's death, any benefits provided for by this act shall be paid to: (A) The member's surviving spouse; (B) the member's dependent child or children; (C) the member's dependent parent or parents; (D) the member's nondependent child or children; (E) the member's nondependent parent or parents; (F) the estate of the deceased member; in the order of preference as specified in this subsection.

(8) "board of trustees," "board" or "trustees" means the managing body of the system which is known as the Kansas public employees retirement system board of trustees;

(9) "compensation" means, except as otherwise provided, all salary, wages and other remuneration payable to a member for personal services performed for a participating employer, including maintenance or any allowance in lieu thereof provided a member as part of compensation, but not including reimbursement for travel or moving expenses or on and after July 1, 1994, payment pursuant to an early retirement incentive program made prior to the retirement of the member. Beginning with the employer's fiscal year which begins in calendar year 1991 or for employers other than the state of Kansas, beginning with the fiscal year which begins in calendar year 1992, when the compensation of a member who remains in substantially the same position during any two consecutive years of participating service used in calculating final average salary is increased by an amount which exceeds 15%, then the amount of such increase which exceeds 15% shall not be included in compensation, except that (A) any amount of compensation for accumulated sick leave or vacation or annual leave paid to the member, (B) any increase in compensation for any member due to a reclassification or reallocation of such member's position or a reassignment of such member's job classification to a higher range or level and (C) any increase in compensation as provided in any contract entered into prior to January 1, 1991, and still in force on the effective date of this act, pursuant to an early retirement incentive program as provided in K.S.A. 72-5395 *et seq.* and amendments thereto, shall be included in the amount of compensation of such member used in determining such member's final average salary and shall not be subject to the 15% limitation provided in this subsection. Any contributions by such member on the amount of such increase which exceeds 15% which is not included in compensation shall be returned to the member. Unless otherwise provided by law, beginning with the employer's fiscal year coinciding with or following July 1, 1985, compensation shall include any amounts for tax sheltered annuities or deferred compensation plans. Beginning with the employer's fiscal year which begins in calendar year 1991, compensation shall include amounts under sections 403b, 457 and 125 of the federal internal revenue code of 1986 and, as the board deems appropriate, any other section of the federal internal revenue code of 1986 which defers or excludes amounts from inclusion in income. For purposes of applying limits under the federal internal revenue code "compensation" shall have the meaning as provided in K.S.A. 74-49,123 and amendments thereto;

(10) "credited service" means the sum of participating service and prior service and in no event shall credited service include any service which is credited under another retirement plan authorized under any law of this state;

(11) "dependent" means a parent or child of a member who is dependent upon the member for at least ½ of such parent or child's support;

(12) "effective date" means the date upon which the system becomes effective by operation of law;

(13) "eligible employer" means the state of Kansas, and any county, city, township, special district or any instrumentality of any one or several of the aforementioned or any noncommercial public television or radio station located in this state which receives state funds allocated by the Kansas public broadcasting commission whose employees are covered by social security. If a class or several classes of employees of any above defined employer are not covered by social security, such employer shall be deemed an eligible employer only with respect to such class or those classes of employees who are covered by social security;

(14) "employee" means any appointed or elective officer or employee of a participating employer whose employment is not seasonal or temporary and whose employment requires at least 1,000 hours of work per year, and any such officer or employee who is concurrently employed performing similar or related tasks by two or more participating employers, who each remit employer and employee contributions on behalf of such officer or employee to the system, and whose combined employment is not seasonal or temporary, and whose combined employment requires at least 1,000 hours of work per year, but not including: (A) Any employee who is a contributing member of the United States civil service retirement system; (B) any employee who is a contributing member of the federal employees retirement system; (C) any employee who is a leased employee as provided in section 414 of the federal internal revenue code of a participating employer; and (D) any employee or class of employees specifically exempted by law. After June 30, 1975, no person who is otherwise eligible for membership in the Kansas public employees retirement system shall be barred from such membership by reason of coverage by, eligibility for or future eligibility for a retirement annuity under the provisions of K.S.A. 74-4925 and amendments thereto, except that no person shall receive service credit under the Kansas public employees retirement system for any period of service for which benefits accrue or are granted under a retirement annuity plan under the provisions of K.S.A. 74-4925 and amendments thereto. After June 30, 1982, no person who is otherwise eligible for membership in the Kansas public employees retirement system shall be barred from such membership by reason of coverage by, eligibility for or future eligibility for any benefit under another retirement plan authorized under any law of this state, except that no such person shall receive service credit under the Kansas public employees retirement system for any period of service for which any benefit accrues or is granted under any such retirement plan. Employee shall include persons who are in training at or employed by, or both, a sheltered workshop for the blind operated by the secretary of social and rehabilitation services. The entry date for such persons shall be the beginning of the first pay period of the fiscal year commencing in calendar year 1986. Such persons shall be granted prior service credit in accordance with K.S.A. 74-4913 and amendments thereto. However, such persons classified as home industry employees shall not be covered by the retirement system. Employees shall include any member of a board of county commissioners of any county and any council member or commissioner of a city whose compensation is equal to or exceeds \$5,000 per year;

(15) "entry date" means the date as of which an eligible employer joins the system. The first entry date pursuant to this act is January 1, 1962;

(16) "executive director" means the managing officer of the system employed by the board under this act;

(17) "final average salary" means in the case of a member who retires prior to January 1, 1977, and in the case of a member who retires after January 1, 1977, and who has less than five years of participating service after January 1, 1967, the average highest annual compensation paid to such member for any five years of the last 10 years of participating service immediately preceding retirement or termination of employment, or in the case of a member who retires on or after January 1, 1977, and who has five or more years of participating service after January 1, 1967, the average highest annual compensation paid to such member on or after January 1, 1967, for any five years of participating service preceding retirement or termination of employment, or, in any case, if participating service is less than five years, then the average annual compensation paid to the member during the full period of participating service, or, in any case, if the member has less than one calendar year of participating service such member's final average salary shall be computed by multiplying such member's highest monthly salary received in that year by 12; in the case of a member who became a member under subsection (3) of K.S.A. 74-4925 and amendments thereto, or who became a member with a participating employer as defined in subsection (3) of K.S.A. 74-4931 and amendments thereto and who elects to have compensation paid in other than 12 equal installments, such compensation shall be annualized as if the member had elected to receive 12 equal installments for any such periods preceding retirement; in the case of a member who retires after July 1, 1987, the average highest annual compensation paid to such member for any four years of participating service preceding retirement or termination of employment; in the case of a member who retires on or after July 1, 1993, whose date of membership in the system is prior to July 1, 1993, and any member who is in such member's membership

(continued)

waiting period on July 1, 1993, and whose date of membership in the system is on or after July 1, 1993, the average highest annual compensation, as defined in subsection (9), paid to such member for any four years of participating service preceding retirement or termination of employment or the average highest annual salary, as defined in subsection (34), paid to such member for any three years of participating service preceding retirement or termination of employment, whichever is greater; and in the case of a member who retires on or after July 1, 1993, and whose date of membership in the system is on or after July 1, 1993, the average highest annual salary, as defined in subsection (34), paid to such member for any three years of participating service preceding retirement or termination of employment. Final average salary shall not include any purchase of participating service credit by a member as provided in subsection (2) of K.S.A. 74-4919h and amendments thereto which is completed within five years of retirement. For any application to purchase or repurchase service credit for a certain period of service as provided by law received by the system after May 17, 1994, for any member who will have contributions deducted from such member's compensation at a percentage rate equal to two or three times the employee's rate of contribution or will begin paying to the system a lump-sum amount for such member's purchase or repurchase and such deductions or lump-sum payment commences after the commencement of the first payroll period in the third quarter, "final average salary" shall not include any amount of compensation or salary which is based on such member's purchase or repurchase. Any application to purchase or repurchase multiple periods of service shall be treated as multiple applications. For purposes of this subsection, the date that such member is first hired as an employee for members who are employees of employers that elected to participate in the system on or after January 1, 1994, shall be the date that such employee's employer elected to participate in the system. In the case of any former member who was eligible for assistance pursuant to K.S.A. 74-4925 and amendments thereto prior to July 1, 1998, for the purpose of calculating final average salary of such member, such member's final average salary shall be based on such member's salary while a member of the system or while eligible for assistance pursuant to K.S.A. 74-4925 and amendments thereto, whichever is greater;

(18) "fiscal year" means, for the Kansas public employees retirement system, the period commencing July 1 of any year and ending June 30 of the next;

(19) "Kansas public employees retirement fund" means the fund created by this act for payment of expenses and benefits under the system and referred to as the fund;

(20) "leave of absence" means a period of absence from employment without pay, authorized and approved by the employer, and which after the effective date does not exceed one year;

(21) "member" means an eligible employee who is in the system and is making the required employee contributions; any former employee who has made the required contributions to the system and has not received a refund if such member is within five years of termination of employment with a participating employer; or any former employee who has made the required contributions to the system, has not yet received a refund and has been granted a vested benefit;

(22) "military service" means service in the uniformed forces of the United States, for which retirement benefit credit must be given under the provisions of USERRA or service in the armed forces of the United States or in the commissioned corps of the United States public health service, which service is immediately preceded by a period of employment as an employee or by the entering into of an employment contract with a participating employer and is followed by return to employment as an employee with the same or another participating employer within 12 months immediately following discharge from such military service, except that if the board determines that such return within 12 months was made impossible by reason of a service-connected disability, the period within which the employee must return to employment with a participating employer shall be extended not more than two years from the date of discharge or separation from military service;

(23) "normal retirement date" means the date on or after which a member may retire with full retirement benefits pursuant to K.S.A. 74-4914 and amendments thereto;

(24) "participating employer" means an eligible employer who has agreed to make contributions to the system on behalf of its employees;

(25) "participating service" means the period of employment after the entry date for which credit is granted a member;

(26) "prior service" means the period of employment of a member prior to the entry date for which credit is granted a member under this act;

(27) "prior service annual salary" means the highest annual salary, not including any amounts received as payment for overtime or as reimbursement for travel or moving expense, received for personal services by the member from the current employer in any one of the three calendar years immediately preceding January 1, 1962, or the entry date of the employer, whichever is later, except that if a member entered the employment of the state during the calendar year 1961, the prior service annual salary shall be computed by multiplying such member's highest monthly salary received in that year by 12;

(28) "retirant" means a member who has retired under this system;

(29) "retirement benefit" means a monthly income or the actuarial equivalent thereof paid in such manner as specified by the member pursuant to this act or as otherwise allowed to be paid at the discretion of the board, with benefits accruing from the first day of the month coinciding with or following retirement and ending on the last day of the month in which death occurs. Upon proper identification a surviving spouse may negotiate the warrant issued in the name of the retirant. If there is no surviving spouse, the last warrant shall be payable to the designated beneficiary;

(30) "retirement system" or "system" means the Kansas public employees retirement system as established by this act and as it may be amended;

(31) "social security" means the old age, survivors and disability insurance section of the federal social security act;

(32) "total disability" means a physical or mental disability which prevents the member from engaging, for remuneration or profit, in any occupation for which the member is reasonably suited by education, training or experience;

(33) "trust" means an express trust, created by a trust instrument, including a will, designated by a member to receive payment of the insured death benefit under K.S.A. 74-4927 and amendments thereto and payment of the member's accumulated contributions under subsection (1) of K.S.A. 74-4916 and amendments thereto. A designation of a trust shall be filed with the board. If there is a designated trust at the time of the member's death, the insured death benefit for the member under K.S.A. 74-4927 and amendments thereto and the member's accumulated contributions under subsection (1) of K.S.A. 74-4916 and amendments thereto shall be paid to the trust in lieu of the member's beneficiary. If no will is admitted to probate within six months after the death of the member or no trustee qualifies within such six months or if the designated trust fails, for any reason whatsoever, the insured death benefit under K.S.A. 74-4927 and amendments thereto and the member's accumulated contributions under subsection (1) of K.S.A. 74-4916 and amendments thereto shall be paid in accordance with the provisions of subsection (7) of this section as in other cases where there is no named beneficiary living at the time of the member's death and any payments so made shall be a full discharge and release to the system from any further claims;

(34) "salary" means all salary and wages payable to a member for personal services performed for a participating employer, including maintenance or any allowance in lieu thereof provided a member as part of salary. Salary shall not include reimbursement for travel or moving expenses, payment for accumulated sick leave or vacation or annual leave, severance pay or any other payments to the member determined by the board to not be payments for personal services performed for a participating employer constituting salary or on and after July 1, 1994, payment pursuant to an early retirement incentive program made prior to the retirement of the member. When the salary of a member who remains in substantially the same position during any two consecutive years of participating service used in calculating final average salary is increased by an amount which exceeds 15%, then the amount of such increase which exceeds 15% shall not be included in salary. Any contributions by such member on the amount of such increase which exceeds 15% which is not included in compensation shall be returned to the member. Unless otherwise provided by law, salary shall include any amounts for tax sheltered annuities or deferred compensation plans. Salary shall include amounts under sections 403b, 457 and 125 of the federal internal revenue code of 1986 and, as the board deems appropriate, any other section of

the federal internal revenue code of 1986 which defers or excludes amounts from inclusion in income. For purposes of applying limits under the federal internal revenue code "salary" shall have the meaning as provided in K.S.A. 74-49,123 and amendments thereto. In any case, if participating service is less than three years, then the average annual salary paid to the member during the full period of participating service, or, in any case, if the member has less than one calendar year of participating service such member's final average salary shall be computed by multiplying such member's highest monthly salary received in that year by 12;

(35) "federal internal revenue code" means the federal internal revenue code of 1954 or 1986, as in effect on July 1, 1999 2002, and as applicable to a governmental plan; and

(36) "USERRA" means the federal uniformed services employment and reemployment rights act of 1994 as in effect on July 1, 1998.

Sec. 3. K.S.A. 74-4908 is hereby amended to read as follows: 74-4908. (1) The board shall appoint an executive director and shall establish the compensation therefor. Subject to the direction of the board, the executive director shall be the managing officer of the system and as such shall have charge of the office, records and supervision and direction of the employees of the system. The executive director shall be in the unclassified service under the Kansas civil service act.

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

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

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

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

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

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

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

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

(6) ~~The Subject to limitations imposed pursuant to this subsection and otherwise provided by law, the board may appoint a deputy executive director, an investment officer, an investment analyst, a real estate manager, a direct placement manager, a chief fiscal officer, a member services officer, an attorney, an assistant investment officer, an information resource officer and an investment operations analyst such officers and employees necessary to advise and assist the board in the performance of powers, duties and functions relating to the management and investment of the fund and in such other matters as may be directed by the board. Such appointed officers and employees shall be in the unclassified service under the Kansas civil service act. Not more than 25% of the total number of officers and employees appointed or employed by the system shall be in the unclassified service. The provisions of this subsection shall not affect the classified status of any employee in the classified service under the Kansas civil service act who is employed on the date immediately preceding the effective date of this act. The board is authorized to assign any new or vacant position created by the system on or after the effective date of this act to the classified or unclassified service under the Kansas civil~~

service act. The compensation of such appointed officers and employees in the unclassified service under the Kansas civil service act shall be established by the board.

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

Sec. 4. K.S.A. 74-4918 is hereby amended to read as follows: 74-4918. (1) A member may elect to have such member's retirement benefit paid under one of the options provided in this section in lieu of having it paid in the form stated in K.S.A. 74-4915 and amendments thereto. Such election must be made before the date of actual retirement. A specific person must be designated as joint annuitant at the time of election of the joint and $\frac{1}{2}$ to joint annuitant survivor option, the joint and survivor option and the joint and $\frac{3}{4}$ to joint annuitant survivor option. Under no circumstances may an option be changed or canceled nor the named joint annuitant changed after the date of actual retirement of the member.

(2) The amount of retirement benefit payable under an option shall be based on the age of the member and, if applicable, the age of the joint annuitant, and shall be such amount as to be the actuarial equivalent of the retirement benefit otherwise payable under K.S.A. 74-4915 and amendments thereto, as prescribed in subsection (3). In no case shall the total amount of retirement benefit paid under any option provided in this section be more than 100% of the retirement benefit which would have been otherwise payable if no option had been elected under this section.

(3) The following retirement options, which are subject to the provisions of K.S.A. 74-49,123 and amendments thereto, are available:

(A) *Joint and $\frac{1}{2}$ to joint annuitant survivor.* A reduced retirement benefit is payable to the retirant during the retirant's lifetime in a monthly amount equal to the product of (i) the monthly payment of the retirement benefit otherwise payable under K.S.A. 74-4915 and amendments thereto and (ii) the percentage equal to 91% minus .4% for each year by which the age of the retirant's joint annuitant is less than the retirant's age, computed to the nearest whole year, or plus .4% for each year by which the age of the retirant's joint annuitant is more than the retirant's age, computed to the nearest whole year, with $\frac{1}{2}$ of that monthly amount continued to the retirant's joint annuitant during such joint annuitant's remaining lifetime, if any, after the death of the retirant. In the event that the designated joint annuitant under this option predeceases the retirant, the amount of the retirement benefit otherwise payable to the retirant under this option shall be adjusted automatically to the retirement benefit which the retirant would have received if no option had been elected under this section.

(B) *Joint and survivor.* A reduced retirement benefit is payable to the retirant during the retirant's lifetime in a monthly amount equal to the product of (i) the monthly payment of the retirement benefit otherwise payable under K.S.A. 74-4915 and amendments thereto and (ii) the percentage equal to 83% minus .6% for each year by which the age of the retirant's joint annuitant is less than the retirant's age, computed to the nearest whole year, or plus .6% for each year by which the age of the retirant's joint annuitant is more than the retirant's age, computed to the nearest whole year, with that amount continued to the joint annuitant during the joint annuitant's remaining lifetime, if any, after the death of the retirant. In the event that the designated joint annuitant under this option predeceases the retirant, the amount of the retirement benefit otherwise payable to the retirant under this option shall be adjusted automatically to the retirement benefit which the retirant would have received if no option had been elected under this section.

(C) *Joint and $\frac{3}{4}$ to joint annuitant survivor.* A reduced retirement benefit is payable to the retirant during the retirant's lifetime in a monthly amount equal to the product of (i) the monthly payment of the retirement benefit otherwise payable under K.S.A. 74-4915 and amendments thereto and (ii) the percentage equal to 87% minus .5% for each year by which the age of the retirant's joint annuitant is less than the retirant's age, computed to the nearest whole year, or plus .5% for each year by which the age of the retirant's joint annuitant is more than the retirant's age, computed to the nearest whole year, with $\frac{3}{4}$ of that monthly amount continued to the retirant's joint annuitant during such joint annuitant's remaining lifetime, if any, after the death of the retirant. In the event that the designated joint annuitant under this option predeceases the retirant, the amount of the retirement benefit otherwise payable to the retirant under this option shall be adjusted automatically to the retirement benefit

(continued)

which the retirant would have received if no option had been elected under this section.

(D) *Life with 5 years certain.* A reduced retirement benefit is payable to the retirant during the retirant's lifetime in a monthly amount equal to 98% of the monthly payment of the retirement benefit otherwise payable under K.S.A. 74-4915 and amendments thereto and if the retirant dies within the five-year certain period, measured from the commencement of retirement benefit payments, such payments shall be continued to the retirant's beneficiary during the balance of the five-year certain period.

(E) *Life with 10 years certain.* A reduced retirement benefit is payable to the retirant during the retirant's lifetime in a monthly amount equal to 95% of the monthly payment of the retirement benefit otherwise payable under K.S.A. 74-4915 and amendments thereto and if the retirant dies within the ten-year certain period, measured from the commencement of retirement benefit payments, such payments shall be continued to the retirant's beneficiary during the balance of the ten-year certain period.

(F) *Life with 15 years certain.* A reduced retirement benefit is payable to the retirant during the retirant's lifetime in a monthly amount equal to 88% of the monthly payment of the retirement benefit otherwise payable under K.S.A. 74-4915 and amendments thereto and if the retirant dies within the fifteen-year certain period, measured from the commencement of retirement benefit payments, such payments shall be continued to the retirant's beneficiary during the balance of the fifteen-year certain period.

(G) *Lump sum payment at retirement.* (i) Pursuant to this option, the member must specify a lump sum amount to be paid to the member upon the member's retirement. The lump sum amount will be based on the actuarial present value of the benefit as provided in K.S.A. 74-4915, and amendments thereto. The lump sum amount designated by the member must be in 10% increments and shall not exceed $\frac{1}{2}$ of the actuarial present value of the benefit provided in K.S.A. 74-4915, and amendments thereto. *If the member's spouse elects a lump sum payment as provided in this section pursuant to the provisions of subsection (4), the lump sum payment will be based on the present value of the retirement option selected by the spouse. The lump sum amount designated by the spouse must be in 10% increments and shall not exceed $\frac{1}{2}$ of the actuarial present value of the option selected in this section.*

(ii) Pursuant to this option, the member must elect to have the remaining actuarial present value paid in a monthly amount under the provisions of K.S.A. 74-4915, and amendments thereto, or subsections (3)(A) through (3)(F) of this section.

(iii) In the event that the designated joint annuitant pursuant to subsection (3)(A), (3)(B) or (3)(C) under this option predeceases the retirant, the amount of the retirement benefit otherwise payable to the retirant under this option shall be adjusted automatically to the retirement benefit which the retirant would have received if no option had been elected under this section.

(iv) The provisions of this subsection shall be effective on and after July 1, 2001.

(4) If a member, who is eligible to retire in accordance with the provisions of K.S.A. 74-4914 and amendments thereto, dies without having actually retired, the member's spouse, if the spouse is the sole beneficiary for the member's accumulated contributions, may elect to receive benefits under one of the options provided in this section in lieu of receiving the member's accumulated contributions.

(5) The benefits of subsection (4) shall be available in the case of death within the first six months after the entry date of the member's participating employer.

(6) On and after January 1, 1991, if a member with 15 or more years of credited service dies before attaining retirement age, the member's spouse, if the spouse is the sole beneficiary for the member's accumulated contributions, may elect to receive benefits under one of the options provided in this section in lieu of receiving the member's accumulated contributions. Payments under one of the options provided in this section to the member's spouse if so elected, shall commence on the date that the member would have attained retirement age.

(7) Benefits payable to a joint annuitant shall accrue from the first day of the month following the death of a member or retirant and, in the case of the joint and $\frac{1}{2}$ to joint annuitant survivor option, the joint and

survivor option and the joint and $\frac{3}{4}$ to joint annuitant survivor option, shall end on the last day of the month in which the joint annuitant dies.

(8) The provisions of the law in effect on the retirement date of a member under the system shall govern the retirement benefit payable to the retirant and any joint annuitant, except, for retirement benefits payable after July 1, 1993, for retirants who retired prior to July 1, 1982, in the event that the designated joint annuitant under the option provided in subsection (3)(A), (B) or (C), as applicable, predeceased the retirant, the amount of the retirement benefit otherwise payable to the retirant under the option provided in subsection (3)(A), (B) or (C), as applicable, shall be adjusted automatically to the retirement benefit which the retirant would have received if no option had been elected under this section.

(9) Upon the death of a joint annuitant who is receiving a retirement benefit under the provisions of this section, there shall be paid to such joint annuitant's beneficiary an amount equal to the excess, if any, of the accumulated contributions of the retirant over the sum of all retirement benefit payments made to such retirant and such joint annuitant. Such joint annuitant shall designate a beneficiary by filing in the office of the retirement system such designation at the time of death of the retirant. If there is no named beneficiary of such joint annuitant living at the time of death of such joint annuitant, any amount provided for by this section shall be paid to, in order of preference as follows:

- (A) The joint annuitant's surviving spouse;
- (B) the joint annuitant's dependent child or children;
- (C) the joint annuitant's dependent parent or parents;
- (D) the joint annuitant's nondependent child or children;
- (E) the joint annuitant's nondependent parent or parents; or
- (F) the estate of the deceased joint annuitant.

Sec. 5. K.S.A. 74-4920 is hereby amended to read as follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation and appraisal as provided for in subsection (3)(a) of K.S.A. 74-4908 and amendments thereto, the board shall certify, on or before July 15 of each year, to the division of the budget in the case of the state and to the agent for each other participating employer an actuarially determined estimate of the rate of contribution which will be required, together with all accumulated contributions and other assets of the system, to be paid by each such participating employer to pay all liabilities which shall exist or accrue under the system, including amortization of the actuarial accrued liability over a period of 40 years commencing on July 1, 1993, and the actuarial accrued liability for members of the faculty and other persons who are employed by the state board of regents or by educational institutions under its management assisted by the state board of regents in the purchase of retirement annuities as provided in K.S.A. 74-4925 and amendments thereto, as provided in this section. The actuarial accrued liability for all participating employers other than the state board of regents relating to members of the faculty and other persons described in this section, shall be amortized by annual payments that increase 4% for each year remaining in the amortization period. For all participating employers other than the state board of regents relating to members of the faculty and other persons described in this section, the projected unit credit actuarial cost method shall be used in annual actuarial valuations, commencing with the 1993 valuation, to determine the employer contribution rates that shall be certified by the board. The actuarial accrued liability for members of the faculty and other persons described in this subsection assisted by the state board of regents in the purchase of retirement annuities as provided in K.S.A. 74-4925 and amendments thereto shall be amortized by annual level payments over a period of 11 years commencing July 1, 1993. Such certified rate of contribution shall be based on the standards set forth in subsection (3)(a) of K.S.A. 74-4908 and amendments thereto and shall not be based on any other purpose outside of the needs of the system.

(b) (i) For employers affiliating on and after January 1, 1999, upon the basis of an annual actuarial valuation and appraisal of the system conducted in the manner provided for in K.S.A. 74-4908 and amendments thereto, the board shall certify, on or before July 15 of each year to each such employer an actuarially determined estimate of the rate of contribution which shall be required to be paid by each such employer to pay all of the liabilities which shall accrue under the system from and after the entry date as determined by the board, upon recommendation of the actuary. Such rate shall be termed the employer's participating service contribution and shall be uniform for all participating employers. Such additional liability shall be amortized over a period of 34 years com-

mencing on July 1, 1999, by annual payments that increase 4% for each year remaining in the amortization period. For all participating employers described in this section, the projected unit credit actuarial cost method shall be used in annual actuarial valuations to determine the employer contribution rates that shall be certified by the board.

(ii) The board shall determine for each such employer separately an amount sufficient to amortize over a period of not to exceed 34 years commencing July 1, 1999, all liabilities for prior service costs which shall have accrued at the time of entry into the system. On the basis of such determination the board shall annually certify to each such employer separately an actuarially determined estimate of the rate of contribution which shall be required to be paid by that employer to pay all of the liabilities for such prior service costs. Such rate shall be termed the employer's prior service contribution.

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

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

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

(5) The rate of contribution certified to a participating employer as provided in this section shall apply during the fiscal year of the participating employer which begins in the second calendar year following the year of the actuarial valuation. For the fiscal year commencing in calendar year 1993, the employer rate of contribution for the state of Kansas and for participating employers under K.S.A. 74-4931 and amendments thereto shall be 3.1% of the amount of compensation upon which members contribute during the period. For the fiscal year commencing in calendar year 1994, the employer rate of contribution for the state of Kansas and for participating employers under K.S.A. 74-4931 and amendments thereto shall be 3.2% of the amount of compensation upon which members contribute during the period. For the fiscal year commencing in calendar year 1994, the employer rate of contribution for participating employers other than the state of Kansas shall be 2.2% of the amount of compensation upon which members contribute during the period. Except as specifically provided in this section, for the fiscal year commencing in calendar year 1995, the rate of contribution certified to a participating employer shall in no event exceed such participating employer's contribution rate for the immediately preceding fiscal year by more than 0.1% of the amount of compensation upon which members contribute during the period. Except as specifically provided in this section, for fiscal years commencing in calendar year 1996 and in each subsequent calendar year, the rate of contribution certified to the state of Kansas shall in no event exceed the state's contribution rate for the immediately preceding fiscal year by more than 0.2% of the amount of compensation upon which members contribute during the period. *Except as specifically provided in this subsection, for the fiscal years commencing in the following calendar*

years, the rate of contribution certified to the state of Kansas shall in no event exceed the state's contribution rate for the immediately preceding fiscal year by more than the following amounts expressed as a percentage of compensation upon which members contribute during the period: (a) For the fiscal year commencing in calendar year 2005, an amount not to exceed more than 0.4% of the amount of the immediately preceding fiscal year; (b) for the fiscal year commencing in calendar year 2006, an amount not to exceed more than 0.5% of the amount of the immediately preceding fiscal year; and (c) for the fiscal year commencing in calendar year 2007 and in each subsequent calendar year, an amount not to exceed more than 0.6% of the amount of the immediately preceding fiscal years. Except as specifically provided in this section, for fiscal years commencing in calendar year 1997 and in each subsequent calendar year, the rate of contribution certified to participating employers other than the state of Kansas shall in no event exceed such participating employer's contribution rate for the immediately preceding fiscal year by more than 0.15% of the amount of compensation upon which members contribute during the period. There shall be an employer rate of contribution certified to the state of Kansas and participating employers under K.S.A. 74-4931 and amendments thereto. There shall be a separate employer rate of contribution certified to all other participating employers other than the state of Kansas.

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

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

(8) Except as otherwise provided by law, the actuarial cost of any legislation enacted by the Kansas legislature, except the actuarial cost of K.S.A. 74-49,114a, and amendments thereto, shall be in addition to the employer contribution rates certified for the employer contribution rate in the fiscal year immediately following such enactment.

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

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

~~(10)~~ (11) For employers affiliating on and after January 1, 1999, the rates of contribution certified to the participating employer as provided in this section shall apply during the fiscal year immediately following such certification, but the rate of contribution during the first year following the employer's entry date shall be equal to 7% of the amount of compensation on which members contribute during the year. Any amount of such first year's contribution which may be in excess of the necessary current service contribution shall be credited by the board to the respective employer's prior service liability.

~~(11)~~ (12) Employer contributions shall in no way be limited by any other act which now or in the future establishes or limits the compensation of any member.

~~(12)~~ (13) Notwithstanding any provision of law to the contrary, each participating employer shall remit quarterly, or as the board may otherwise provide, all employee deductions and required employer contributions to the executive director for credit to the Kansas public employees retirement fund within three days after the end of the period covered by the remittance by electronic funds transfer. Remittances of such deductions and contributions received after such date are delinquent. Delinquent payments due under this subsection shall be subject to interest at the rate established for interest on judgments under subsection (a) of K.S.A. 16-204 and amendments thereto. At the request of the board, delinquent payments which are due or interest owed on such payments, or both, may be deducted from any other moneys payable to such employer by any department or agency of the state.

(continued)

Sec. 6. K.S.A. 74-4925 is hereby amended to read as follows: 74-4925. (1) The state board of regents shall:

(a) Assist all those members of the faculty and other persons who are employed by the state board of regents or by educational institutions under its management and who are in the unclassified service under the Kansas civil service act as provided in subsection (1)(f) of K.S.A. 75-2935 and amendments thereto, except health care employees, as defined by subsection (1)(f) of K.S.A. 75-2935 and amendments thereto, in the purchase of retirement annuities for their service rendered after December 31, 1961. Effective on the first day of the first payroll period commencing with or following July 1, 1994, county extension agents employed by Kansas state university under K.S.A. 2-615 and amendments thereto shall be eligible for assistance by the state board of regents in the purchase of retirement annuities under this section. The state board of regents shall not assist any such person who is employed after December 31, 1961, until such person has been employed for a waiting period of at least one year except that (i) the state board of regents may assist any newly employed person immediately if at the time of the commencement of employment the person is covered by a valid retirement annuity contract issued by a company described in subsection (2) which was entered into pursuant to a retirement pension plan adopted for faculty members or other persons, or both, employed by an institution of higher education and to which such person or such person's employer on such person's behalf has been making contributions for at least one year, and (ii) all periods of employment with (A) participating employers under the Kansas public employees retirement system, for which employment participating service credit accrued, or (B) institutions of higher education in other states for which employment retirement benefits accrued under a retirement system or plan provided for such employment, shall be credited toward satisfaction of such one-year waiting period if served, in either case, during the five years immediately preceding employment with the state board of regents or with an educational institution under its management in the unclassified service under the Kansas civil service act as provided in subsection (1)(f) of K.S.A. 75-2935 and amendments thereto, in addition to such employment with the state board of regents or with an educational institution under its management; no period of employment as a student employee, as a seasonal or temporary employee or as a part-time employee, whose employment requires less than 1,000 hours of work per year, shall be credited toward the one-year waiting period under subsection (1)(a); this act shall not apply to persons employed in such temporary and part-time positions designated by the state board of regents as exceptions hereto;

(b) require such members of the faculty and others described in subsection (1)(a) who are so assisted by the state board of regents to contribute an amount toward the purchase of such retirement annuities of 5.5% of their salaries, such contributions to be made through payroll deductions and on a pretax basis;

(c) contribute an amount toward the purchase of such retirement annuities equal to the percentage amount, as prescribed by K.S.A. 74-4925e and amendments thereto, of the total amount of the salaries on which such members of the faculty and others described in subsection (1)(a) contribute during such period for which the contribution of the state board of regents is made;

(d) provide, under such rules and regulations as the state board of regents may adopt, for the retirement of any such member of the faculty or other person described in subsection (1)(a) on account of age or condition of health, retirement of such member of the faculty or other person described in subsection (1)(a) on account of age to be not earlier than the 55th birthday and prior to January 1, 1994, not later than the end of the academic year following the 70th year. On and after January 1, 1994, there shall be no mandatory retirement on account of age. Any person who retires under this section and who receives benefits from the Kansas public employees retirement system for prior service credit shall have such benefits calculated in accordance with the applicable provisions of K.S.A. 74-4914 and 74-4915 and amendments thereto.

(2) For the purposes of this section the state board of regents may contract with:

(a) Any life insurance company authorized to do business in this state; or

(b) any life insurance company organized and operated without profit to any private shareholder or individual exclusively for the purpose of aiding and strengthening educational institutions by issuing insurance and

annuity contracts only to or for the benefit of such institution and individuals engaged in the services of such institutions, whether or not such company is authorized to do business in Kansas. No premium tax or income tax shall be due or payable on such annuity contract or contracts for such retirement programs issued by a company described in this subsection (2)(b), except that neither the purchase nor the issuance of such retirement annuities from or by a company described in this subsection (2)(b) shall constitute the effecting of a contract of insurance.

(3) (a) Such member of the faculty or other person described in subsection (1)(a) shall also be a member of the Kansas public employees retirement system, but only for the purpose of granting retirement benefits based on prior service only which was rendered prior to January 1, 1962, which shall be credited to the member as provided in subsection (1) of K.S.A. 74-4913 and amendments thereto, except that such member of the faculty or other person described in subsection (1)(a) who was employed prior to July 1, 1962, who has not yet retired and who is employed on July 1, 1988, on an academic year contract, shall receive credit for 12 months of prior service for each nine months of prior service for which such member or person was employed on an academic year contract prior to July 1, 1962. For the purpose of determining eligibility for a vested benefit, service by such a member of the faculty or other person after December 31, 1961, shall be construed to be credited service under subsection (2) of K.S.A. 74-4917 and amendments thereto.

(b) Any member of the faculty or other person described in subsection (1)(a) who retires after 10 years of continuous service immediately preceding retirement shall be granted a retirement benefit based on prior service only which was rendered prior to January 1, 1962. Application for such benefit shall be in such form and manner as the board shall prescribe.

(4) For the purpose of establishing a procedure whereby the state board of regents and any member of the faculty or other person described in subsection (1)(a), subject to rules and regulations of the state board of regents, may take advantage of section 403(a) or (b) of the federal internal revenue code of 1986 or any other section of the federal internal revenue code of 1986 which defers or excludes amounts from inclusion in income, any member of the faculty or any other person described in subsection (1)(a), whether or not such person has satisfied the one-year waiting period requirement under subsection (1)(a), may request in writing that the state board of regents reduce such person's annual salary, as fixed by the board, in an amount equal to not less than 5% nor more than the percentage allowed under section 403(b) of the federal internal revenue code of 1986, as designated by such member of the faculty or other person described in subsection (1)(a), of the gross amount of such annual salary. In the event of such request by a faculty member or other person who is required to make the contribution as provided in subsection (1)(b), such person shall not be required to make such contribution and the state board of regents shall provide a sum equal to the percentage amount, as prescribed by K.S.A. 74-4925e and amendments thereto, of the gross annual salary of the member of the faculty or other person and shall purchase for and on behalf of each such person whose salary has been so reduced a retirement annuity contract or contracts, the annual premiums for which shall be equal to the sum of the amount of the salary reduction of the member of the faculty or other person and the amount paid by the state board of regents. In the event of such request by a faculty member or other person who is serving the one-year waiting period pursuant to subsection (1)(a) who is not required to make the contribution as provided in subsection (1)(b), the state board of regents shall purchase for and on behalf of each such person whose salary has been so reduced a retirement annuity contract or contracts, the annual premiums for which shall be equal to the sum of the amount of the salary reduction of the member of the faculty or other person, but the state board of regents shall not provide the sum equal to the percentage amount, as prescribed by K.S.A. 74-4925e and amendments thereto, of the gross annual salary of such person as provided for such person who is required to make the contribution as provided in subsection (1)(b). Such retirement annuity contracts may be purchased by the state board of regents from companies described in subsection (2)(a) and subsection (2)(b) or from noninsurance companies who offer retirement plans that meet the requirements of section 403(b) of the federal internal revenue code of 1986, except that the state board of regents may require that the first 5% of the gross amount of such person's annual salary which is reduced under this subsection (4) and the amount equal to the percentage amount, as prescribed by K.S.A.

74-4925e and amendments thereto, of the gross amount of such person's annual salary which is provided by the state board of regents for the purchase of retirement annuity contracts under this subsection (4), if required to be provided under this subsection (4), shall be used to purchase such retirement annuity contracts from such company or companies as may be designated by the state board of regents for such purposes. The director of accounts and reports is authorized to draw warrants on the state treasurer upon the filing with the director of proper vouchers for the amount of the premium on the retirement annuity contract to be paid pursuant to the terms of such contracts and this act.

(5) All employees who are described in subsection (1)(a) and who commence such employment on and after July 1, 1976, shall receive assistance under subsection (1) and shall be covered by a valid retirement annuity contract issued by a company described in subsection (2).

(6) Any employee of the state board of regents or of an educational institution under its management, other than an elected official, who is receiving or is eligible for assistance by the state board of regents in the purchase of a retirement annuity under this section and who becomes ineligible for such assistance because such employee's position is reclassified to a position in the classified service under the Kansas civil service act or who becomes ineligible for such assistance because such employee transfers to a position in the classified service under the Kansas civil service act with the state board of regents or an educational institution under its management, shall become a member of the Kansas public employees retirement system in accordance with the provisions of subsection (5) of K.S.A. 74-4911 and amendments thereto, unless such employee files a written election in the office of the Kansas public employees retirement system, in the form and manner prescribed by the board of trustees thereof, to remain eligible for assistance by the state board of regents under this section prior to the first day of the first complete payroll period occurring after the effective date of such reclassification or transfer. Failure to file such written election shall be presumed to be an election not to remain eligible for assistance by the state board of regents under this section and to become a member of the Kansas public employees retirement system under subsection (5) of K.S.A. 74-4911 and amendments thereto. Such election, whether to remain eligible for such assistance or to become a member of such system, shall be effective as of the effective date of such reclassification or transfer and shall be irrevocable.

(7) The state board of regents shall adopt uniform policies applicable to members of the faculty and other persons, who are employed by the state board of regents or by any educational institution under its management and who are in the unclassified service under the Kansas civil service act as provided in subsection (1)(f) of K.S.A. 75-2935 and amendments thereto, except health care employees, as defined by subsection (1)(f) of K.S.A. 75-2935 and amendments thereto, for the purposes of administering the provisions of this section and the provision of retirement annuities and other benefits hereunder. All assistance provided by the state board of regents for such persons, and agreements entered into therefor, pursuant to this section prior to the effective date are hereby authorized, confirmed and validated.

(8) Any employee described in subsection (1)(a) who is on leave of absence and who accepts a position in the executive branch of government may file a written election in the office of the Kansas public employees retirement system, in the form and manner prescribed by the board, to remain eligible for assistance by the state board of regents under this section prior to the first day of the first complete payroll period occurring after the commencement of such service in the executive branch of government. Failure to file such written election shall be presumed to be an election not to remain eligible for assistance by the state board of regents. The state board of regents shall contribute an amount toward the purchase of retirement annuities on behalf of such employee equal to the sum of the amounts provided in subsection (1)(c).

(9) Any employee described in subsection (1)(a) who is on leave of absence and who is elected or appointed as a member of the legislature may file a written election in the office of the ~~Kansas public employees retirement system~~ *state board of regents*, in the form and manner prescribed by the board, to remain eligible for assistance by the state board of regents under this section prior to the first day of the first complete payroll period occurring after the commencement of such service in the legislature or for any employee who is a member of the legislature on January 8, 2001, prior to the first day of the first complete payroll period occurring after July 1, 2001. Failure to file such written election shall be presumed to be an election not to remain eligible for assistance by the state board of regents. For any employee who files an election as provided

in this subsection and who was a member of the legislature on January 8, 2001, such election shall be effective on January 8, 2001. The state board of regents shall contribute an amount toward the purchase of retirement annuities on behalf of such employee equal to the percentage amount, as prescribed by K.S.A. 74-4925e, and amendments thereto, on the biweekly rate of the salary of such employee with the state board of regents in effect on the date preceding such leave of absence and continuing throughout such leave of absence. Any such employee who makes an election as provided by this subsection shall be eligible for the insured death benefit and insured disability benefit in the same manner as provided under the provisions of K.S.A. 74-4927a, and amendments thereto. The provisions of this section are intended to further the public policy of encouraging persons to serve in elective office.

(10) *Any employee who filed a written election under subsection (9) prior to July 1, 2001, and who is a member of the legislature after January 14, 2002, may file a written election in the office of the state board of regents, in a form and manner prescribed by the board, to be eligible for an amount to be contributed toward the purchase of the employee's retirement annuities and to include in the request a certification of the dates for leaves of absence taken by the employee prior to January 8, 2001, for the purpose of serving in the legislature during regular sessions. The amount shall be calculated by the director of legislative administrative services for periods during which the legislature was in regular session, first by annualizing the compensation and expenses allowance under subsections (a) and (b) of K.S.A. 46-137a and amendments thereto paid to any such legislator during those periods; and second, by applying the annual interest earnings assumed by the board of trustees of the Kansas public employees retirement system for the purpose of anticipating actuarial gains on investments for the same time periods. The amount calculated by the director of legislative administrative services shall be submitted to the board of regents. The board of regents shall contribute such amount submitted toward the purchase of retirement annuities on behalf of such employee.*

Sec. 7. K.S.A. 74-4911f is hereby amended to read as follows: 74-4911f. (a) Subject to procedures or limitations prescribed by the governor, any person who is not an employee and who becomes a state officer may elect to not become a member of the system. The election to not become a member of the system must be filed within 90 days of assuming the position of state officer. Such election shall be irrevocable. If such election is not filed by such state officer, such state officer shall be a member of the system.

(b) Any such state officer who is a member of the Kansas public employees retirement system, on or after the effective date of this act, may elect to not be a member by filing an election with the office of the retirement system. The election to not become a member of the system must be filed within 90 days of assuming the position of state officer. If such election is not filed by such state officer, such state officer shall be a member of the system.

(c) Subject to limitations prescribed by the secretary of administration, the state agency employing any employee who has filed an election as provided under subsection (a) or (b) and who has entered into an employee participation agreement, as provided in K.S.A. 75-5524 and amendments thereto for deferred compensation pursuant to the Kansas public employees deferred compensation plan shall contribute to such plan on such employee's behalf an amount equal to 8% of the employee's salary, as such salary has been approved pursuant to K.S.A. 75-2935b and amendments thereto or as otherwise prescribed by law. *With regard to a state officer who is a member of the legislature who has retired pursuant to the Kansas public employees retirement system and who files an election as provided in this section, employee's salary means per diem compensation as provided by law as a member of the legislature.*

(d) As used in this section and K.S.A. 74-4927k and amendments thereto, "state officer" means the secretary of administration, secretary on aging, secretary of commerce and housing, secretary of corrections, secretary of health and environment, secretary of human resources, secretary of revenue, secretary of social and rehabilitation services, secretary of transportation, secretary of wildlife and parks, superintendent of the Kansas highway patrol, secretary of agriculture, executive director of the

(continued)

Kansas lottery, executive director of the Kansas racing commission, president of the Kansas development finance authority, state fire marshal, state librarian, securities commissioner, adjutant general, members of the state board of tax appeals, members of the Kansas parole board, members of the state corporation commission, any unclassified employee on the staff of officers of both houses of the legislature, any unclassified employee appointed to the governor's or lieutenant governor's staff and, any person employed by the legislative branch of the state of Kansas, other than any such person receiving service credited under the Kansas public employees retirement system or any other retirement system of the state of Kansas therefor, who elected to be covered by the provisions of this section as provided in subsection (e) of K.S.A. 46-1302 and amendments thereto or who is first employed on or after July 1, 1996, by the legislative branch of the state of Kansas and any member of the legislature who has retired pursuant to the Kansas public employees retirement system.

(e) The provisions of this section shall not apply to any state officer who has elected to remain eligible for assistance by the state board of regents as provided in subsection (a) of K.S.A. 74-4925 and amendments thereto.

Sec. 8. K.S.A. 74-4927 is hereby amended to read as follows: 74-4927. (1) The board may establish a plan of death and long-term disability benefits to be paid to the members of the retirement system as provided by this section. The long-term disability benefit shall not be payable until the member has been prevented from carrying out each and every duty pertaining to the member's employment as a result of sickness or injury for a period of 180 days and the annual benefit shall not exceed an amount equal to 66 2/3% of the member's annual rate of compensation on the date such disability commenced and shall be payable in equal monthly installments. In the event that a member's compensation is not fixed at an annual rate but on an hourly, weekly, biweekly, monthly or any other basis than annual, the board shall prescribe by rule and regulation a formula for establishing a reasonable rate of annual compensation to be used in determining the amount of the death or long-term disability benefit for such member. Such plan shall provide that:

(A) For deaths occurring prior to January 1, 1987, the right to receive such death benefit shall cease upon the member's attainment of age 70 or date of retirement whichever first occurs. The right to receive such long-term disability benefit shall cease (i) for a member who becomes eligible for such benefit before attaining age 60, upon the date that such member attains age 65 or the date of such member's retirement, whichever first occurs, (ii) for a member who becomes eligible for such benefit at or after attaining age 60, the date that such member has received such benefit for a period of five years, upon the date that such member attains age 70, or upon the date of such member's retirement, whichever first occurs, (iii) for all disabilities incurred on or after January 1, 1987, for a member who becomes eligible for such benefit at or after attaining age 70, the date that such member has received such benefit for a period of 12 months or upon the date of such member's retirement, whichever first occurs, and (iv) for all disabilities incurred on or after January 1, 1987, for a member who becomes eligible for such benefit at or after attaining age 75, the date that such member has received such benefit for a period of six months or upon the date of such member's retirement, whichever first occurs.

(B) Long-term disability benefit payments shall be in lieu of any accidental total disability benefit that a member may be eligible to receive under subsection (3) of K.S.A. 74-4916 and amendments thereto. The member must make an initial application for social security disability benefits and, if denied such benefits, the member must pursue and exhaust all administrative remedies of the social security administration which include, but are not limited to, reconsideration and hearings. Such plan may provide that any amount which a member receives as a social security benefit or a disability benefit or compensation from any source by reason of any employment including, but not limited to, workers compensation benefits may be deducted from the amount of long-term disability benefit payments under such plan. During the period in which such member is pursuing such administrative remedies prior to a final decision of the social security administration, social security disability benefits may be estimated and may be deducted from the amount of long-term disability benefit payments under such plan. Such long-term disability payments shall accrue from the later of the 181st day of total disability or the first day upon which the member ceases to draw compensation from the employer. If the social security benefit, workers compensation benefit, other

income or wages or other disability benefit by reason of employment, or any part thereof, is paid in a lump-sum, the amount of the reduction shall be calculated on a monthly basis over the period of time for which the lump-sum is given. In no case shall a member who is entitled to receive long-term disability benefits receive less than \$50 per month. As used in this section, "workers compensation benefits" means the total award of disability benefit payments under the workers compensation act notwithstanding any payment of attorney fees from such benefits as provided in the workers compensation act.

(C) The plan may include other provisions relating to qualifications for benefits; schedules and graduation of benefits; limitations of eligibility for benefits by reason of termination of employment or membership; conversion privileges; limitations of eligibility for benefits by reason of leaves of absence, military service or other interruptions in service; limitations on the condition of long-term disability benefit payment by reason of improved health; requirements for medical examinations or reports; or any other reasonable provisions as established by rule and regulation of uniform application adopted by the board.

(D) On and after April 30, 1981, the board may provide under the plan for the continuation of long-term disability benefit payments to any former member who forfeits the entitlement to continued service credit under the retirement system or continued assistance in the purchase of retirement annuities under K.S.A. 74-4925 and amendments thereto and to continued long-term disability benefit payments and continued death benefit coverage, by reason of the member's withdrawal of contributions from the retirement system or the repurchase of retirement annuities which were purchased with assistance received under K.S.A. 74-4925 and amendments thereto. Such long-term disability benefit payments may be continued until such individual dies, attains age 65 or is no longer disabled, whichever occurs first.

(E) Any visually impaired person who is in training at and employed by a sheltered workshop for the blind operated by the secretary of social and rehabilitation services and who would otherwise be eligible for the long-term disability benefit as described in this section shall not be eligible to receive such benefit due to visual impairment as such impairment shall be determined to be a preexisting condition.

(2) (A) In the event that a member becomes eligible for a long-term disability benefit under the plan authorized by this section such member shall be given participating service credit for the entire period of such disability. Such member's final average salary shall be computed in accordance with subsection (17) of K.S.A. 74-4902 and amendments thereto except that the years of participating service used in such computation shall be the years of salaried participating service.

(B) In the event that a member eligible for a long-term disability benefit under the plan authorized by this section shall be disabled for a period of five years or more immediately preceding retirement, such member's final average salary shall be adjusted upon retirement by the actuarial salary assumption rates in existence during such period of disability. Effective July 1, 1993, such member's final average salary shall be adjusted upon retirement by 5% for each year of disability after July 1, 1993, but before July 1, 1998. Effective July 1, 1998, such member's final average salary shall be adjusted upon retirement by an amount equal to the lesser of: (i) The percentage increase in the consumer price index for all urban consumers as published by the bureau of labor statistics of the United States department of labor minus 1%; or (ii) four percent per annum, measured from the member's last day on the payroll to the month that is two months prior to the month of retirement, for each year of disability after July 1, 1998.

(C) In the event that a member eligible for a long-term disability benefit under the plan authorized by this section shall be disabled for a period of five years or more immediately preceding death, such member's current annual rate shall be adjusted by the actuarial salary assumption rates in existence during such period of disability. Effective July 1, 1993, such member's current annual rate shall be adjusted upon death by 5% for each year of disability after July 1, 1993, but before July 1, 1998. Effective July 1, 1998, such member's current annual rate shall be adjusted upon death by an amount equal to the lesser of: (i) The percentage increase in the consumer price index for all urban consumers published by the bureau of labor statistics of the United States department of labor minus 1%; or (ii) four percent per annum, measured from the member's last day on the payroll to the month that is two months prior to the month of death, for each year of disability after July 1, 1998.

(3) (A) To carry out the legislative intent to provide, within the funds made available therefor, the broadest possible coverage for members who are in active employment or involuntarily absent from such active employment, the plan of death and long-term disability benefits shall be subject to adjustment from time to time by the board within the limitations of this section. The plan may include terms and provisions which are consistent with the terms and provisions of group life and long-term disability policies usually issued to those employers who employ a large number of employees. The board shall have the authority to establish and adjust from time to time the procedures for financing and administering the plan of death and long-term disability benefits authorized by this section. Either the insured death benefit or the insured disability benefit or both such benefits may be financed directly by the system or by one or more insurance companies authorized and licensed to transact group life and group accident and health insurance in this state.

(B) The board may contract with one or more insurance companies, which are authorized and licensed to transact group life and group accident and health insurance in Kansas, to underwrite or to administer or to both underwrite and administer either the insured death benefit or the long-term disability benefit or both such benefits. Each such contract with an insurance company under this subsection shall be entered into on the basis of competitive bids solicited and administered by the board. Such competitive bids shall be based on specifications prepared by the board.

(i) In the event the board purchases one or more policies of group insurance from such company or companies to provide either the insured death benefit or the long-term disability benefit or both such benefits, the board shall have the authority to subsequently cancel one or more of such policies and, notwithstanding any other provision of law, to release each company which issued any such canceled policy from any liability for future benefits under any such policy and to have the reserves established by such company under any such canceled policy returned to the system for deposit in the group insurance reserve of the fund.

(ii) In addition, the board shall have the authority to cancel any policy or policies of group life and long-term disability insurance in existence on the effective date of this act and, notwithstanding any other provision of law, to release each company which issued any such canceled policy from any liability for future benefits under any such policy and to have the reserves established by such company under any such canceled policy returned to the system for deposit in the group insurance reserve of the fund. Notwithstanding any other provision of law, no premium tax shall be due or payable by any such company or companies on any such policy or policies purchased by the board nor shall any brokerage fees or commissions be paid thereon.

(4) (A) There is hereby created in the state treasury the group insurance reserve fund. Investment income of the fund shall be added or credited to the fund as provided by law. The cost of the plan of death and long-term disability benefits shall be paid from the group insurance reserve fund, which shall be administered by the board. Except as otherwise provided by this subsection, each participating employer shall appropriate and pay to the system in such manner as the board shall prescribe in addition to the employee and employer retirement contributions an amount equal to .6% of the amount of compensation on which the members' contributions to the Kansas public employees retirement system are based for deposit in the group insurance reserve fund. Notwithstanding the provisions of this subsection, no participating employer shall appropriate and pay to the system any amount provided for by this subsection for deposit in the group insurance reserve fund for the period commencing on April 1, 2000, and ending on December 31, 2001, ~~or for the period commencing July 1, 2002, and ending December 31, 2002, or for the period commencing April 1, 2003, and ending on June 30, 2004.~~

(B) The director of the budget and the governor shall include in the budget and in the budget request for appropriations for personal services a sum to pay the state's contribution to the group insurance reserve fund as provided by this section and shall present the same to the legislature for allowances and appropriation.

(C) The provisions of subsection (4) of K.S.A. 74-4920 and amendments thereto shall apply for the purpose of providing the funds to make the contributions to be deposited to the group insurance reserve fund.

(D) Any dividend or retrospective rate credit allowed by an insurance company or companies shall be credited to the group insurance reserve fund and the board may take such amounts into consideration in determining the amounts of the benefits under the plan authorized by this section.

(5) The death benefit provided under the plan of death and long-term disability benefits authorized by this section shall be known and referred to as insured death benefit. The long-term disability benefit provided under the plan of death and long-term disability benefits authorized by this section shall be known and referred to as long-term disability benefit.

(6) The board is hereby authorized to establish an optional death benefit plan. Except as provided in subsection (7), such optional death benefit plan shall be made available to all employees who are covered or may hereafter become covered by the plan of death and long-term disability benefits authorized by this section. The cost of the optional death benefit plan shall be paid by the applicant either by means of a system of payroll deductions or direct payment to the board. The board shall have the authority and discretion to establish such terms, conditions, specifications and coverages as it may deem to be in the best interest of the state of Kansas and its employees which should include term death benefits for the person's period of active state employment regardless of age, but in no case, on and after January 1, 1989, shall the maximum allowable coverage be less than \$200,000. The cost of the optional death benefit plan shall not be established on such a basis as to unreasonably discriminate against any particular age group. The board shall have full administrative responsibility, discretion and authority to establish and continue such optional death benefit plan and the director of accounts and reports of the department of administration shall when requested by the board and from funds appropriated or available for such purpose establish a system to make periodic deductions from state payrolls to cover the cost of the optional death benefit plan coverage under the provisions of this subsection (6) and shall remit all deductions together with appropriate accounting reports to the system. There is hereby created in the state treasury the optional death benefit plan reserve fund. Investment income of the fund shall be added or credited to the fund as provided by law. All funds received by the board, whether in the form of direct payments, payroll deductions or otherwise, shall be accounted for separately from all other funds of the retirement system and shall be paid into the optional death benefit plan reserve fund, from which the board is authorized to make the appropriate payments and to pay the ongoing costs of administration of such optional death benefit plan as may be incurred in carrying out the provisions of this subsection (6).

(7) Any employer other than the state of Kansas which is currently a participating employer of the Kansas public employees retirement system or is in the process of affiliating with the Kansas public employees retirement system may also elect to affiliate for the purposes of subsection (6). All such employers shall make application for affiliation with such system, to be effective on January 1 next following application. Such optional death benefit plan shall not be available for employees of employers specified under this subsection until after July 1, 1988.

Sec. 9. K.S.A. 74-4927f is hereby amended to read as follows: 74-4927f. (a) For the purposes of providing the "insured death benefit" as prescribed in K.S.A. 74-4927 and amendments thereto, to all persons who are members of the retirement system for judges, the term "member" as used in K.S.A. 74-4927 and amendments thereto, and as used in this section shall include members of the retirement system for judges.

(b) Except as otherwise provided by this subsection, the employer of any member who is a member of the retirement system for judges shall pay to the Kansas public employees retirement system in such manner as the board of trustees shall prescribe, an amount equal to .4% of the amount of compensation on which the member's contributions to the retirement system for judges are based for deposit in the group insurance reserve of the Kansas public employees retirement fund, in lieu of the amount required to be paid under subsection (4) of K.S.A. 74-4927 and amendments thereto. Notwithstanding the provisions of this subsection, no employer shall pay to the system any amount provided for by this subsection for deposit in the group insurance reserve fund for the period commencing on April 1, 2000, and ending on December 31, 2001, ~~or for the period commencing July 1, 2002, and ending on December 31, 2002, or for the period commencing on April 1, 2003, and ending on June 30, 2004.~~

Sec. 10. K.S.A. 74-4927k is hereby amended to read as follows: 74-4927k. (a) For the purposes of providing the "insured death benefit" and "long-term disability benefit" as prescribed in K.S.A. 74-4927 and amendments thereto and of providing the "accidental death benefit" as prescribed in subsection (2) of K.S.A. 74-4916 and amendments thereto, to

(continued)

all state officers who have filed an election as provided in subsection (a) or (b) of K.S.A. 74-4911f, and amendments thereto, the term "member" as used in K.S.A. 74-4927 and amendments thereto and subsection (2) of K.S.A. 74-4916 and amendments thereto and as used in this section shall include such state officers.

(b) The state agency employing any member shall pay to the Kansas public employees retirement system in such manner as the board of trustees shall prescribe, an amount sufficient to pay the employer's contribution to the group insurance reserve as provided in subsection (4) of K.S.A. 74-4927 and amendments thereto.

(c) The state agency employing any member shall maintain a file of the beneficiaries named by the persons covered under this section in the form and manner as prescribed by the board of trustees of the Kansas public employees retirement system.

(d) Notwithstanding any provision of law to the contrary, the provisions of this section shall not apply to any person employed by the legislative branch of the state of Kansas who elected to be covered by the provisions of K.S.A. 74-4911f, and amendments thereto, as provided in subsection (e) of K.S.A. 46-1302, and amendments thereto, or who is first employed on or after July 1, 1996, by the legislative branch of the state of Kansas as described in K.S.A. 46-1302, and amendments thereto.

(e) *Notwithstanding any provision of law to the contrary, the provisions of this section shall not apply to any member of the legislature who has retired pursuant to the Kansas public employees retirement system and who elected to be covered by the provisions of K.S.A. 74-4911f and amendments thereto.*

Sec. 11. K.S.A. 74-4963 is hereby amended to read as follows: 74-4963. (1) Upon termination of employment prior to the completion of 20 years of credited service, after 30 days after such termination a member may withdraw such member's accumulated contributions or elect to leave such accumulated contributions on deposit with the system. If the member elects to leave the accumulated contributions on deposit with the system and if the member returns to employment with the same or another participating employer within five years, such member shall receive credit for such member's service prior to such termination. If the member does not elect to leave the accumulated contributions on deposit or if the member does not return to covered employment within five years, such member shall no longer be a member of the system and the sum of such member's accumulated contributions then on deposit with this system shall be paid to such member after making application in a form prescribed by the board and after the system has a reasonable time to process the application for withdrawal. Upon proper notification by the system, member contributions not on deposit with the system shall be paid to the member by the participating employer.

(2) If, after termination and withdrawal of accumulated contributions, a former member returns to covered employment, except as otherwise provided in subsection (1), the former member shall become a member of the system as provided in subsection (2) of K.S.A. 74-4955 and amendments thereto. Any former member returning to covered employment may, at the former member's option, purchase service credit for such previously forfeited service credit, subject to the provisions of K.S.A. 74-49,123, and amendments thereto, at an additional rate of contribution, in addition to the employee's rate of contribution as provided in K.S.A. 74-4919 74-4965, and amendments thereto, based upon the member's attained age at the time of purchase and using actuarial assumptions and tables in use by the retirement system at such time of purchase for such periods of service. Such additional rate of contribution shall commence at the beginning of the quarter following such election and shall remain in effect until all quarters of such service have been purchased. Subject to the provisions of K.S.A. 74-49,123, and amendments thereto, such member may elect to effect such purchase by means of a single lump-sum payment in lieu of the increased amount of the employee's contribution rate otherwise provided for in this act in an amount equal to the then present value of the benefits being purchased determined by the actuary using the member's attained age, annual compensation at the time of purchase and the actuarial assumptions and tables then in use by the retirement system. The lump-sum payment shall be made immediately upon being notified of the amount due. Upon receipt of such payment by the system the member shall receive full credit for the number of previously forfeited quarters of participating service which the member has elected to repurchase. Any member who repurchases all

of the member's previously forfeited participating service credit shall also receive all of the member's previously forfeited prior service credit.

(3) Upon termination and withdrawal of accumulated contributions, any member whose employment was, up to the member's employer's entry date, covered by a pension system established under the provisions of K.S.A. 13-14a01 through 13-14a14, and amendments thereto, or K.S.A. 14-10a01 through 14-10a15, and amendments thereto, shall be entitled to receive from the member's employer the sum of the member's accumulated contributions to the previous pension system.

(4) If a member has completed 20 years of credited service at date of termination, the member shall be granted automatically a vested retirement benefit in the system, but any time prior to the commencement of retirement benefit payments and before attaining age 55 the member may withdraw the member's accumulated contributions, whereupon the member's membership in this system ceases and no other amounts shall be payable for the member's prior and participating service credit. Eligibility of such member, who has not withdrawn the member's accumulated contributions, for retirement benefits and procedures for making application for retirement benefits shall be in accordance with K.S.A. 74-4957 and amendments thereto, except that in lieu of the three-month notice of intention to retire being made to the employer, such member shall make application for retirement in a form prescribed by the board and retirement benefits shall accrue from the first day of the month following receipt of such application. The amount of the retirement benefit shall be determined as provided in K.S.A. 74-4958 and amendments thereto.

(5) If a member, who has a vested retirement benefit, again becomes an employee of a participating employer, the amount of the member's vested retirement benefit shall remain in effect, and any retirement benefit such member subsequently accrues shall be calculated separately based on credited service after again becoming an employee and shall be added to that which had been vested by virtue of previous service. Eligibility of such member for retirement benefits and procedures for making application for retirement benefits shall be in accordance with K.S.A. 74-4957 and amendments thereto.

(6) Any member of this system who was previously a member of the Kansas public employees retirement system or the retirement system for judges and who forfeited service credit under either of those systems by reason of termination of employment and withdrawal of their contributions to that system, may elect, subject to the provisions of K.S.A. 74-49,123 and amendments thereto, to purchase service credit for the previously forfeited service credit by means of a single lump-sum payment and such service shall be recredited to that system. The amount of the lump-sum payment shall be determined by the actuary using the member's then current annual rate of compensation and the actuarial assumptions and tables then currently in use by that retirement system.

(7) The provisions of this section shall apply only to members who were appointed or employed prior to July 1, 1989, and who did not make an election pursuant to K.S.A. 74-4955a and amendments thereto.

Sec. 12. K.S.A. 74-4963a is hereby amended to read as follows: 74-4963a. (1) Upon termination of employment prior to the completion of 15 years of credited service, after 30 days after such termination a member may withdraw such member's accumulated contributions or elect to leave such accumulated contributions on deposit with the system. If the member elects to leave the accumulated contributions on deposit with the system and if the member returns to employment with the same or another participating employer within five years, such member shall receive credit for such member's service prior to such termination. If the member does not elect to leave the accumulated contributions on deposit or if the member does not return to covered employment within five years, such member shall no longer be a member of the system and the sum of such member's accumulated contributions then on deposit with this system shall be paid to such member after making application in a form prescribed by the board and after the system has a reasonable time to process the application for withdrawal. Upon proper notification by the system, member contributions not on deposit with the system shall be paid to the member by the participating employer.

(2) If, after termination and withdrawal of accumulated contributions, a former member returns to covered employment, except as otherwise provided in subsection (1), the former member shall become a member of the system as provided in subsection (2) of K.S.A. 74-4955 and amendments thereto. Any former member returning to covered em-

ployment may, at the former member's option, purchase service credit for such previously forfeited service credit, subject to the provisions of K.S.A. 74-49,123, and amendments thereto, at an additional rate of contribution, in addition to the employee's rate of contribution as provided in K.S.A. 74-49,123 and amendments thereto, based upon the member's attained age at the time of purchase and using actuarial assumptions and tables in use by the retirement system at such time of purchase for such periods of service. Such additional rate of contribution shall commence at the beginning of the quarter following such election and shall remain in effect until all quarters of such service have been purchased. Subject to the provisions of K.S.A. 74-49,123, and amendments thereto, such member may elect to effect such purchase by means of a single lump-sum payment in lieu of the increased amount of the employee's contribution rate otherwise provided for in this act in an amount equal to the then present value of the benefits being purchased determined by the actuary using the member's attained age, annual compensation at the time of purchase and the actuarial assumptions and tables then in use by the retirement system. The lump-sum payment shall be made immediately upon being notified of the amount due. Upon receipt of such payment by the system the member shall receive full credit for the number of previously forfeited quarters of participating service which the member has elected to repurchase. Any member who repurchases all of the member's previously forfeited participating service credit shall also receive all of the member's previously forfeited prior service credit.

(3) Upon termination and withdrawal of accumulated contributions, any member whose employment was, up to the member's employer's entry date, covered by a pension system established under the provisions of K.S.A. 13-14a01 through 13-14a14, and amendments thereto, or K.S.A. 14-10a01 through 14-10a15, and amendments thereto, shall be entitled to receive from the member's employer the sum of the member's accumulated contributions to the previous pension system.

(4) If a member has completed 15 years of credited service at date of termination, the member shall be granted automatically a vested retirement benefit in the system, but any time prior to the commencement of retirement benefit payments and before attaining age 55 the member may withdraw the member's accumulated contributions, whereupon the member's membership in this system ceases and no other amounts shall be payable for the member's prior and participating service credit. Eligibility of such member, who has not withdrawn the member's accumulated contributions, for retirement benefits and procedures for making application for retirement benefits shall be in accordance with K.S.A. 74-4957 and amendments thereto, except that in lieu of the three-month notice of intention to retire being made to the employer, such member shall make application for retirement in a form prescribed by the board and retirement benefits shall accrue from the first day of the month following receipt of such application. The amount of the retirement benefit shall be determined as provided in K.S.A. 74-4958 and amendments thereto.

(5) If a member, who has a vested retirement benefit, again becomes an employee of a participating employer, the amount of the member's vested retirement benefit shall remain in effect, and any retirement benefit such member subsequently accrues shall be calculated separately based on credited service after again becoming an employee and shall be added to that which had been vested by virtue of previous service. Eligibility of such member for retirement benefits and procedures for making application for retirement benefits shall be in accordance with K.S.A. 74-4957 and amendments thereto.

(6) Any member of this system who was previously a member of the Kansas public employees retirement system or the retirement system for judges and who forfeited service credit under either of those systems by reason of termination of employment and withdrawal of their contributions to that system, may elect, subject to the provisions of K.S.A. 74-49,123 and amendments thereto, to purchase service credit for the previously forfeited service credit by means of a single lump-sum payment and such service shall be recredited to that system. The amount of the lump-sum payment shall be determined by the actuary using the member's then current annual rate of compensation and the actuarial assumptions and tables then currently in use by that retirement system.

(7) The provisions of this section shall be effective on and after July 1, 1989 and shall apply only to members who were appointed or employed prior to July 1, 1989, and who made an election pursuant to K.S.A. 74-4955a and amendments thereto; and persons appointed or employed on or after July 1, 1989.

Sec. 13. K.S.A. 74-4964 is hereby amended to read as follows: 74-4964. (1) A member may elect to have such member's retirement benefit paid under one of the options provided in this section in lieu of having it paid in the form stated in subsections (1) and (2) of K.S.A. 74-4958 and amendments thereto. Such election must be made before the date of actual retirement. Only a specific individual person may be designated as a joint annuitant at the time of election of the joint and $\frac{1}{2}$ to joint annuitant survivor option, the joint and survivor option and the joint and $\frac{3}{4}$ to joint annuitant survivor option. Under no circumstances may an option be changed or canceled nor the named joint annuitant changed after the date of actual retirement of the member.

(2) The amount of a retirement benefit payable under an option shall be based on the age of the member and, if applicable, the age of the joint annuitant, and shall be such amount as to be the actuarial equivalent of the retirement benefit otherwise payable under subsections (1) or (2) of K.S.A. 74-4958 and amendments thereto as prescribed under subsection (5). In no case shall the total amount of retirement benefit paid under any option provided in this section be more than 100% of the retirement benefit which would have been otherwise payable if no option had been elected under this section.

(3) If a member who was, up to the entry date of such member's employer, covered by a pension system under the provisions of K.S.A. 13-14a01 to 13-14a14, inclusive or 14-10a01 through 14-10a15, inclusive, and amendments thereto so elects one of the options under this section, payment of such option shall be in lieu of any payments provided in subsection (3) of K.S.A. 74-4958 and amendments thereto.

(4) Such election of an option shall become null and void upon the death of a member prior to such member's retirement, except that if a member, who is eligible to retire in accordance with the provisions of subsections (1) and (2) of K.S.A. 74-4958 and amendments thereto, dies without having actually retired the member's spouse, if the spouse is beneficiary for the member's accumulated contributions, and no benefits are payable under subsections (1) and (2) of K.S.A. 74-4959 and amendments thereto, may elect to receive benefits under one of the options provided in this section, in lieu of receiving the member's accumulated contributions.

(5) The following retirement options which are subject to the provisions of K.S.A. 74-49,123 and amendments thereto, are available:

(A) *Joint and $\frac{1}{2}$ to joint annuitant survivor.* A reduced retirement benefit is payable to the retirant during the retirant's lifetime in a monthly amount equal to the product of (A) the monthly payment of the retirement annuity otherwise payable under K.S.A. 74-4958 and amendments thereto and (B) the percentage equal to 94.5% minus .2% for each year by which the age of the retirant's joint annuitant is less than the retirant's age, computed to the nearest whole year, or plus .2% for each year by which the age of the retirant's joint annuitant is more than the retirant's age, computed to the nearest whole year, with $\frac{1}{2}$ of that monthly amount continued to the retirant's joint annuitant during such joint annuitant's remaining lifetime, if any, after the death of the retirant. In the event that the designated joint annuitant under this option predeceases the retirant, the amount of the retirement benefit otherwise payable to the retirant under this option shall be adjusted automatically to the retirement benefit which the retirant would have received if no option had been elected under this section.

(B) *Joint and survivor.* A reduced retirement benefit is payable to the retirant during the retirant's lifetime in a monthly amount equal to the product of (A) the monthly payment of the retirement annuity otherwise payable under K.S.A. 74-4958 and amendments thereto and (B) the percentage equal to 88% minus .4% for each year by which the age of the retirant's joint annuitant is less than the retirant's age, computed to the nearest whole year, or plus .4% for each year by which the age of the retirant's joint annuitant is more than the retirant's age, computed to the nearest whole year, with that monthly amount continued to the joint annuitant during the joint annuitant's remaining lifetime, if any, after the death of retirant. In the event that the designated joint annuitant under this option predeceases the retirant, the amount of the retirement benefit otherwise payable to the retirant under this option shall be adjusted automatically to the retirement benefit which the retirant would have received if no option had been elected under this section.

(C) *Joint and $\frac{3}{4}$ to joint annuitant survivor.* A reduced retirement benefit is payable to the retirant during the retirant's lifetime in a monthly amount equal to the product of (A) the monthly payment of the retirement annuity otherwise payable under K.S.A. 74-4958 and amendments

(continued)

thereto and (B) the percentage equal to 91% minus .3% for each year by which the age of the retirant's joint annuitant is less than the retirant's age, computed to the nearest whole year, or plus .3% for each year by which the age of the retirant's joint annuitant is more than the retirant's age, computed to the nearest whole year, with $\frac{3}{4}$ of that monthly amount continued to the retirant's joint annuitant during such joint annuitant's remaining lifetime, if any, after the death of the retirant. In the event that the designated joint annuitant under this option predeceases the retirant, the amount of the retirement benefit otherwise payable to the retirant under this option shall be adjusted automatically to the retirement benefit which the retirant would have received if no option had been elected under this section.

(D) *Life with 5 years certain.* A reduced retirement benefit is payable to the retirant during the retirant's lifetime in a monthly amount equal to 99% of the monthly payment of the retirement benefit otherwise payable under K.S.A. 74-4958 and amendments thereto, and if the retirant dies within the five-year certain period, measured from the commencement of retirement benefit payments, such payments will be continued to the retirant's beneficiary during the balance of the five-year certain period.

(E) *Life with 10 years certain.* A reduced retirement benefit is payable to the retirant during the retirant's lifetime in a monthly amount equal to 98% of the monthly payment of the retirement benefit otherwise payable under K.S.A. 74-4958 and amendments thereto, and if the retirant dies within the ten-year certain period, measured from the commencement of retirement benefit payments, such payments will be continued to the retirant's beneficiary during the balance of the ten-year certain period.

(F) *Life with 15 years certain.* A reduced retirement benefit is payable to the retirant during the retirant's lifetime in a monthly amount equal to 92% of the monthly payment of the retirement benefit otherwise payable under K.S.A. 74-4958 and amendments thereto, and if the retirant dies within the fifteen-year certain period, measured from the commencement of retirement benefit payments, such payments will be continued to the retirant's beneficiary during the balance of the fifteen-year certain period.

(G) *Lump sum payment at retirement.* (i) Pursuant to this option, the member must specify a lump sum amount to be paid to the member upon the member's retirement. The lump sum amount will be based on the actuarial present value of the benefit as provided in K.S.A. 74-4958, and amendments thereto. The lump sum amount designated by the member must be in 10% increments and shall not exceed $\frac{1}{2}$ of the actuarial present value of the benefit provided in K.S.A. 74-4958, and amendments thereto. *If the member's spouse elects a lump sum payment as provided in this section pursuant to the provisions of subsection (6), the lump sum payment will be based on the present value of the retirement option selected by the spouse. The lump sum amount designated by the spouse must be in 10% increments and shall not exceed $\frac{1}{2}$ of the actuarial present value of the option selected in this section.*

(ii) Pursuant to this option, the member must elect to have the remaining actuarial present value paid in a monthly amount under the provisions of K.S.A. 74-4958, and amendments thereto, or subsections (5)(A) through (5)(F) of this section.

(iii) In the event that the designated joint annuitant pursuant to subsection (5)(A), (5)(B) or (5)(C) under this option predeceases the retirant, the amount of the retirement benefit otherwise payable to the retirant under this option shall be adjusted automatically to the retirement benefit which the retirant would have received if no option had been elected under this section.

(iv) The provisions of this subsection shall be effective on and after July 1, 2001.

(6) On and after July 1, 1996, if a member with 20 or more years of credited service dies before attaining retirement age, the member's spouse, if the spouse is the sole beneficiary for the member's accumulated contributions, may elect to receive benefits under one of the options provided in this section in lieu of receiving the member's accumulated contributions or in lieu of receiving benefits as provided in K.S.A. 74-4959 and amendments thereto. Payments under one of the options provided in this section to the member's spouse if so elected, shall commence on the date that the member would have attained retirement age.

(7) Benefits payable to a joint annuitant shall accrue from the first day of the month following the death of a member or retirant and, in the

case of the joint and $\frac{1}{2}$ to joint annuitant survivor option, the joint and survivor option and the joint and $\frac{3}{4}$ to joint annuitant survivor option, shall end on the last day of the month in which the joint annuitant dies.

(8) The provisions of the law in effect on the retirement date of a member under the system shall govern the retirement benefit payable to the retirant and any joint annuitant, except, for retirement benefits payable after July 1, 1993, for retirants who retired prior to July 1, 1982, in the event that the designated joint annuitant under the option provided in subsection (5)(A), (B) or (C), as applicable, predeceased the retirant, the amount of the retirement benefit otherwise payable to the retirant under the option provided in subsection (5)(A), (B) or (C), as applicable, shall be adjusted automatically to the retirement benefit which the retirant would have received if no option had been elected under this section.

(9) Upon the death of a joint annuitant who is receiving a retirement benefit under the provisions of this section, there shall be paid to such joint annuitant's beneficiary an amount equal to the excess, if any, of the accumulated contributions of the retirant over the sum of all retirement benefit payments made to such retirant and such joint annuitant. Such joint annuitant shall designate a beneficiary by filing in the office of the retirement system such designation at the time of death of the retirant. If there is no named beneficiary of such joint annuitant living at the time of death of such joint annuitant, any amount provided for by this section shall be paid to, in order of preference as follows:

- (A) The joint annuitant's surviving spouse;
- (B) the joint annuitant's dependent child or children;
- (C) the joint annuitant's dependent parent or parents;
- (D) the joint annuitant's nondependent child or children;
- (E) the joint annuitant's nondependent parent or parents; or
- (F) the estate of the deceased joint annuitant.

(10) The provisions of this section shall apply only to members who were appointed or employed prior to July 1, 1989, and who did not make an election pursuant to K.S.A. 74-4955a and amendments thereto.

Sec. 14. K.S.A. 74-4964a is hereby amended to read as follows: 74-4964a. (1) A member may elect to have such member's retirement benefit paid under one of the options provided in this section in lieu of having it paid in the form stated in subsections (1) and (2) of K.S.A. 74-4958 and amendments thereto. Such election must be made before the date of actual retirement. Only a specific individual person may be designated as a joint annuitant at the time of election of the joint and $\frac{1}{2}$ to joint annuitant survivor option, the joint and survivor option and the joint and $\frac{3}{4}$ to joint annuitant survivor option. Under no circumstances may an option be changed or canceled nor the named joint annuitant changed after the date of actual retirement of the member.

(2) The amount of a retirement benefit payable under an option shall be based on the age of the member and, if applicable, the age of the joint annuitant, and shall be such amount as to be the actuarial equivalent of the retirement benefit otherwise payable under subsections (1) or (2) of K.S.A. 74-4958 and amendments thereto as prescribed under subsection (5). In no case shall the total amount of retirement benefit paid under any option provided in this section be more than 100% of the retirement benefit which would have been otherwise payable if no option had been elected under this section.

(3) If a member who was, up to the entry date of such member's employer, covered by a pension system under the provisions of K.S.A. 13-14a01 through 13-14a14, inclusive or 14-10a01 through 14-10a15, inclusive, and amendments thereto so elects one of the options under this section, payment of such option shall be in lieu of any payments provided in subsection (3) of K.S.A. 74-4958 and amendments thereto.

(4) Such election of an option shall become null and void upon the death of a member prior to such member's retirement, except that if a member, who is eligible to retire in accordance with the provisions of subsections (1) and (2) of K.S.A. 74-4958 and amendments thereto, dies without having actually retired the member's spouse, if the spouse is beneficiary for the member's accumulated contributions, and no benefits are payable under subsections (1) and (2) of K.S.A. 74-4959 and amendments thereto, may elect to receive benefits under one of the options provided in this section, in lieu of receiving the member's accumulated contributions.

(5) The following retirement options which are subject to the provisions of K.S.A. 74-49,123 and amendments thereto, are available:

(A) *Joint and $\frac{1}{2}$ to joint annuitant survivor.* A reduced retirement benefit is payable to the retirant during the retirant's lifetime in a monthly

amount equal to the product of (A) the monthly payment of the retirement annuity otherwise payable under K.S.A. 74-4958 and amendments thereto and (B) the percentage equal to 94.5% minus .2% for each year by which the age of the retirant's joint annuitant is less than the retirant's age, computed to the nearest whole year, or plus .2% for each year by which the age of the retirant's joint annuitant is more than the retirant's age, computed to the nearest whole year, with $\frac{1}{2}$ of that monthly amount continued to the retirant's joint annuitant during such joint annuitant's remaining lifetime, if any, after the death of the retirant. In the event that the designated joint annuitant under this option predeceases the retirant, the amount of the retirement benefit otherwise payable to the retirant under this option shall be adjusted automatically to the retirement benefit which the retirant would have received if no option had been elected under this section.

(B) *Joint and survivor.* A reduced retirement benefit is payable to the retirant during the retirant's lifetime in a monthly amount equal to the product of (A) the monthly payment of the retirement annuity otherwise payable under K.S.A. 74-4958 and amendments thereto and (B) the percentage equal to 88% minus .4% for each year by which the age of the retirant's joint annuitant is less than the retirant's age, computed to the nearest whole year, or plus .4% for each year by which the age of the retirant's joint annuitant is more than the retirant's age, computed to the nearest whole year, with that monthly amount continued to the joint annuitant during the joint annuitant's remaining lifetime, if any, after the death of retirant. In the event that the designated joint annuitant under this option predeceases the retirant, the amount of the retirement benefit otherwise payable to the retirant under this option shall be adjusted automatically to the retirement benefit which the retirant would have received if no option had been elected under this section.

(C) *Joint and $\frac{3}{4}$ to joint annuitant survivor.* A reduced retirement benefit is payable to the retirant during the retirant's lifetime in a monthly amount equal to the product of (A) the monthly payment of the retirement annuity otherwise payable under K.S.A. 74-4958 and amendments thereto and (B) the percentage equal to 91% minus .3% for each year by which the age of the retirant's joint annuitant is less than the retirant's age, computed to the nearest whole year, or plus .3% for each year by which the age of the retirant's joint annuitant is more than the retirant's age, computed to the nearest whole year, with $\frac{3}{4}$ of that monthly amount continued to the retirant's joint annuitant during such joint annuitant's remaining lifetime, if any, after the death of the retirant. In the event that the designated joint annuitant under this option predeceases the retirant, the amount of the retirement benefit otherwise payable to the retirant under this option shall be adjusted automatically to the retirement benefit which the retirant would have received if no option had been elected under this section.

(D) *Life with 5 years certain.* A reduced retirement benefit is payable to the retirant during the retirant's lifetime in a monthly amount equal to 99% of the monthly payment of the retirement benefit otherwise payable under K.S.A. 74-4958 and amendments thereto, and if the retirant dies within the five-year certain period, measured from the commencement of retirement benefit payments, such payments will be continued to the retirant's beneficiary during the balance of the five-year certain period.

(E) *Life with 10 years certain.* A reduced retirement benefit is payable to the retirant during the retirant's lifetime in a monthly amount equal to 98% of the monthly payment of the retirement benefit otherwise payable under K.S.A. 74-4958 and amendments thereto, and if the retirant dies within the ten-year certain period, measured from the commencement of retirement benefit payments, such payments will be continued to the retirant's beneficiary during the balance of the ten-year certain period.

(F) *Life with 15 years certain.* A reduced retirement benefit is payable to the retirant during the retirant's lifetime in a monthly amount equal to 92% of the monthly payment of the retirement benefit otherwise payable under K.S.A. 74-4958 and amendments thereto, and if the retirant dies within the fifteen-year certain period, measured from the commencement of retirement benefit payments, such payments will be continued to the retirant's beneficiary during the balance of the fifteen-year certain period.

(G) *Lump sum payment at retirement.* (i) Pursuant to this option, the member must specify a lump sum amount to be paid to the member upon the member's retirement. The lump sum amount will be based on the actuarial present value of the benefit as provided in K.S.A. 74-4958a, and amendments thereto. The lump sum amount designated by the mem-

ber must be in 10% increments and shall not exceed $\frac{1}{2}$ of the actuarial present value of the benefit provided in K.S.A. 74-4958a, and amendments thereto. *If the member's spouse elects a lump sum payment as provided in this section pursuant to the provisions of subsection (6), the lump sum payment will be based on the present value of the retirement option selected by the spouse. The lump sum amount designated by the spouse must be in 10% increments and shall not exceed $\frac{1}{2}$ of the actuarial present value of the option selected in this section.*

(ii) Pursuant to this option, the member must elect to have the remaining actuarial present value paid in a monthly amount under the provisions of K.S.A. 74-4958a, and amendments thereto, or subsections (5)(A) through (5)(F) of this section.

(iii) In the event that the designated joint annuitant pursuant to subsection (5)(A), (5)(B) or (5)(C) under this option predeceases the retirant, the amount of the retirement benefit otherwise payable to the retirant under this option shall be adjusted automatically to the retirement benefit which the retirant would have received if no option had been elected under this section.

(iv) The provisions of this subsection shall be effective on and after July 1, 2001.

(6) On and after July 1, 1996, if a member with 20 or more years of credited service dies before attaining retirement age, the member's spouse, if the spouse is the sole beneficiary for the member's accumulated contributions, may elect to receive benefits under one of the options provided in this section in lieu of receiving the member's accumulated contributions or in lieu of receiving benefits as provided in K.S.A. 74-4959 and amendments thereto. Payments under one of the options provided in this section to the member's spouse if so elected, shall commence on the date that the member would have attained retirement age.

(7) Benefits payable to a joint annuitant shall accrue from the first day of the month following the death of a member or retirant and, in the case of the joint and $\frac{1}{2}$ to joint annuitant survivor option, the joint and survivor option and the joint and $\frac{3}{4}$ to joint annuitant survivor option, shall end on the last day of the month in which the joint annuitant dies.

(8) The provisions of the law in effect on the retirement date of a member under the system shall govern the retirement benefit payable to the retirant and any joint annuitant, except, for retirement benefits payable after July 1, 1993, for retirants who retired prior to July 1, 1982, in the event that the designated joint annuitant under the option provided in subsection (5)(A), (B) or (C), as applicable, predeceased the retirant, the amount of the retirement benefit otherwise payable to the retirant under the option provided in subsection (5)(A), (B) or (C), as applicable, shall be adjusted automatically to the retirement benefit which the retirant would have received if no option had been elected under this section.

(9) Upon the death of a joint annuitant who is receiving a retirement benefit under the provisions of this section, there shall be paid to such joint annuitant's beneficiary an amount equal to the excess, if any, of the accumulated contributions of the retirant over the sum of all retirement benefit payments made to such retirant and such joint annuitant. Such joint annuitant shall designate a beneficiary by filing in the office of the retirement system such designation at the time of death of the retirant. If there is no named beneficiary of such joint annuitant living at the time of death of such joint annuitant, any amount provided for by this section shall be paid to, in order of preference as follows:

- (A) The joint annuitant's surviving spouse;
- (B) the joint annuitant's dependent child or children;
- (C) the joint annuitant's dependent parent or parents;
- (D) the joint annuitant's nondependent child or children;
- (E) the joint annuitant's nondependent parent or parents; or
- (F) the estate of the deceased joint annuitant.

(10) The provisions of this section shall be effective on and after July 1, 1989, and shall apply only to members who were appointed or employed prior to July 1, 1989, and who made an election pursuant to K.S.A. 74-4955a and amendments thereto; and persons appointed or employed on or after July 1, 1989.

Sec. 15. K.S.A. 74-49,110 is hereby amended to read as follows: 74-49,110. There is hereby created the retirant dividend payment reserve in the Kansas public employees retirement fund. Prior to ~~October 1, 1989,~~ and each October 1 thereafter, the board of trustees of the Kansas public employees retirement system shall credit to the retirant dividend payment reserve an amount equal to the lesser of (1) the amount equal to fifteen percent (15%) of the net amount of interest and dividend income during

(continued)

the fiscal year ending on the next preceding June 30 on the investment of the moneys in the fund, adjusted for all realized gains and losses at the end of such fiscal year or (2) the amount equal to the total of (A) the amount required to pay the maximum benefits under K.S.A. 74-49,111, and amendments thereto during the current year and (B) the amount which was required to pay the maximum benefits under K.S.A. 74-49,111 during the preceding year, except that in no case shall the amount credited under this section result in a carryover balance in the retiree dividend payment reserve, after payment of all retiree dividend payments that year, of more than an amount equal to the amount which was required to pay the maximum benefits under K.S.A. 74-49,111 during the preceding year. Such amounts shall be credited from the retirement benefit accumulation reserve.

New Sec. 16. (a) For the purpose of financing a portion of the unfunded actuarial pension liability of the Kansas public employees retirement system, the Kansas development finance authority is hereby authorized to issue one or more series of revenue bonds under the Kansas development finance authority act in an amount necessary to provide a deposit or deposits in a total amount not to exceed \$500,000,000 to the Kansas public employees retirement system and to pay the costs of issuance of the bonds, including any credit enhancement, and provide any required reserves for the bonds. The principal amount, interest rates and final maturity of such revenue bonds and any bonds issued to refund such bonds or parameters for such principal amount, interest rates and final maturity shall be approved by a resolution of the state finance council. The state finance council shall review and determine the lowest cost method for financing such bonds, including, but not limited to, issues related to the tax status of the bonds. The bonds, and interest thereon, issued pursuant to this section shall be payable from moneys appropriated by the state for such purpose. The bonds and interest thereon, issued pursuant to this section shall be obligations only of the authority and in no event shall such bonds constitute an indebtedness or obligation of the Kansas public employees retirement system or an indebtedness or obligation for which the faith and credit or any assets of the system are pledged.

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

(c) (1) The authority may pledge the contract or contracts authorized in subsection (d), or any part thereof, for the payment or redemption of the bonds, and covenant as to the use and disposition of money available to the authority for payments of the bonds. The authority is authorized to enter into any agreements necessary or desirable to effectuate the purposes of this section.

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

(3) The state hereby pledges and covenants with the holders of any bonds issued pursuant to the provisions of this section, that it will not limit or alter the rights or powers vested in the authority by this section, nor limit or alter the rights or powers of the authority, the department of administration or the Kansas public employees retirement system, in any manner which would jeopardize the interest of the holders or any trustee of such holders or inhibit or prevent performance or fulfillment by the authority, the department of administration or the Kansas public employees retirement system with respect to the terms of any agreement made with the holders of the bonds or agreements made pursuant to this section, except that the failure of the legislature to appropriate moneys for any purpose shall not be deemed a violation of this pledge and covenant. The department of administration is hereby specifically authorized to include this pledge and covenant in any agreement with the authority. The authority is hereby specifically authorized to include this pledge and

covenant in any bond resolution, trust indenture or agreement for the benefit of holders of the bonds.

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

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

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

(f) No bonds shall be issued pursuant to this section prior to the review of and recommendation to the state finance council of such issuance by the joint committee on pensions, investments and benefits.

New Sec. 17. (a) For the purposes of providing the "insured death benefit" and "long-term disability benefit" as prescribed in K.S.A. 74-4927 and amendments thereto and of providing the "accidental death benefit" as prescribed in subsection (2) of K.S.A. 74-4916 and amendments thereto, to all members of the legislature who have failed to file the election to become a member of the retirement system pursuant to K.S.A. 74-4911 and amendments thereto, and who have filed an election to be covered pursuant to the provisions of K.S.A. 74-4916 and 74-4927 and amendments thereto as provided in this subsection, the term "member" as used in K.S.A. 74-4927 and amendments thereto and subsection (2) of K.S.A. 74-4916 and amendments thereto and as used in this section shall include such members of the legislature. Such election as provided in this subsection shall be filed with the system within 90 days of the effective date of this act or within 90 days after taking the oath of office. If a member of the legislature fails to file such election as provided in this subsection, it shall be presumed such member of the legislature has elected to not be covered pursuant to the provisions of K.S.A. 74-4916 and 74-4927 and amendments thereto.

(b) The division of legislative administrative services shall pay to the Kansas public employees retirement system in such manner as the board of trustees shall prescribe, an amount sufficient to pay the employer's contribution to the group insurance reserve as provided in subsection (4) of K.S.A. 74-4927 and amendments thereto.

(c) The division of legislative administrative services shall maintain a file of the beneficiaries named by the persons covered under this section in the form and manner as prescribed by the board of trustees of the Kansas public employees retirement system.

New Sec. 18. An employee of a participating employer, as defined in K.S.A. 74-4902, and amendments thereto, in the Kansas public employees retirement system, who is a fireman as defined in K.S.A. 74-4952, and amendments thereto; an emergency medical service technician as defined in K.S.A. 74-4954a, and amendments thereto; or a policeman as defined in K.S.A. 74-4952, and amendments thereto; and who is, or who will be, upon satisfying any required eligibility waiting period, an active member in either: (a) A retirement plan originally established by a not-for-profit, nongovernmental fire department as of January 1, 1969, and subsequently maintained by a participating employer; or (b) a retirement plan for policemen established by a participating employer as of March 1, 1968, to replace a retirement plan for policemen that was originally established on April 6, 1961, shall be exempt from membership in the system.

New Sec. 19. On and after the effective date of this act, each person who has retired and has been receiving or who will become eligible to receive a benefit as provided under subsection (3) of K.S.A. 74-4925, and

amendments thereto and each person who is a former member who was eligible for assistance pursuant to K.S.A. 74-4925 and amendments thereto prior to July 1, 1998, shall be a special member of the Kansas public employees retirement system.

New Sec. 20. (a) For the purpose of financing the unfunded actuarial pension liability of the Kansas public employees retirement system related to persons designated as special members pursuant to section 19 and amendments thereto and related to persons entitled to benefits pursuant to the provisions of K.S.A. 74-49,109 and amendments thereto, the Kansas development finance authority is hereby authorized to issue one or more series of revenue bonds under the Kansas development finance authority act in an amount necessary to provide a deposit or deposits in a total amount not to exceed \$40,400,000 of which no more than \$15,500,000 of such deposit or deposits shall be related to persons designated as special members pursuant to section 19 and amendments thereto and no more than \$24,900,000 of such deposit or deposits shall be related to persons entitled to benefits pursuant to the provisions of K.S.A. 74-49,109 and amendments thereto, to the Kansas public employees retirement system and to pay all amounts required for costs of issuance of the bonds, including any credit enhancement, and to provide any required reserves for the bonds, capitalized interest and refunding bonds. The principal amount, interest rates and final maturity of such revenue bonds and any bonds issued to refund such bonds or parameters for such principal amount, interest rates and final maturity shall be approved by the secretary of administration, except that the final maturity of such revenue bonds shall not exceed 10 years. The bonds, and interest thereon, issued pursuant to this section shall be payable from moneys appropriated by the state for such purpose. The bonds and interest thereon, issued pursuant to this section shall be obligations only of the authority and in no event shall such bonds constitute an indebtedness or obligation of the Kansas public employees retirement system or an indebtedness or obligation for which the faith and credit or any assets of the system, are pledged.

(b) As used in this section, "unfunded actuarial pension liability" means the unfunded actuarially accrued liability of the state for persons designated as special members pursuant to section 19 and amendments thereto and for persons entitled to benefits pursuant to the provisions of K.S.A. 74-49,109 and amendments thereto, determined as of the later of December 31, 2001, or the end of the most recent calendar year for which an actuarial valuation report is available and certified to the Kansas development finance authority by the executive secretary of the Kansas public employees retirement system.

(c) (1) The authority may pledge the contract or contracts authorized in subsection (d), or any part thereof, for the payment or redemption of the bonds, and covenant as to the use and disposition of money available to the authority for payments of the bonds. The authority is authorized to enter into any agreements necessary or desirable to effectuate the purposes of this section.

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

(3) The state hereby pledges and covenants with the holders of any bonds issued pursuant to the provisions of this section, that it will not limit or alter the rights or powers vested in the authority by this section, nor limit or alter the rights or powers of the authority, the state board of regents or the Kansas public employees retirement system, in any manner which would jeopardize the interest of the holders or any trustee of such holders or inhibit or prevent performance or fulfillment by the authority, the state board of regents or the Kansas public employees retirement system with respect to the terms of any agreement made with the holders of the bonds or agreements made pursuant to this section, except that the failure of the state to appropriate moneys for any purpose shall not be deemed a violation of this pledge and covenant. The state board of regents and the Kansas public employees retirement system are hereby specifically authorized to include this pledge and covenant in any agreement with the authority. The authority is hereby specifically authorized to include this pledge and covenant in any bond resolution, trust indenture or agreement for the benefit of holders of the bonds.

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

(d) The state board of regents, the Kansas public employees retirement system and the authority are authorized to enter into one or more contracts to implement the payment arrangement that is provided for in this section. The contract or contracts shall provide for payment of the amounts required to be paid pursuant to this section and shall set forth the procedure for the transfer of moneys for the purpose of paying such moneys. The contract or contracts shall contain such terms and conditions including principal amount, interest rates and final maturity as shall be approved by the secretary of administration and shall include, but not be limited to, terms and conditions necessary or desirable to provide for repayment of and to secure any bonds of the authority issued pursuant to this section.

Sec. 21. K.S.A. 74-4902, 74-4908, 74-4911f, 74-4918, 74-4920, 74-4925, 74-4927, 74-4927f, 74-4927k, 74-4963, 74-4963a, 74-4964, 74-4964a and 74-49,110 and K.S.A. 2002 Supp. 20-2610a are hereby repealed.

Sec. 22. This act shall take effect and be in force from and after its publication in the Kansas register.

(Published in the Kansas Register May 29, 2003.)

SENATE BILL No. 285

AN ACT concerning the department of commerce and housing; relating to changing the name of such agency; relating to other changes required by 2003 ERO 30; amending K.S.A. 2-3602, 12-1770a, as amended by section 1 of 2003 Senate Substitute for House Bill No. 2208, 12-1771b, 12-1771d, 12-1774, as amended by section 4 of 2003 Senate Substitute for House Bill No. 2208, 12-5242, 32-873, 32-874a, 32-874b, 32-874d, 32-874e, 39-1605, 65-5721, 72-4436, 72-4437, 73-2402, 73-2404, 74-520a, 74-567, 74-575, 74-2622, 74-2916, 74-32,151, 74-4911f, 74-5002b, 74-5049, 74-5073, 74-5074, 74-5082, 74-5084, 74-5086a, 74-5089, 74-5091, 74-5095, 74-5096, 74-5097, 74-50,103, 74-50,104, 74-50,105, 74-50,106, 74-50,107, 74-50,108, 74-50,109, 74-50,110, 74-50,111, 74-50,114, 74-50,115, 74-50,131, 74-50,133, 74-50,134, 74-50,151, 74-50,152, 74-50,153, 74-50,156, 74-50,157, 74-50,158, 74-50,159, 74-50,160, 74-50,162, 74-50,163, 74-7295, 74-8001, 74-8002, 74-8004, 74-8005, 74-8006, 74-8007, 74-8010, 74-8101, 74-8221, 74-8405, 74-8831, 74-8904, 74-8928, 74-8930, 74-8942, 74-8943, 74-9001, as amended by section 1 of 2003 House Bill No. 2106, 74-9002, 74-9003, 74-9004, 74-9005, 74-9201 and 79-32,198 and K.S.A. 2002 Supp. 2-1921, 40-4702, 58-1401, 58-1405, 58-1406, 58-1407, 75-2935, 79-213, 79-251, 79-3271, 79-3271a, 79-32,160a, 79-32,197a, 79-3620, as amended by section 5 of 2003 Senate Substitute for House Bill No. 2208, 79-3620b and 79-3710, as amended by section 8 of 2003 Senate Substitute for House Bill No. 2208, and section 2 of 2003 Senate Substitute for House Bill No. 2208 and section 16 of 2003 Senate Bill No. 237 and repealing the existing sections; also repealing K.S.A. 74-5002f, 74-5002g, 74-5002h, 74-5002i, 74-5002j, 74-5002k, 74-5002n, 74-5083 and 74-5085.

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

Section 1. On and after July 1, 2003, K.S.A. 2002 Supp. 2-1921 is hereby amended to read as follows: 2-1921. (a) There is hereby created the Kansas natural resource legacy alliance.

(b) The alliance shall consist of the following appointed members all of whom shall be residents of the state of Kansas:

(1) The president of the senate or the president of the senate's designee, and two additional members appointed by the president of the senate, two of whom shall be landowners who own at least 160 acres of Kansas farm or ranch land and are principally engaged in production agriculture;

(2) the minority leader of the senate or the minority leader of the senate's designee and one additional member appointed by the minority leader of the senate who shall be a landowner who owns at least 160 acres and is principally engaged in production agriculture;

(3) the chairman of the senate committee on natural resources or the chairman of the senate committee on natural resources' designee provided that such designee is a member of the legislature of the state of Kansas;

(4) the speaker of the house of representatives or the speaker of the house of representative's designee, and two additional members appointed by the speaker of the house of representatives, two of whom shall be landowners who own at least 160 acres of Kansas farm or ranch land and are principally engaged in production agriculture;

(continued)

(5) the minority leader of the house of representatives or the minority leader of the house of representative's designee and one additional member appointed by the minority leader of the house of representatives who shall be a landowner who owns at least 160 acres and is principally engaged in production agriculture;

(6) the chairman of the house committee on environment or the chairman of the house committee on environment's designee provided that such designee is a member of the legislature of the state of Kansas; and

(7) three members appointed by the governor, at least two of which shall be landowners who own at least 160 acres of Kansas farm or ranch land and are principally engaged in production agriculture.

(c) The following shall be nonvoting advisors to the members of the alliance:

- (1) The secretary of wildlife and parks or the secretary's designee;
- (2) the secretary of agriculture or the secretary's designee;
- (3) the executive director of the state conservation commission or the executive director's designee;
- (4) the secretary of health and environment or the secretary's designee;
- (5) the director of the Kansas water office or the director's designee;
- (6) the state forester or the state forester's designee;
- (7) the secretary of commerce and housing or the secretary of commerce and housing's secretary's designee;
- (8) the president of the Kansas farm bureau or the president's designee; and
- (9) the president of the Kansas livestock association or the president's designee.

(d) Officers making appointments pursuant to subsection (b) shall consult and coordinate among themselves in making the appointments in order to achieve a membership that represents a balance of knowledge and experience among interests in natural resources, environmental interests and related economic interests, including parks and recreation, soil and water conservation, travel and tourism, economic development, agriculture, outdoor recreation, landowners and homeowners, fish and wildlife, forest resources, prairie and grassland resources and municipalities. At least two such members shall represent environmental interests. In making the appointments, the officers shall solicit and allow an opportunity for recommendations by interested groups and individual citizens.

Sec. 2. On and after July 1, 2003, K.S.A. 2-3602 is hereby amended to read as follows: (a) There is hereby created the Kansas agricultural seed council.

(b) The council shall consist of seven members who will be elected at the annual meeting of the Kansas seed industry association. The board of directors of the Kansas seed industry association shall act as interim council members until council members can be elected and qualified. Vacancies which may occur shall be filled for unexpired terms by the board of directors of the Kansas seed industry association from among the seedsmen or representatives of seed product development, distribution and production of the state. Each council member appointed on and after the effective date of this act, other than a council member appointed to fill a vacancy for an unexpired term, shall be elected for a term of four years except that three of the council members first elected on and after the effective date of this act shall be elected for a term of two years. No member may serve more than two consecutive terms. Upon the expiration of a term of a member of the council, such member shall continue to serve as a member of the council until a successor to such member is elected and qualified.

(c) Members of the council shall be residents of this state, and currently be active seedsmen. Members of the council shall include representatives of seed product development, distribution and production. At least three members shall be elected from the list of wholesalers registered with the department of agriculture and the remaining members shall be active seedsmen or representatives of seed product development, distribution and production elected at large. The elections will be held at an open session to all seedsmen and representatives of seed product development, distribution and production at the annual meeting of the Kansas seed industry association.

(d) The director of the agricultural experiment stations of Kansas state university of agriculture and applied science or the director's representative and the director of the agricultural products development di-

vision of the department of commerce and housing or the director's representative shall serve as ex officio nonvoting members of the council.

(e) The council shall elect annually a chairperson from its membership.

(f) A member of the council may cease to hold such member's position on the council for any of the following reasons, at the discretion of a majority of the council, upon resolution duly adopted by the council dismissing such member: (1) Failure to attend two or more regular meetings of the council, if unexcused; or (2) ceasing to be an active seedsmen.

(g) Members of the Kansas agricultural seed council attending meetings of such council, or attending a subcommittee meeting authorized by such council, may be paid compensation and other expenses.

(h) The council shall meet at least once every calendar quarter regularly and hold an annual meeting which shall be open to the public. The day, time and place of each meeting shall be determined by the council. The chairperson or any three members of the council may call special meetings of the council upon such notice as may be prescribed by the duly adopted procedures of the council.

Sec. 3. On and after July 1, 2003, K.S.A. 12-1770a, as amended by section 1 of 2003 Senate Substitute for House Bill No. 2208, is hereby amended to read as follows: 12-1770a. As used in this act, unless the context clearly shows otherwise:

(a) "Auto race track facility" means: (1) An auto race track facility and facilities directly related and necessary to the operation of an auto race track facility, including, but not limited to, grandstands, suites and viewing areas, concessions, souvenir facilities, catering facilities, visitor and retail centers, signage and temporary hospitality facilities, but excluding (2) hotels, motels, restaurants and retail facilities, not directly related to or necessary to the operation of such facility.

(b) "Base year assessed valuation" means the assessed valuation of all real property within the boundaries of a redevelopment district on the date the redevelopment district was established.

(c) "Blighted area" means an area which:

(1) Because of the presence of a majority of the following factors, substantially impairs or arrests the development and growth of the municipality or constitutes an economic or social liability or is a menace to the public health, safety, morals or welfare in its present condition and use:

- (A) A substantial number of deteriorated or deteriorating structures;
- (B) predominance of defective or inadequate street layout;
- (C) unsanitary or unsafe conditions;
- (D) deterioration of site improvements;
- (E) tax or special assessment delinquency exceeding the fair market value of the real property;

(F) defective or unusual conditions of title including but not limited to cloudy or defective titles, multiple or unknown ownership interests to the property;

(G) improper subdivision or obsolete platting or land uses;

(H) the existence of conditions which endanger life or property by fire or other causes; or

(I) conditions which create economic obsolescence; or

(2) has been identified by any state or federal environmental agency as being environmentally contaminated to an extent that requires a remedial investigation; feasibility study and remediation or other similar state or federal action; or

(3) previously was found by resolution of the governing body to be a slum or a blighted area under K.S.A. 17-4742 *et seq.*, and amendments thereto.

(d) "Conservation area" means any improved area comprising 15% or less of the land area within the corporate limits of a city in which 50% or more of the structures in the area have an age of 35 years or more, which area is not yet blighted, but may become a blighted area due to the existence of a combination of two or more of the following factors:

- (1) Dilapidation, obsolescence or deterioration of the structures;
- (2) illegal use of individual structures;
- (3) the presence of structures below minimum code standards;
- (4) building abandonment;
- (5) excessive vacancies;
- (6) overcrowding of structures and community facilities; or
- (7) inadequate utilities and infrastructure.

(e) "De minimus" means an amount less than 15% of the land area within a redevelopment district.

(f) "Developer" means any person, firm, corporation, partnership or limited liability company, other than a city.

(g) "Eligible area" means a blighted area, conservation area, enterprise zone, historic theater, major tourism area or a major commercial entertainment and tourism area as determined by the secretary.

(h) "Enterprise zone" means an area within a city that was designated as an enterprise zone prior to July 1, 1992, pursuant to K.S.A. 12-17,107 through 12-17,113, and amendments thereto, prior to its repeal and the conservation, development or redevelopment of the area is necessary to promote the general and economic welfare of such city.

(i) "Environmental increment" means the increment determined pursuant to subsection (b) of K.S.A. 12-1771a, and amendments thereto.

(j) "Environmentally contaminated area" means an area of land having contaminated groundwater or soil which is deemed environmentally contaminated by the department of health and environment or the United States environmental protection agency.

(k) "Feasibility study" means a study which shows whether a redevelopment or special bond project's benefits and tax increment revenue and other available revenues under K.S.A. 12-1774 (a)(1), and amendments thereto, are expected to exceed or be sufficient to pay for the redevelopment or special bond project costs and the effect, if any, the redevelopment or special bond project will have on any outstanding special obligation bonds as authorized pursuant to subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto.

(l) "Historic theater" means a building constructed prior to 1940 which was constructed for the purpose of staging entertainment, including motion pictures, vaudeville shows or operas, that is operated by a nonprofit corporation and is designated by the state historic preservation officer as eligible to be on the Kansas register of historic places or is a member of the Kansas historic theatre association.

(m) "Historic theater sales tax increment" means the amount of state and local sales tax revenue imposed pursuant to K.S.A. 12-187 *et seq.*, 79-3601 *et seq.*, and 79-3701 *et seq.*, and amendments thereto, collected from taxpayers doing business within the historic theater that is in excess of the amount of such taxes collected prior to the designation of the building as a historic theater for purposes of this act.

(n) "Major tourism area" means an area for which the secretary has made a finding the capital improvements costing not less than \$100,000,000 will be built in the state to construct an auto race track facility.

(o) "Real property taxes" means all taxes levied on an ad valorem basis upon land and improvements thereon.

(p) "Redevelopment project area" or "project area" means an area designated by a city within a redevelopment district.

(q) "Redevelopment project costs" means those costs necessary to implement a redevelopment plan, including, but not limited to costs incurred for:

- (1) Acquisition of property within the redevelopment project area;
- (2) payment of relocation assistance;
- (3) site preparation including utility relocations;
- (4) sanitary and storm sewers and lift stations;
- (5) drainage conduits, channels, levees and river walk canal facilities;
- (6) street grading, paving, graveling, macadamizing, curbing, guttering and surfacing;
- (7) street light fixtures, connection and facilities;
- (8) underground gas, water, heating and electrical services and connections located within the public right-of-way;
- (9) sidewalks and pedestrian underpasses or overpasses;
- (10) drives and driveway approaches located within the public right-of-way;
- (11) water mains and extensions;
- (12) plazas and arcades;
- (13) parking facilities;
- (14) landscaping and plantings, fountains, shelters, benches, sculptures, lighting, decorations and similar amenities; and
- (15) all related expenses to redevelop and finance the redevelopment project.

Redevelopment project costs shall not include costs incurred in connection with the construction of buildings or other structures to be owned by or leased to a developer, however, the "redevelopment project costs" shall include costs incurred in connection with the construction of buildings or other structures to be owned or leased to a developer which includes an auto race track facility or is in a redevelopment district including some or all of the land and buildings comprising a state mental institution

closed pursuant to section 2 of chapter 219 of the 1995 Session Laws of Kansas.

(r) "Redevelopment district" means the specific area declared to be an eligible area in which the city may develop one or more redevelopment projects.

(s) "Redevelopment district plan" or "district plan" means the preliminary plan that identifies all of the proposed redevelopment project areas and identifies in a general manner all of the buildings, facilities and improvements in each that are proposed to be constructed or improved in each redevelopment project area.

(t) "Redevelopment project" means the approved project to implement a project plan for the development of the established redevelopment district.

(u) "Redevelopment project plan" or "project plan" means the plan adopted by a municipality for the development of a redevelopment project or projects which conforms with K.S.A. 12-1772, and amendments thereto, in a redevelopment district.

(v) "Secretary" means the secretary of commerce and housing.

(w) "Substantial change" means, as applicable, a change wherein the proposed plan or plans differ substantially from the intended purpose for which the district plan or project plan was approved.

(x) "Tax increment" means that amount of real property taxes collected from real property located within the redevelopment district that is in excess of the amount of real property taxes which is collected from the base year assessed valuation.

(y) "Taxing subdivision" means the county, city, unified school district and any other taxing subdivision levying real property taxes, the territory or jurisdiction of which includes any currently existing or subsequently created redevelopment district.

(z) "Special bond project" means a redevelopment project with at least a \$50,000,000 capital investment and \$50,000,000 in projected gross annual sales revenues or for areas outside of metropolitan statistical areas, as defined by the federal office of management and budget as of June 30, 1990, the secretary finds the project meets the requirements of subsection (g) and would be of regional or statewide importance, but a "special bond project" shall not include a project for a gambling casino.

(aa) "Marketing study" means a study conducted to examine the impact of the redevelopment or special bond project upon similar businesses in the projected market area.

(bb) "Projected market area" means any area within the state in which the redevelopment or special bond project is projected to have a substantial fiscal or market impact upon businesses in such area.

(cc) "River walk canal facilities" means a canal and related water features located adjacent to a river which flows through a major commercial entertainment and tourism area and facilities related or contiguous thereto, including, but not limited to pedestrian walkways and promenades, landscaping and parking facilities.

(dd) "Commence work" means the manifest commencement of actual operations on the development site, such as, erecting a building, excavating the ground to lay a foundation or a basement or work of like description which a person with reasonable diligence can see and recognize as being done with the intention and purpose to continue work until the project is completed.

(ee) "Major commercial entertainment and tourism area" shall may include, but not be limited to, a major multi-sport athletic complex.

(ff) "Major multi-sport athletic complex" means an athletic complex that is utilized for the training of athletes, the practice of athletic teams, the playing of athletic games or the hosting of events. Such project may include playing fields, parking lots and other developments.

Sec. 4. On and after July 1, 2003, K.S.A. 12-1771b is hereby amended to read as follows: 12-1771b. (a) The boundaries of any redevelopment district in a major tourism area including an auto race track facility located in Wyandotte county, shall, without regard to that portion of the district pertaining to the auto race track facility, be as follows: Beginning at the intersection of Interstate 70 and Interstate 435; West along Interstate 70 to 118th Street; North along 118th Street to State Avenue; Northeasterly along proposed relocated State Avenue to 110th Street; North along 110th Street to Parallel Parkway; East along Parallel Parkway to Interstate 435; South along Interstate 435 to Interstate 70.

(b) Any major tourism area may include an additional area not exceeding 400 acres of additional property, excluding roads and highways, in addition to the property necessary for the auto race track facility upon

(continued)

a finding by the governor that the development plan and each project within such additional area will enhance the major tourism area. For the development of each project within such additional area the city shall select qualified developers pursuant to a request for proposals in accordance with written official procedures approved by the governing body of the city. Any project within such additional area that is financed in whole or in part by special obligation bonds payable from revenues derived from subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, shall not be entitled to any real property tax abatements or the revenues described in K.S.A. 12-1775, and amendments thereto. Any project within such additional area must be approved by the governor and construction must be commenced by July 1, 2002. The city shall prepare and submit annually to the governor, the secretary of commerce and housing and the legislature by each October 1, commencing October 1, 1999, and continuing until October 1, 2002, a report describing the status of any projects within such additional area. Any business located in Kansas within 50 miles of a major tourism area that relocates into a major tourism area shall not receive any of the benefits of K.S.A. 12-1770 *et seq.*, and amendments thereto.

(c) If a city determines that revenues from sources other than property taxes will be sufficient to pay any special obligation bonds issued to finance a redevelopment project for an auto race track facility as described in subsection (a) of K.S.A. 12-1770a, and amendments thereto, and the secretary of commerce and housing makes a finding that such project will create a major tourism area pursuant to subsection (n) of K.S.A. 12-1770a, and amendments thereto, all real and personal property, constituting an auto race track facility described in subsection (a) of K.S.A. 12-1770a, and amendments thereto, in such redevelopment district shall be exempt from property taxation for a period ending on the earlier of (1) the date which is 30 years after the date of the finding by the secretary of commerce and housing with respect to such major tourism area; or (2) the date on which no such special obligation bonds issued to finance such auto race track facility in a major tourism area remain outstanding.

(d) The city which is authorized to issue bonds pursuant to the provisions of K.S.A. 12-1770 *et seq.* in order to finance a redevelopment project in a major tourism area as defined by K.S.A. 12-1770a, and amendments thereto, shall obtain underwriting services required by the city for the issuance of such bonds pursuant to written proposals received in accordance with this section.

(e) Each city which is authorized to issue such bonds shall establish written official procedures for obtaining underwriting services required for the issuance of such bonds, including specifications for requests for proposals and criteria for evaluation of proposals on a competitive basis. The proposal evaluation criteria shall include factors based on cost, capacity to provide the required services, qualifications and experience.

(f) Prior to the issuance of any such bonds to finance a redevelopment project in a major tourism area after the effective date of this act, the city shall publish notice of a request for proposals to provide the underwriting services that are required by the city with regard to the proposed bond issuance and shall mail requests for proposals to qualified interested parties upon request for such notice. The city shall award contracts for such underwriting services from the proposals received in accordance with the procedures and evaluation criteria adopted by the city for such purpose. A city shall publish such notice in the official newspaper of the city.

(g) A redevelopment project in a major tourism area for an auto race track facility, shall be completed within 30 years from the date the secretary makes the finding that the redevelopment project will create a major tourism area pursuant to subsection (n) of K.S.A. 12-1770a, and amendments thereto.

(h) The maximum maturity on bonds issued to finance projects pursuant to this act shall not exceed 20 years except that: (1) Such maximum period of special obligation bonds not payable from revenues described by subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, issued to finance an auto race track facility shall not exceed 30 years; and (2) such maximum period, if the governor determines and makes and submits a finding to the speaker of the house of representatives and the president of the senate that a maturity greater than 20 years, but in no event exceeding 30 years, is necessary for the economic feasibility of the financing of an auto race track facility with special obligation bonds payable primarily from revenues described by subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, may be extended in accordance with such determination and finding.

Sec. 5. On and after July 1, 2003, K.S.A. 12-1771d is hereby amended to read as follows: 12-1771d. The governing body of any municipality may designate a building within such municipality to be a historic theater if the governing body of the municipality and the secretary of commerce and housing agree that the building satisfies the requirements of subsection (i) of K.S.A. 12-1770a, and amendments thereto, and will contribute significantly to the economic development of the city and surrounding area.

Sec. 6. On and after July 1, 2003, K.S.A. 12-1774, as amended by section 4 of 2003 Senate Substitute for House Bill No. 2208, is hereby amended to read as follows: 12-1774. (a) (1) Any city shall have the power to issue special obligation bonds in one or more series to finance the undertaking of any redevelopment project in accordance with the provisions of this act. Such special obligation bonds shall be made payable, both as to principal and interest:

(A) From tax increments allocated to, and paid into a special fund of the city under the provisions of K.S.A. 12-1775, and amendments thereto;

(B) from revenues of the city derived from or held in connection with the undertaking and carrying out of any redevelopment project or projects under this act including historic theater sales tax increments and environmental increments;

(C) from any private sources, contributions or other financial assistance from the state or federal government;

(D) from a pledge of a portion or all of the revenue received by the city from transient guest, sales and use taxes collected pursuant to K.S.A. 12-1696 *et seq.*, 79-3601 *et seq.*, 79-3701 *et seq.* and 12-187 *et seq.*, and amendments thereto, and which are collected from taxpayers doing business within that portion of the city's redevelopment district established pursuant to K.S.A. 12-1771, and amendments thereto, occupied by a redevelopment project if there first is a finding by the secretary of commerce and housing that based upon the feasibility study the redevelopment project will create a major tourism area for the state or if the project is the restoration of a historic theater as defined in subsection (l) of K.S.A. 12-1770a, and amendments thereto, or the project has been designated as a special bond project as defined in subsection (z) of K.S.A. 12-1770a, and amendments thereto;

(E) (i) from a pledge of a portion or all increased revenue received by the city from franchise fees collected from utilities and other businesses using public right-of-way within the redevelopment district; (ii) from a pledge of a portion or all of the revenue received by the city from sales taxes collected pursuant to K.S.A. 12-187, and amendments thereto; or

(F) by any combination of these methods except that for a project which has been designated as a special bond project as defined in subsection (z) of K.S.A. 12-1770a and amendments thereto, 100% of city and county sales taxes collected pursuant to K.S.A. 12-187, and amendments thereto, shall be pledged for such project except for amounts committed to other use by election of voters prior to the effective date of this act.

The city may pledge such revenue to the repayment of such special obligation bonds prior to, simultaneously with, or subsequent to the issuance of such special obligation bonds.

(2) Bonds issued under paragraph (1) of subsection (a) shall not be general obligations of the city, nor in any event shall they give rise to a charge against its general credit or taxing powers, or be payable out of any funds or properties other than any of those set forth in paragraph (1) of this subsection and such bonds shall so state on their face.

(3) Bonds issued under the provisions of paragraph (1) of this subsection shall be special obligations of the city and are declared to be negotiable instruments. They shall be executed by the mayor and clerk of the city and sealed with the corporate seal of the city. All details pertaining to the issuance of such special obligation bonds and terms and conditions thereof shall be determined by ordinance of the city. All special obligation bonds issued pursuant to this act and all income or interest therefrom shall be exempt from all state taxes except inheritance taxes. Such special obligation bonds shall contain none of the recitals set forth in K.S.A. 10-112, and amendments thereto. Such special obligation bonds shall, however, contain the following recitals, viz., the authority under which such special obligation bonds are issued, they are in conformity with the provisions, restrictions and limitations thereof, and that such special obligation bonds and the interest thereon are to be paid from the money and revenue received as provided in paragraph (1) of this subsection.

(b) (1) Subject to the provisions of paragraph (2) of this subsection, any city shall have the power to issue full faith and credit tax increment bonds to finance the undertaking of any redevelopment project in accordance with the provisions of K.S.A. 12-1770 *et seq.*, and amendments thereto other than a project that will create a major tourism area or result in the renovation of an historic theater. Such full faith and credit tax increment bonds shall be made payable, both as to principal and interest: (A) From the revenue sources identified in paragraph (1)(A), (B), (C), (D) and (E) of subsection (a) or by any combination of these sources; and (B) subject to the provisions of paragraph (2) of this subsection, from a pledge of the city's full faith and credit to use its ad valorem taxing authority for repayment thereof in the event all other authorized sources of revenue are not sufficient.

(2) Except as provided in paragraph (3) of this subsection, before the governing body of any city proposes to issue full faith and credit tax increment bonds as authorized by this subsection, the feasibility study required by K.S.A. 12-1772, and amendments thereto, shall demonstrate that the benefits derived from the project will exceed the cost and that the income therefrom will be sufficient to pay the costs of the project. No full faith and credit tax increment bonds shall be issued unless the governing body states in the resolution required by K.S.A. 12-1772, and amendments thereto, that it may issue such bonds to finance the proposed redevelopment project. The governing body may issue the bonds unless within 60 days following the date of the public hearing on the proposed project plan a protest petition signed by 3% of the qualified voters of the city is filed with the city clerk in accordance with the provisions of K.S.A. 25-3601 *et seq.*, and amendments thereto. If a sufficient petition is filed, no full faith and credit tax increment bonds shall be issued until the issuance of the bonds is approved by a majority of the voters voting at an election thereon. Such election shall be called and held in the manner provided by the general bond law. The failure of the voters to approve the issuance of full faith and credit tax increment bonds shall not prevent the city from issuing special obligation bonds in accordance with K.S.A. 12-1774, and amendments thereto. No such election shall be held in the event the board of county commissioners or the board of education determines, as provided in K.S.A. 12-1771, and amendments thereto, that the proposed redevelopment district will have an adverse effect on the county or school district.

(3) As an alternative to paragraph (2) of this subsection, any city which adopts a project plan but does not state its intent to issue full faith and credit tax increment bonds in the resolution required by K.S.A. 12-1772, and amendments thereto, and has not acquired property in the redevelopment project area may issue full faith and credit tax increment bonds if the governing body of the city adopts a resolution stating its intent to issue the bonds and the issuance of the bonds is approved by a majority of the voters voting at an election thereon. Such election shall be called and held in the manner provided by the general bond law. The failure of the voters to approve the issuance of full faith and credit tax increment bonds shall not prevent the city from issuing special obligation bonds pursuant to paragraph (1) of subsection (a). Any project plan adopted by a city prior to the effective date of this act in accordance with K.S.A. 12-1772, and amendments thereto, shall not be invalidated by any requirements of this act.

(4) During the progress of any redevelopment project in which the redevelopment project costs will be financed, in whole or in part, with the proceeds of full faith and credit tax increment bonds, the city may issue temporary notes in the manner provided in K.S.A. 10-123, and amendments thereto, to pay the redevelopment project costs for the project. Such temporary notes shall not be issued and the city shall not acquire property in the redevelopment project area until the requirements of paragraph (2) or (3) of this subsection, whichever is applicable, have been met.

(5) Full faith and credit tax increment bonds issued under this subsection shall be general obligations of the city and are declared to be negotiable instruments. They shall be issued in accordance with the general bond law. All such bonds and all income or interest therefrom shall be exempt from all state taxes except inheritance taxes. The amount of the full faith and credit tax increment bonds issued and outstanding which exceeds 3% of the assessed valuation of the city shall be within the bonded debt limit applicable to such city.

(6) Any city issuing special obligation bonds under the provisions of this act may refund all or part of such issue pursuant to the provisions of K.S.A. 10-116a, and amendments thereto.

(c) Any increment in ad valorem property taxes resulting from a redevelopment project in the established redevelopment district undertaken in accordance with the provisions of this act, shall be apportioned to a special fund for the payment of the redevelopment project costs, including the payment of principal and interest on any special obligation bonds or full faith and credit tax increment bonds issued to finance such project pursuant to this act and may be pledged to the payment of principal and interest on such bonds.

Sec. 7. On and after July 1, 2003, K.S.A. 12-5242 is hereby amended to read as follows: 12-5242. As used in the rural housing incentive district act:

(a) "City" means any city incorporated in accordance with Kansas law with a population of less than 40,000 in a county with a population of less than 60,000, as certified to the secretary of state by the director of the division of the budget on the previous July 1st in accordance with K.S.A. 11-201, and amendments thereto;

(b) "County" means any county organized in accordance with K.S.A. 18-101 *et seq.*, and amendments thereto, with a population of less than 40,000, as certified to the secretary of state by the director of the division of the budget on the previous July 1st in accordance with K.S.A. 11-201, and amendments thereto;

(c) "Developer" means the person, firm or corporation responsible under an agreement with the governing body to develop housing or related public facilities in a district.

(d) "District" means a rural housing incentive district established in accordance with this act.

(e) "Governing body" means the board of county commissioners of any county or the mayor and council, mayor and commissioners or board of commissioners, as the laws affecting the organization and status of cities affected may provide;

(f) "Secretary" means the secretary of commerce and housing of the state of Kansas.

(g) "Real property taxes" means and includes all taxes levied on an ad valorem basis upon land and improvements thereon.

(h) "Taxing subdivision" means the county, the city, the unified school district, and any other taxing subdivision levying real property taxes, the territory or jurisdiction of which includes any currently existing or subsequently created rural housing incentive district.

Sec. 8. On and after July 1, 2003, K.S.A. 32-873 is hereby amended to read as follows: 32-873. Notwithstanding the provisions of K.S.A. 32-867 through 32-872, the selection of any site by the secretary of wildlife and parks and secretary of commerce and housing pursuant to K.S.A. 32-874d, and amendments thereto, shall not become final, nor shall any revenue bonds be issued for the resort development, until the site is selected and the amount of the bonds proposed to be issued have been approved by the legislature or the state finance council acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c, and amendments thereto.

Sec. 9. On and after July 1, 2003, K.S.A. 32-874a is hereby amended to read as follows: 32-874a. The feasibility study required under K.S.A. 32-874, and amendments thereto, being completed, the secretary of commerce and housing, the secretary of wildlife and parks and the secretary of transportation will develop an incentive plan outlining the state of Kansas' commitment toward building a lake resort which shall include, but not limited to, infrastructure improvements, utility improvements and tax incentives to be offered for sites at, including, but not limited to the six state parks selected in the feasibility study reported to the 1998 legislature: Cheney, Clinton, El Dorado, Hillsdale, Perry and Milford.

Sec. 10. On and after July 1, 2003, K.S.A. 32-874b is hereby amended to read as follows: 32-874b. Once the state incentive packages are agreed upon, the secretary of wildlife and parks, under K.S.A. 32-807, 32-830 and 32-831, and amendments thereto, and the secretary of commerce and housing under K.S.A. 74-5005, and amendments thereto, will take the incentive package for each lake resort site to communities adjacent to each state park, revealing what the state is willing to commit to the development of a lake resort near each lake resort community and negotiate and determine what each community is willing to offer as an incentive to have the lake resort develop near its community.

Sec. 11. On and after July 1, 2003, K.S.A. 32-874d is hereby amended to read as follows: 32-874d. (a) When the incentive packages for each of the lake resorts is determined, the secretary of wildlife and

(continued)

parks and the secretary of commerce and housing shall develop requests for proposals which include the incentive packages for each site. The proposals received from developers under subsection (h)(6) of K.S.A. 32-807, and amendments thereto, shall be sealed.

(b) The department of wildlife and parks and the department of commerce and housing shall advertise for proposal plans with bids for development of sites selected under K.S.A. 32-867, 32-868, 32-871 and 32-872, and amendments thereto. Advertisements for proposals with bids shall be published in the Kansas register and once each week for two consecutive weeks in a newspaper having general circulation in the community at least 60 days before the time for receiving the proposals with bids. The advertisement shall also be posted on readily accessible bulletin boards in all offices of the two departments and on the information network of Kansas. The advertisement shall identify the area to be developed, the purpose of the development and shall state that such further information as is available may be obtained from either departments' office in Topeka.

The two secretaries shall consider all proposals with bids submitted, the financial and legal ability of the private sector developers making such proposals with bids to carry them out and may negotiate with any private sector developer for a proposal with bid. The secretaries may accept such proposal with bid as it deems to be in the public interest and in furtherance of the purposes of this act.

(c) Once proposals are received from developers wishing to contract for building the resort, the secretary of wildlife and parks utilizing powers and authority granted under K.S.A. 32-807, 32-862, 32-863 and 32-867 through 32-872, and amendments thereto, and the secretary of commerce and housing under K.S.A. 74-5005, and amendments thereto, shall select, negotiate and contract for the construction of a lake resort which shall be operated as a private concession and developed with private funding to include, but not limited to, the issuance of revenue bonds under K.S.A. 32-857 through 32-864, and amendments thereto.

(d) The secretary of wildlife and parks and the secretary of commerce and housing may engage a private consultant to assist in the development of a contract for the selected site. Consistent with the powers and authority granted to the secretary of wildlife and parks, the secretary may waive any relevant park fees, obtain revenue from the resort and resort facilities and include penalty provisions in the contract regarding non-performance by the operator and developer of the resort.

(e) The secretary of wildlife and parks and the secretary of commerce and housing shall not seek approval under K.S.A. 32-873, and amendments thereto, until the requirements of subsections (a) through (d) are satisfied.

Sec. 12. On and after July 1, 2003, K.S.A. 32-874e is hereby amended to read as follows: 32-874e. The secretary of wildlife and parks and the secretary of commerce and housing shall present a joint report concerning negotiations, site selection, and status of the resort to the legislature, house committee on tourism, senate committee on transportation and tourism and to the governor during the 1999 legislative session.

Sec. 13. On and after July 1, 2003, K.S.A. 39-1605 is hereby amended to read as follows: 39-1605. (a) There is hereby established the governor's mental health services planning council. The council shall consist of 25 members.

(b) So the composition of the council is in compliance with the requirements of public law 102-321 and supplementary federal acts, persons appointed to the council will be in accordance with the following:

(1) Nine members shall be state agency representatives who shall include:

(A) The commissioner of mental health and developmental disabilities;

(B) the secretary of social and rehabilitation services shall appoint one member for each of the following areas: vocational rehabilitation, alcohol and drug abuse services, medical services and children and family services;

(C) the commissioner of juvenile justice;

(D) the commissioner of education;

(E) the secretary of corrections; and

(F) the secretary of commerce and housing. If a commissioner or secretary is unable to participate, the commissioner or secretary shall appoint a designee as the official member of the council.

(2) The governor shall appoint the following persons to the council:

(A) One member shall be a person licensed to practice medicine and surgery with board certification in psychiatry;

(B) two members shall be executive directors of mental health centers; and

(C) 13 members shall be individuals who are not state employees or providers of mental health services. Of the 13 members, four members shall be adult consumers with serious and persistent mental illness; three members shall be immediate family members of adult consumers with serious and persistent mental illnesses; four members shall be family members of minor children or youth with severe emotional disturbances; and two members shall be members of the general public.

(c) The terms of members who are currently serving on the council shall expire on the effective date of this act. At that time, appointees of the governor under subsection (b)(2) shall be appointed to the council by the governor with $\frac{1}{2}$ appointed for a term of two years and the other $\frac{1}{2}$ for a term of four years as specified by the governor. Thereafter, each member appointed to the council by the governor shall be appointed for a term of four years.

(d) Each member of the council shall serve until a successor is appointed and qualified. In the case of a vacancy on the council, a successor of like qualifications shall be appointed or designated to fill the unexpired term in accordance with subsections (b)(1) and (2).

(e) The governor shall designate the chairperson of the council. The members of the council shall elect a vice-chairperson.

(f) Members of the governor's mental health services planning council attending meetings of the council, or attending a subcommittee meeting thereof authorized by the council, shall be paid amounts provided in subsection (e) of K.S.A. 75-3223 and amendments thereto.

Sec. 14. On and after July 1, 2003, K.S.A. 2002 Supp. 40-4702 is hereby amended to read as follows: 40-4702. (a) The governor of the state of Kansas shall appoint a cabinet level committee which shall be known as the Kansas business health policy committee.

(b) The Kansas business health policy committee, hereinafter referred to as the health committee, shall consist of:

(1) The secretary of the department of commerce and housing or the secretary's designee;

(2) the secretary of the department of social and rehabilitation services or the secretary's designee;

(3) the commissioner of insurance or the commissioner's designee;

(4) one member appointed by the president of the senate;

(5) one member appointed by the speaker of the house of representatives;

(6) one member appointed by the minority leader of the senate;

(7) one member appointed by the minority leader of the house of representatives; and

(8) three members at large from the private sector appointed by the governor.

The secretary of each state agency represented on this committee shall provide such staff and other resources as the health committee may require.

(c) (1) The initial meeting of the health committee shall be convened within 60 days after the effective date of this act by the governor at a time and place designated by the governor.

(2) Meetings of the health committee subsequent to its initial meeting shall be held and conducted in accordance with policies and procedures established by the health committee.

(3) Commencing at the time of the initial meeting of the health committee, the powers, authorities, duties and responsibilities conferred and imposed upon the health committee by this act shall be operative and effective.

(d) The health committee shall develop and approve a request for proposals for a qualified entity to serve as the Kansas business health partnership, hereinafter referred to as health partnership, which shall provide a mechanism to combine federal and state subsidies with contributions from small employers and eligible employees to purchase health insurance in accordance with guidelines developed by the health committee.

(e) The health committee shall evaluate responses to the request for proposals and select the qualified entity to serve as the health partnership.

(f) The health committee shall:

(1) Develop, approve and revise subsidy eligibility criteria provided that:

(A) Low wage and modest wage employees of small employers shall be eligible for subsidies if:

(1) The small employer has not previously offered health insurance coverage; or

(2) the small employer has previously offered health insurance coverage and a majority of such small employer's employees are low wage or modest wage employees as defined in K.S.A. 40-4701, and amendments thereto;

(B) any small employer's eligible employee with a child who is eligible for coverage under the state children's health insurance program established by K.S.A. 38-2001 *et seq.*, and amendments thereto, or in the state medical assistance program shall be eligible automatically for a subsidy and shall be included in the determination of eligibility for the small employer and its low-and-modest wage employees; and

(C) at least 70% of the small employer's eligible employees without group health insurance coverage from another source are insured through the partnership; and

(2) determine and arrange for eligibility determination for subsidies of low wage or modest wage employees; and

(3) develop subsidy schedules based upon eligible employee wage levels and family income.

(g) The health committee shall oversee and monitor the ongoing operation of any subsidy program and the financial accountability of all subsidy funds. If, in the judgment of the health committee, the entity selected to serve as the health partnership fails to perform as intended, the health committee may terminate its selection and designation of that entity as the health partnership and may issue a new request for proposal and select a different qualified entity to serve as the health partnership.

(h) The health committee is hereby authorized to accept funds from the federal government, or its agencies, or any other source whatsoever for research studies, investigation, planning and other purposes related to implementation of the objectives of this act. Any funds so received shall be deposited in the state treasury and shall be credited to a special revenue fund which is hereby created and shall be known as the health committee insurance fund and used in accordance with or direction of the contributing federal agencies. Expenditures from such fund may be made for any purpose in keeping with the responsibilities, functions and authority of the department. Warrants on such fund shall be drawn in the same manner as required of other state agencies upon vouchers signed by the secretary of the department of social and rehabilitation services upon receiving prior approval of the health committee.

(i) The health committee is authorized to develop policies for the administration of the subsidy program and for the use of additional federal or private funds to subsidize health insurance coverage for low-and-modest wage employees of predominantly low-wage small employers.

(j) The health committee is hereby authorized to organize, or cause to be organized, one or more advisory committees. No member of any advisory committee established under this subsection shall have previously received or currently receive any payment or other compensation from the health partnership. The membership of each advisory committee established under this subsection shall contain at least one representative who is a small employer and one representative who is an eligible employee as defined in K.S.A. 40-4701, and amendments thereto, and one representative of the insurance industry.

Sec. 15. On and after July 1, 2003, K.S.A. 2002 Supp. 58-1401 is hereby amended to read as follows: 58-1401. As used in this act:

(a) "Dwelling" means any single family residence and each individual living unit in a duplex or triplex residential building which is constructed with public financial assistance.

(b) "Public financial assistance" means:

(1) A building contract or similar contractual agreement with any state agency;

(2) any real estate received by the owner through a donation by the state;

(3) state tax credits;

(4) grant assistance from state funds;

(5) state loan guarantees; or

(6) federal funds administered by the state or a state agency.

(c) "Secretary" "Director" means the secretary of the Kansas department of commerce and housing director of the division of housing in the Kansas development finance authority.

Sec. 16. On and after July 1, 2003, K.S.A. 2002 Supp. 58-1405 is hereby amended to read as follows: 58-1405. (a) Upon application there-

for, the secretary director may waive any requirement of K.S.A. 2002 Supp. 58-1402, and amendments thereto. Applications for a waiver shall be submitted to the secretary director. If the secretary director determines that such compliance is financially or environmentally impractical, the secretary director may waive such requirement. The secretary director shall render a decision regarding any application submitted pursuant to this section within 60 days of receipt thereof.

(b) Unless otherwise provided by rules and regulations adopted by the secretary director, proceedings to consider a waiver under this section shall be conducted in accordance with the provisions of the Kansas administrative procedure act.

(c) Appeals from the decision of the secretary director shall be governed by the provisions of the act for judicial review and civil enforcement of agency actions.

Sec. 17. On and after July 1, 2003, K.S.A. 2002 Supp. 58-1406 is hereby amended to read as follows: 58-1406. The provisions of this act shall not apply to any dwelling which is:

(a) A private residence which is owner-occupied or which is under contract for occupation by the owner;

(b) a private residence for which an individual tax credit is received;

(c) a private residence which is financed with funds from the federal housing administration, rural development programs administered by the United States department of agriculture or under a single-family mortgage guarantee assistance program;

(d) a private residence for which rental vouchers or certificates under 42 U.S.C. §1437 are accepted;

(e) financed with public funds other than state funds or federal funds administered by the state or a state agency; or

(f) a dwelling the design or construction of which commenced prior to July 1, 2002, as evidenced by (1) a payment for such design or construction, (2) a contract for such design or construction or (3) other proof sufficient to the secretary director as prescribed by rules and regulations.

Sec. 18. On and after July 1, 2003, K.S.A. 2002 Supp. 58-1407 is hereby amended to read as follows: 58-1407. The secretary director shall adopt any rules and regulations necessary to implement the provisions of this act.

Sec. 19. On and after July 1, 2003, K.S.A. 65-5721 is hereby amended to read as follows: 65-5721. (a) On the effective date of this order, there is hereby established the commission on emergency planning and response.

(b) The membership of the commission on emergency planning and response shall consist of the agency head or secretary or a designated person of authority from the following agencies:

(1) the fire marshal;

(2) the department of health and environment;

(3) the department of transportation;

(4) the Kansas highway patrol;

(5) the adjutant general; and

(6) the department of commerce and housing.

(c) In addition, the membership of the commission on emergency planning and response shall also consist of seven members appointed by the governor as follows:

(1) Two individuals shall be representative of counties;

(2) two individuals selected to represent cities; and

(3) three individuals selected to represent businesses and industries.

(d) A designee of the adjutant general shall serve as the secretary of the commission on emergency planning and response. The adjutant general shall provide staff support for the commission on emergency planning and response.

(e) Of the members first appointed to the commission on emergency planning and response by the governor, one representative of cities, one representative of counties, and one representative of business and industry shall serve a term of two years, and the remainder of the members appointed by the governor shall serve terms of three years. Thereafter, members who represent cities, counties, and business and industry shall serve terms of four years and until the successor has been appointed. Any vacancy in the office of an appointed member shall be filled for the unexpired term by appointment by the governor.

(f) A chairperson shall be elected annually by the members of the commission. A vice-chairperson shall be designated by the chairperson to serve in the absence of the chairperson.

(continued)

(g) For attending meetings of such commission, or attending a subcommittee meeting thereof authorized by such commission, those members of the commission appointed by the governor shall be paid compensation, subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3223, and amendments thereto.

Sec. 20. On and after July 1, 2003, K.S.A. 72-4436 is hereby amended to read as follows: 72-4436. As used in this act:

(a) "Area vocational school," "area vocational-technical school," "community college" and "school year" have the meanings respectively ascribed thereto in K.S.A. 72-4412 and amendments thereto.

(b) "Operating budget" has the meaning ascribed thereto in K.S.A. 72-4430 and amendments thereto.

(c) "School" means any area vocational school, any area vocational-technical school and any community college.

(d) "Vocational education instructional equipment aid" means state financial aid distributed under this act by the secretary of commerce and housing to a school for the purpose of acquiring vocational education instructional equipment.

Sec. 21. On and after July 1, 2003, K.S.A. 72-4437 is hereby amended to read as follows: 72-4437. (a) Subject to the provisions of appropriations acts, vocational education instructional equipment aid shall be distributed to schools in accordance with this act. Any such distribution shall be on a competitive basis and the amount thereof for each school shall be determined by the secretary of commerce and housing on the basis of the condition of existing equipment and potential for stimulating economic growth and enhancing employment opportunities within the state. The secretary of commerce and housing shall establish criteria for evaluating applications of schools for vocational education instructional equipment aid.

(b) Payments of vocational education instructional equipment aid shall be distributed by the secretary of commerce and housing on dates to be determined by the secretary. Upon receipt of such payment, the treasurer of each area vocational school shall deposit the amount thereof to the credit of the area vocational school fund. The treasurer of each area vocational-technical school shall deposit the amount of such warrant to the credit of the vocational education instructional equipment fund established by this act.

Sec. 22. On and after July 1, 2003, K.S.A. 73-2402 is hereby amended to read as follows: 73-2402. (a) There is hereby created an advisory committee to assist in the work of the Kansas territorial sesquicentennial commission. The advisory committee shall be composed of the following members:

(1) The executive director of the Kansas state historical society, who shall serve as chairperson of the advisory committee;

(2) the director of the Kansas humanities council or the director's designee;

(3) the director of the Kansas arts commission or the director's designee;

(4) the director of the division of travel and tourism development of the department of commerce and housing or the director's designee;

(5) the commissioner of education or the commissioner's designee;

(6) fifteen members appointed by the governor as follows: (A) Six members of history faculties of universities under the supervision of the state board of regents; (B) six members of history faculties of community colleges or private colleges or universities in the state; (C) a representative of the travel industry association of Kansas; (D) a representative of the Kansas museums association; and (E) a representative of the territorial Kansas heritage alliance;

(7) two members appointed by the speaker of the house of representatives;

(8) two members appointed by the minority leader of the house of representatives;

(9) two members appointed by the president of the senate; and

(10) two members appointed by the minority leader of the senate.

(b) The chairperson of the advisory committee shall appoint a person to serve as secretary of the committee.

(c) Members of the advisory committee shall serve without compensation or reimbursement of expenses.

Sec. 23. On and after July 1, 2003, K.S.A. 73-2404 is hereby amended to read as follows: 73-2404. (a) In fulfilling its responsibilities, the Kansas territorial sesquicentennial commission shall consult, cooperate with and seek advice from appropriate state agencies, local and

public bodies, learned societies and historical, patriotic, philanthropic, civil, professional and related organizations. State agencies shall cooperate with the commission in planning, encouraging, developing and coordinating appropriate commemorative activities.

(b) The chief executive officer of each state university shall cooperate with the commission, especially in the encouragement and coordination of scholarly works and presentations on the history, culture and political activities related to the territorial period in Kansas history.

(c) The state historical society and the state librarian shall cooperate with the commission, especially in the development and displays of exhibits and collections and in the development of bibliographies, catalogs and other materials relevant to the territorial period.

(d) The division of travel and tourism development of the department of commerce and housing shall cooperate with the commission in marketing to potential visitors to the state commemorative activities enabling visitors to experience the cultural heritage of Kansas.

Sec. 24. On and after July 1, 2003, K.S.A. 74-520a is hereby amended to read as follows: 74-520a. (a) On and after March 15, 1995, the Kansas state fair board is hereby established. The Kansas state fair board shall consist of the following members:

(1) The secretary of agriculture or the successor of the secretary of agriculture, or the secretary's designee;

(2) the secretary of commerce and housing, or the secretary's designee;

(3) the director of extension of Kansas state university of agriculture and applied science, or the director's designee;

(4) one person appointed by the governor from three persons nominated by the Kansas chamber of commerce and industry;

(5) one person appointed by the governor from three persons nominated by the travel industry association of Kansas;

(6) one person appointed by the governor from three persons nominated by the Kansas fairs association;

(7) one person appointed by the Kansas technology enterprise corporation from among the board of directors of the Kansas technology enterprise corporation; and

(8) six people from the general public appointed by the governor. Of such people appointed, one shall be from each of the five extension areas, as established in subsection (e), and one shall represent the state at large. Directors of each extension area shall submit three nominations to the governor. Such persons nominated shall be actively involved in agriculture production or agribusiness.

(b) Of the persons initially appointed by the governor under subsection (a), three shall have a term of one year, three shall have a term of two years and three shall have a term of three years and until a successor is appointed and qualified. Thereafter, all members shall have terms of three years and until a successor is appointed and qualified.

(c) Any vacancy occurring on the Kansas state fair board shall be filled as the original appointment was made.

(d) If any of the members able to appoint a designee does so, the designee shall be appointed for a term of not less than one year.

(e) For the purpose of this section the state shall be divided into five extension areas. The northwest extension area shall include the following counties: Cheyenne, Rawlins, Decatur, Norton, Phillips, Smith, Osborne, Rooks, Graham, Sheridan, Thomas, Sherman, Wallace, Logan, Gove, Trego, Ellis, Russell, Barton, Rush and Ness. The southwest extension area shall include the following counties: Greeley, Wichita, Scott, Lane, Pawnee, Hodgeman, Finney, Kearny, Hamilton, Edwards, Ford, Gray, Haskell, Grant, Stanton, Morton, Stevens, Seward, Meade, Clark, Comanche and Kiowa. The south central extension area shall include the following counties: Lincoln, Ottawa, Dickinson, Ellsworth, Saline, Rice, McPherson, Marion, Reno, Harvey, Butler, Kingman, Sedgwick, Cowley, Sumner, Harper, Barber, Pratt and Stafford. The southeast extension area shall include the following counties: Morris, Chase, Lyon, Osage, Franklin, Miami, Coffey, Anderson, Linn, Bourbon, Allen, Woodson, Greenwood, Elk, Wilson, Neosho, Crawford, Chautauqua, Montgomery, Labette and Cherokee. The northeast extension area shall include the following counties: Jewell, Republic, Washington, Marshall, Nemaha, Brown, Doniphan, Mitchell, Cloud, Clay, Riley, Pottawatomie, Jackson, Atchison, Jefferson, Leavenworth, Wyandotte, Johnson, Douglas, Shawnee, Wabaunsee and Geary.

Sec. 25. On and after July 1, 2003, K.S.A. 74-567 is hereby amended to read as follows: 74-567. (a) The state board of agriculture shall have

such powers, duties and functions as prescribed by this section. The board shall serve in an advisory capacity to the governor and the secretary to review and make recommendations on department legislative initiatives and proposed rules and regulations or proposed revised rules and regulations prior to the submission of such rules and regulations to the secretary of administration pursuant to K.S.A. 77-420, and amendments thereto, other than rules and regulations pertaining to personnel matters of the department and rules and regulations of the division of water resources. The board shall not have any powers, duties or functions concerning the day-to-day operations of the department of agriculture.

(b) The board shall serve in an advisory capacity to the agriculture products development division of the department of commerce and housing. The board shall advise the division on issues and concerns relating to agriculture products development and marketing.

(c) The agriculture products development division of the department of commerce and housing shall report to the board, at not less than two meetings of such board each year, on the activities and functions of the division.

Sec. 26. On and after July 1, 2003, K.S.A. 74-575 is hereby amended to read as follows: 74-575. (a) Except as otherwise provided by this act, the secretary of agriculture shall be the successor in every way to the powers, duties, and functions of the division of marketing and director of marketing in which the same were vested prior to the effective date of this act and which are transferred pursuant to K.S.A. 74-574. Every act performed in the exercise of such powers, duties, and functions by or under the authority of the secretary of agriculture shall be deemed to have the same force and effect as if performed by the division of marketing or director of marketing in which such powers, duties, and functions were vested prior to the effective date of this act.

(b) Whenever the "division of markets," or words of like effect, are referred to or designated by a statute, contract, or other document, and such reference is in regard to one of the powers and duties transferred to the department of agriculture pursuant to K.S.A. 74-574, such reference or designation shall be deemed to apply to the department of agriculture. Whenever the "director of marketing," or words of like effect, are referred to or designated by a statute, contract, or other document, and such reference is in regard to one of the powers and duties transferred to the department of commerce and housing pursuant to K.S.A. 74-574, such reference or designation shall be deemed to apply to the secretary of agriculture.

(c) All rules and regulations, orders, and directives of the division of marketing or director of marketing pertaining to powers and duties transferred pursuant to K.S.A. 74-574 shall continue to be effective and shall be deemed to be rules and regulations, orders, and directives of the secretary of agriculture until revised, amended, or nullified pursuant to law.

Sec. 27. On and after July 1, 2003, K.S.A. 74-2622 is hereby amended to read as follows: 74-2622. (a) There is hereby established within and as a part of the Kansas water office the Kansas water authority. The authority shall be composed of 23 members of whom 13 shall be appointed as follows: (1) One member shall be appointed by the governor, subject to confirmation by the senate as provided in K.S.A. 75-4315b, and amendments thereto. Except as provided by K.S.A. 46-2601, such person shall not exercise any power, duty or function as a member or chairperson of the water authority until confirmed by the senate. Such member shall serve at the pleasure of the governor and shall be the chairperson of the authority; (2) except as provided by subsection (b), 10 members shall be appointed by the governor for terms of four years. Of the members appointed under this provision one shall be a representative of large municipal water users, one shall be representative of small municipal water users, one shall be a board member of a western Kansas groundwater management district, one shall be a board member of a central Kansas groundwater management district, one shall be a member of the Kansas association of conservation districts, one shall be representative of industrial water users, one shall be a member of the state association of watershed districts, one shall have a demonstrated background and interest in water use conservation and environmental issues, and two shall be representative of the general public. The member who is representative of large municipal water users shall be appointed from three nominations submitted by the league of Kansas municipalities. The member who is representative of small municipal water users shall be appointed from three nominations submitted by the Kansas rural water district's association. The member who is representative of a western Kansas groundwater management district shall be appointed from three nominations

submitted by the presidents of the groundwater management district boards No. 1, 3 and 4. The member who is representative of a central Kansas groundwater management district shall be appointed from three nominations submitted by the presidents of the groundwater management district boards No. 2 and 5. The member who is representative of industrial water users shall be appointed from three nominations submitted by the Kansas association of commerce and industry. The member who is representative of the state association of watershed districts shall be appointed from three nominations submitted by the state association of watershed districts. The member who is representative of the Kansas association of conservation districts shall be appointed from three nominations submitted by the state association of conservation districts. If the governor cannot make an appointment from the original nominations, the nominating authority shall be so advised and, within 30 days thereafter, shall submit three new nominations. Members appointed by the governor shall be selected with special reference to training and experience with respect to the functions of the Kansas water authority, and no more than six of such members shall belong to the same political party; (3) one member shall be appointed by the president of the senate for a term of two years; and (4) one member shall be appointed by the speaker of the house of representatives for a term of two years. The state geologist, the chief engineer of the division of water resources of the state board of agriculture, the director of the division of environment of the department of health and environment, the chairperson of the state corporation commission, the secretary of commerce and housing, the director of the Kansas water office, the secretary of wildlife and parks, the administrative officer of the state conservation commission, the secretary of the state board of agriculture and the director of the agricultural experiment stations of Kansas state university of agriculture and applied science shall be nonvoting members ex officio of the authority. The director of the Kansas water office shall serve as the secretary of the authority.

(b) A member appointed pursuant to subsection (a)(2) shall be appointed for a term expiring on January 15 of the fourth calendar year following appointment and until a successor is appointed and qualified.

(c) In the case of a vacancy in the appointed membership of the Kansas water authority, the vacancy shall be filled for the unexpired term by appointment in the same manner that the original appointment was made. Appointed members of the authority attending regular or special meetings thereof shall be paid compensation, subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3223, and amendments thereto.

(d) The Kansas water authority shall:

(1) Consult with and be advisory to the governor, the legislature and the director of the Kansas water office.

(2) Review plans for the development, management and use of the water resources of the state by any state or local agency.

(3) Make a study of the laws of this state, other states and the federal government relating to conservation and development of water resources, appropriation of water for beneficial use, flood control, construction of levees, drainage, irrigation, soil conservation, watershed development, stream control, gauging of stream and stream pollution for the purpose of determining the necessity or advisability of the enactment of new or amendatory legislation in this state on such subjects.

(4) Make recommendations to other state agencies and political subdivisions of the state for the coordination of their activities relating to flood control, construction of levees, drainage, irrigation, soil conservation, watershed development, stream control, gauging of stream, stream pollution and groundwater studies.

(5) Make recommendations to each regular session of the legislature and to the governor at such times as the authority considers advisable concerning necessary or advisable legislation relating to any of the matters or subjects which it is required by this act to study for the purpose of making recommendations to the legislature. All such recommendations to the legislature shall be in drafted bill form together with such explanatory information and data as the authority considers advisable.

(6) Approve, prior to submission to the legislature by the Kansas water office or its director, (A) any contract entered into pursuant to the state water plan storage act, (B) any amendments to the state water plan or the state water planning act and (C) any other legislation concerning water resources of the state.

(7) Approve, before they become effective, any policy changes proposed by the Kansas water office concerning the pricing of water for sale pursuant to the state water plan storage act.

(continued)

(8) Approve, before it becomes effective, any agreement entered into with the federal government by the Kansas water office.

(9) Request any agency of the state, which shall have the duty upon that request, to submit its budget estimate pertaining to the state's water resources and any plans or programs related thereto and, upon the authority's receipt of such budget estimate, review and evaluate it and furnish recommendations relating thereto to the governor and the legislature.

(10) Approve, prior to adoption by the director of the Kansas water office, rules and regulations authorized by law to be adopted.

(11) Approve, prior to adoption by the director of the Kansas water office, guidelines for conservation plans and practices developed pursuant to subsection (c) of K.S.A. 74-2608, and amendments thereto.

(e) The Kansas water authority may appoint citizens' advisory committees to study and advise on any subjects upon which the authority is required or authorized by this act to study or make recommendations.

(f) The provisions of the Kansas governmental operations accountability law apply to the Kansas water authority, and the authority is subject to audit, review and evaluation under such law.

Sec. 28. On and after July 1, 2003, K.S.A. 74-2916 is hereby amended to read as follows: 74-2916. (a) Notwithstanding the provisions of K.S.A. 74-5074, and amendments thereto, on July 1, 2002, or as soon thereafter as moneys are available, the secretary of commerce and housing is authorized and directed to loan to the director of the Kansas sports hall of fame \$100,000 from the Kansas export loan guarantee fund. The director of the Kansas sports hall of fame is authorized and directed to use any moneys in the Kansas sports hall of fame surcharge fund to provide for the ongoing expenses of the Kansas sports hall of fame. Such loan shall not bear interest. Such loan shall not be deemed to be an indebtedness or debt of the state of Kansas within the meaning of section 6 of article 11 of the constitution of the state of Kansas.

(b) Upon certification by the secretary of commerce and housing and by the director of the Kansas sports hall of fame, the director of accounts and reports shall transfer such amount from the Kansas export loan guarantee fund to the Kansas sports hall of fame surcharge fund.

(c) The loan authorized pursuant to subsection (a) shall be repaid in one payment payable on or before June 30, 2003, of \$50,000, and one payment payable on or before June 30, 2004 of \$50,000.

(d) The state of Kansas sports hall of fame board of trustees, in consultation with postsecondary educational institutions and the accredited independent institutions, shall develop and implement a voluntary plan to have such institutions participate in the raising of funds for the Kansas sports hall of fame.

(e) Quarterly, during fiscal year 2003 and 2004, the state of Kansas sports hall of fame board of trustees shall submit a report to the chairperson of the legislative budget committee concerning the progress and provisions of this act when the legislature is not in session and the chairperson of the committee on appropriations of the house of representatives and the chairperson of the committee on ways and means of the senate when the legislature is in session.

(f) "Postsecondary educational institution" means Kansas state university, the university of Kansas, Wichita state university, Emporia state university, Fort Hays state university, Pittsburg state university, Washburn university and any community college.

Sec. 29. On and after July 1, 2003, K.S.A. 74-32,151 is hereby amended to read as follows: 74-32,151. (a) This section and K.S.A. 74-32,152 through 74-32,159, and amendments thereto, shall be known and may be cited as the workforce development loan program act.

(b) As used in the workforce development loan act, "postsecondary educational institution" shall have the meaning ascribed thereto by K.S.A. 74-3201b, and amendments thereto.

(c) Within the limits of appropriations and private contributions therefor, and in accordance with the provisions of this act, the state board of regents may award such loans to Kansas residents who are enrolled in or admitted to an area vocational technical school, technical college, community college, vocational school coordinated under the state board of regents or associate degree programs at postsecondary educational institutions and who enter into a written agreement with the state board of regents as provided in K.S.A. 74-32,152 and amendments thereto.

(d) The board of regents may accept any private contributions to the program. The chief executive officer of the board of regents shall turn

such contributions over to the state treasurer who shall deposit such moneys into the workforce development loan fund.

(e) After consultation with the secretaries of the departments of human resources, social and rehabilitation services and commerce and housing, the board may establish a list of education programs in which an applicant must enroll to be eligible for a loan under this program.

(f) The loans shall be awarded on a priority basis to qualified applicants who have the greatest financial need with the highest priority given to those applicants with the greatest financial need who were in foster care on or before their 18th birthday or were released from foster care prior to their 18th birthday after having graduated from high school or completing the requirements for a general educational development (GED) certificate while in foster care. All loans shall be awarded to resident students attending area vocational technical schools, technical colleges, community colleges, area vocational schools or associate degree programs at postsecondary educational institutions. Special preference shall also be established for residents drawing unemployment compensation or such residents who were laid off from employment within the prior six months. The board may also establish preferences for workers deemed to be eligible for North American free trade agreement transition assistance under United States department of labor standards or the Kansas department of human resources standards.

(g) Loans awarded under this program shall be awarded on an annual basis and shall be in effect for one year unless otherwise terminated before the expiration of such period of time. Such loans shall be awarded for the payment of tuition, fees, books, room and board and any other necessary school related expenses.

Sec. 30. On and after July 1, 2003, K.S.A. 74-4911f is hereby amended to read as follows: 74-4911f. (a) Subject to procedures or limitations prescribed by the governor, any person who is not an employee and who becomes a state officer may elect to not become a member of the system. The election to not become a member of the system must be filed within 90 days of assuming the position of state officer. Such election shall be irrevocable. If such election is not filed by such state officer, such state officer shall be a member of the system.

(b) Any such state officer who is a member of the Kansas public employees retirement system, on or after the effective date of this act, may elect to not be a member by filing an election with the office of the retirement system. The election to not become a member of the system must be filed within 90 days of assuming the position of state officer. If such election is not filed by such state officer, such state officer shall be a member of the system.

(c) Subject to limitations prescribed by the secretary of administration, the state agency employing any employee who has filed an election as provided under subsection (a) or (b) and who has entered into an employee participation agreement, as provided in K.S.A. 75-5524 and amendments thereto for deferred compensation pursuant to the Kansas public employees deferred compensation plan shall contribute to such plan on such employee's behalf an amount equal to 8% of the employee's salary, as such salary has been approved pursuant to K.S.A. 75-2935b and amendments thereto or as otherwise prescribed by law.

(d) As used in this section and K.S.A. 74-4927k and amendments thereto, "state officer" means the secretary of administration, secretary on aging, secretary of commerce and housing, secretary of corrections, secretary of health and environment, secretary of human resources, secretary of revenue, secretary of social and rehabilitation services, secretary of transportation, secretary of wildlife and parks, superintendent of the Kansas highway patrol, secretary of agriculture, executive director of the Kansas lottery, executive director of the Kansas racing commission, president of the Kansas development finance authority, state fire marshal, state librarian, securities commissioner, adjutant general, members of the state board of tax appeals, members of the Kansas parole board, members of the state corporation commission, any unclassified employee on the staff of officers of both houses of the legislature, any unclassified employee appointed to the governor's or lieutenant governor's staff and any person employed by the legislative branch of the state of Kansas, other than any such person receiving service credited under the Kansas public employees retirement system or any other retirement system of the state of Kansas therefor, who elected to be covered by the provisions of this section as provided in subsection (e) of K.S.A. 46-1302 and amendments thereto or who is first employed on or after July 1, 1996, by the legislative branch of the state of Kansas.

(e) The provisions of this section shall not apply to any state officer who has elected to remain eligible for assistance by the state board of regents as provided in subsection (a) of K.S.A. 74-4925 and amendments thereto.

Sec. 31. On and after July 1, 2003, K.S.A. 74-5002o is hereby amended to read as follows: 74-5002o. The secretary of commerce and housing may organize the department of commerce and housing in the manner the secretary of commerce deems most efficient, so long as the same is not in conflict with law. The secretary may establish policies governing the transaction of business of the department and the administration of the department. Division heads and employees of the department of commerce and housing not within a particular division shall perform such duties and exercise such powers as are prescribed by law and such other duties as the secretary of commerce and housing may prescribe, and such person shall act for, and exercise the powers of, the secretary of commerce and housing to the extent authority to do so is delegated by the secretary of commerce and housing to them. Personnel of each division shall perform such duties and exercise such powers as the head of the division may prescribe and such duties and powers as are prescribed by law. Personnel of each division shall act for, and exercise the powers of, their division head to the extent authority to do so is delegated by the division head.

Sec. 32. On and after July 1, 2003, K.S.A. 74-5049 is hereby amended to read as follows: 74-5049. (a) In order to insure that the department of commerce and housing is effectively administering this act, the department shall cooperate with the standing committee on commerce of the senate, the standing committee on new economy of the house of representatives and the joint committee on economic development and Kansas, Inc., 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 of the house of representatives and the joint committee on economic development, Kansas, Inc., 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, the standing committee on new economy 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. 33. On and after July 1, 2003, K.S.A. 74-5073 is hereby amended to read as follows: 74-5073. (a) There is hereby established the Kansas export loan guarantee review committee within the department of commerce and housing. The committee shall consist of five members all of whom have appropriate experience and expertise in areas of commercial finance. At least two members shall have experience in commercial finance from the perspective of a borrower and at least two members shall have experience and expertise in international finance. The members of the committee shall be appointed by the governor, subject to confirmation by the senate as provided in K.S.A. 75-4315b and amendments thereto. Except as provided by K.S.A. 46-2601, and amendments thereto, no person appointed to the committee shall exercise any power, duty or

function as a member of the committee until confirmed by the senate. Except as provided by subsection (b), members shall serve until a successor is appointed and confirmed. Not more than three members of the committee shall be of the same political party.

(b) The terms of members who are serving on the committee on the effective date of this act shall expire on January 15, of the year in which such member's term would have expired under the provisions of this section prior to amendment by this act. Thereafter, members shall be appointed for terms of four years and until their successors are appointed and confirmed.

(c) The committee shall review all proposals for Kansas export loan financing guarantees under K.S.A. 74-5072 and amendments thereto and shall approve those proposals that the committee deems to represent reasonable risks and to have a sufficient likelihood of repayment. The committee shall advise the secretary of commerce and housing on matters under this act when requested by the secretary and may provide such advice when deemed appropriate by the committee. The committee shall submit an annual report of its activities as a part of the department's annual report pursuant to K.S.A. 74-5049, and amendments thereto.

(d) The secretary of commerce and housing shall serve as a nonvoting chairperson of the committee, and the committee shall annually elect a vice-chairperson from among its members. The committee shall meet upon call of the chairperson or upon call of any two of its members. Three voting members shall constitute a quorum for the transaction of business.

(e) Members of the Kansas export loan guarantee review committee attending meetings of the committee, or attending a subcommittee meeting thereof authorized by the committee, shall be paid compensation, subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3223 and amendments thereto.

Sec. 34. On and after July 1, 2003, K.S.A. 74-5074 is hereby amended to read as follows: 74-5074. (a) There is hereby established the Kansas export loan guarantee fund in the state treasury. The Kansas export loan guarantee fund shall be administered by the secretary of commerce and housing. All moneys in the Kansas export loan guarantee fund shall be used to provide guarantees against commercial preexport and postexport credit risks in accordance with this act.

(b) All moneys received for Kansas export loan financing guarantee fees under K.S.A. 74-5072, and amendments thereto, 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 to the credit of the Kansas export loan guarantee fund.

(c) On or before the 10th of each month, the director of accounts and reports shall transfer from the state general fund to the Kansas export loan guarantee fund interest earnings based on:

- (1) The average daily balance of moneys in the Kansas export loan guarantee fund for the preceding month; and
- (2) the net earnings rate of the pooled money investment portfolio for the preceding month.

Sec. 35. On and after July 1, 2003, K.S.A. 74-5082 is hereby amended to read as follows: 74-5082. (a) On and after July 1, 2003, there is hereby established within and as a part of the division of community development the office the Kansas development finance authority a division of housing the head of which shall be the director of housing. Under the supervision of the director of community development president of the Kansas development finance authority, the director of housing shall administer the office division of housing.

(b) Subject to and in accordance with appropriations acts the provisions of K.S.A. 74-8901 et seq., and amendments thereto, the office division of housing is hereby authorized and empowered to:

- (1) Prepare, from time to time amend, and administer the state housing plan in accordance with criteria of the federal department of housing and urban development;
- (2) serve as a clearinghouse and single point of contact for the state regarding information, programs, and resources related to affordable and accessible housing;
- (3) provide access and management of federal housing programs for delivery to the citizens and businesses of Kansas;
- (4) work with existing agencies, organizations, and social programs to assist in the development of affordable and accessible housing; and
- (5) exercise such other powers and perform such other duties as may be prescribed by law.

(continued)

(c) The office division of housing shall prepare and submit to the governor and the legislature an annual report regarding administration of the state housing plan.

Sec. 36. On and after July 1, 2003, K.S.A. 74-5084 is hereby amended to read as follows: 74-5084. Whenever the designation of a state agency is required by any federal act or program under which federal financial assistance is made available for housing or housing related purposes, the department of commerce division of housing in the Kansas development finance authority shall serve as the officially designated state agency of Kansas and such department division shall be responsible for exercising the powers and performing the functions and duties required of state agencies under such federal acts and programs.

Sec. 37. On and after July 1, 2003, K.S.A. 74-5086a is hereby amended to read as follows: 74-5086a. (a) There is hereby established in the state treasury the state housing trust fund. All moneys credited to the state housing trust fund shall be used for the purposes of housing programs and services including, but not limited to, the provision of financial programs for the repair, rehabilitation and improvement of existing residential housing, accessibility modifications, rental subsidies and the provision of housing services and assistance to persons having low or moderate income and disabled persons.

(b) The state housing trust fund shall be administered by the office division of housing of in the department of commerce and housing Kansas development finance authority. All expenditures from the state housing trust fund shall be in accordance with appropriations acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of commerce and housing or the secretary's designee.

(c) The office division of housing and the department of commerce and housing Kansas development finance authority are hereby authorized to apply for and receive available public or private grants, gifts and donations for the purposes of housing programs and services. All such grants, gifts and donations 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 and all such grants, gifts and donations, which are not required to be credited in a separate special revenue fund, shall be credited to the state housing trust fund. All moneys received by the department of commerce and housing for fees related to housing 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 and such moneys, which are not required to be credited in a separate special revenue fund, shall be credited to the state housing trust fund division of housing in the Kansas development finance authority.

(d) On or before the 10th of each month, the director of accounts and reports shall transfer from the state general fund to the state housing trust fund interest earnings based on:

(1) The average daily balance of moneys in the state housing trust fund for the preceding month; and

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

Sec. 38. On and after July 1, 2003, K.S.A. 74-5089 is hereby amended to read as follows: 74-5089. (a) There is hereby established a state matching grant program to provide assistance in the promotion of tourism and development of quality tourist attractions within the state of Kansas. Grants awarded under this program shall be limited to not more than 40% of the cost of any proposed project. Applicants shall not utilize any state moneys to meet the matching requirements under the provisions of this program. Both public and private entities shall be eligible to apply for a grant under the provisions of this act. Not less than 75% of all moneys granted under this program shall be allocated to public entities or entities exempt from taxation under the provisions of 501(c)(3) of the federal internal revenue code of 1986 and amendments thereto. After July 1, 1994, no more than 20% of moneys granted to public or nonprofit entities shall be granted to any single such entity. Furthermore, after July 1, 1994, no more than 20% of moneys granted to private entities shall be granted to any single such entity. The secretary of commerce and housing shall administer the provisions of this act and the secretary may adopt rules and regulations establishing criteria for qualification for a matching

grant and such other matters deemed necessary by the secretary for the administration of this act.

(b) For the purpose of K.S.A. 74-5089 through 74-5091, and amendments thereto, "tourist attraction" means a site that is of significant interest to tourists as a historic, cultural, scientific, educational, recreational or architecturally unique site, or as a site of natural scenic beauty or an area naturally suited for outdoor recreation, however, under no circumstances shall "tourist attraction" mean a race track facility, as defined in K.S.A. 74-8802, and amendments thereto, or any casino or other establishment which operates class three games, as defined in the 1991 version of 25 USC 2703.

(c) During the fiscal year 1997, Kansas Inc. shall commission an analysis of this program's impact on tourism. The analysis shall include a recommendation for continuation, discontinuation or alteration of the program.

Sec. 39. On and after July 1, 2003, K.S.A. 74-5091 is hereby amended to read as follows: 74-5091. (a) There is hereby established the Kansas tourist attraction matching grant development fund in the state treasury. The Kansas tourist attraction matching grant development fund shall be administered by the secretary of commerce and housing. All moneys in the Kansas tourist attraction matching grant development fund shall be used to provide matching grants to provide assistance in the promotion of tourism and the development of quality tourist attractions within this state in accordance with this act.

(b) All moneys received pursuant to subsection (c) of K.S.A. 74-5032a, and amendments thereto, 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 to the credit of the Kansas tourist attraction matching grant development fund.

(c) On or before the 10th of each month, the director of accounts and reports shall transfer from the state general fund to the Kansas tourist attraction matching grant development fund interest earnings based on:

(1) The average daily balance of moneys in the Kansas tourist attraction matching grant development fund for the preceding month; and

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

Sec. 40. On and after July 1, 2003, K.S.A. 74-5095 is hereby amended to read as follows: 74-5095. (a) There is hereby established the community strategic planning grant committee which is composed of the following:

- (1) The president of Kansas, Inc., who shall act as chairperson;
- (2) the director of the national institute for rural development or the director's designee;
- (3) one member from the Kansas association of counties;
- (4) one member from the Kansas league of municipalities;
- (5) one member from the Kansas industrial developers association who is also from a metropolitan county; and
- (6) one member with extensive knowledge of urban revitalization or public finance or both who shall be appointed by the secretary of commerce and housing.

(b) Members designated in subsections (a)(3), (4) and (5) shall be appointed by the secretary of commerce and housing in consultation with the respective associations named therein.

(c) The committee is hereby attached to the department of commerce and housing as a part thereof. All budgeting, purchasing and related management functions of the committee shall be administered by the secretary of commerce and housing. The secretary of commerce and housing shall provide office and meeting space and such clerical and other staff assistance as may be necessary to assist the committee in carrying out its powers, duties and functions under this act.

(d) Members of the committee attending meetings of the committee, or attending a subcommittee meeting thereof authorized by the committee, may be paid compensation, subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3223 and amendments thereto.

Sec. 41. On and after July 1, 2003, K.S.A. 74-5096 is hereby amended to read as follows: 74-5096. The department of commerce and housing shall administer the provisions of this act to provide:

(a) Grants to city-county economic development organizations, located in nonmetropolitan counties, for the development and implementation of county-wide economic development strategy plans.

(b) Grants to neighborhood revitalization organizations, located in metropolitan counties, for the development and implementation of urban revitalization strategy plans.

Sec. 42. On and after July 1, 2003, K.S.A. 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 and housing 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 and housing 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 and housing 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 stra-

tegic economic development plan may result in the reduction of any subsequent action grant awarded to the recipient.

(c) The secretary of commerce and housing 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 and housing 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. 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 and housing 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. 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 and housing 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.

Sec. 43. On and after July 1, 2003, K.S.A. 74-50,103 is hereby amended to read as follows: 74-50,103. As used in the IMPACT act unless the context clearly requires otherwise:

(a) "Act" means the Kansas investments in major projects and comprehensive training act.

(b) "Agreement" means the agreement among an employer, an educational institution and the secretary of commerce and housing concerning a SKILL project or a combined SKILL project and major project investment and the agreement between an employer and the secretary of commerce and housing concerning a major project investment.

(c) "Bond" means a public purpose bond issued for IMPACT projects by the Kansas development finance authority.

(d) "Date of commencement of the project" means the date of the agreement.

(e) "Educational institution" means a community college, as defined by K.S.A. 71-701, and amendments thereto, an area vocational school or area vocational-technical school, as defined by K.S.A. 72-4412, and amendments thereto, a university, as defined by K.S.A. 72-6501, and amendments thereto, or a state educational institution, as defined by K.S.A. 76-711, and amendments thereto.

(f) "Employee" means a person employed in a new or retained job.

(g) "Employer" means a Kansas basic enterprise providing new jobs or retaining existing jobs in conjunction with a project.

(h) "IMPACT program" or "program" means the major project investments and SKILL projects undertaken by the department of commerce and housing in accordance with the provisions of this act for a new or expanding Kansas basic enterprise.

(i) "IMPACT project" or "project" means a SKILL project, major project investment or a combination of the two.

(continued)

- (j) "Kansas basic enterprise" means any enterprise:
- (1) Which is located or principally based in Kansas; and
 - (2) which can provide demonstrable evidence that:
 - (A) It is primarily engaged in any one or more of the Kansas basic industries; or
 - (B) it is primarily engaged in the development or production of goods or the provision of services for out-of-state sale; or
 - (C) it is primarily engaged in the production of goods or the provision of services which will attract out-of-state buyers or consumers into the state; or
 - (D) it is primarily engaged in the production of raw materials, ingredients, or components for other enterprises which export the majority of their products from the state; or
 - (E) it is a national or regional enterprise which is primarily engaged in interstate commerce or an affiliated management company of such an enterprise; or
 - (F) it is primarily engaged in the production of goods or the provision of services which will supplant goods or services which would be imported into the state; or
 - (G) it is the corporate or regional headquarters of a multistate enterprise which is primarily engaged in out-of-state industrial activities.
 - (k) "Kansas basic industry" means:
 - (1) Agriculture;
 - (2) mining;
 - (3) manufacturing;
 - (4) interstate transportation;
 - (5) wholesale trade which is primarily multistate in activity or which has a major import supplanting effect within the state;
 - (6) financial services which are provided primarily for interstate or international transactions;
 - (7) business services which are provided primarily in out-of-state markets;
 - (8) research and development of new products, processes, or technologies; or
 - (9) tourism activities which are primarily engaged in for the purpose of attracting out-of-state tourists.
 - (l) "Major project investment" or "investment" means financial assistance to an employer to defray business costs including, but not limited to, relocation expenses, building and equipment purchases, labor recruitment and job retention.
 - (m) "New job" means a job in a new or expanding Kansas basic enterprise not including jobs of recalled workers, or existing jobs that are vacant or other jobs that formerly existed in the Kansas basic enterprise in Kansas.
 - (n) "Primarily engaged" means engagement in an activity by an enterprise to the extent that not less than 51% of the gross income of the enterprise is derived from such engagement.
 - (o) "Program costs" means all necessary and incidental costs of providing program services, except that program costs shall not include: (1) Any wages paid to persons receiving education or training under a project, (2) any costs for purchase or lease of training equipment that exceed 50% of total program costs for the project, and (3) any costs for administrative expenses of educational institutions that exceed 10% of total program costs for the project.
 - (p) "Program services" means:
 - (1) New jobs training, including training development costs, except that the actual training period for any new job shall not exceed 36 months from the date the job is first filled by an employee;
 - (2) adult basic education and job-related instruction;
 - (3) vocational and skill-assessment services and testing;
 - (4) training equipment for education institutions;
 - (5) material and supplies;
 - (6) administrative expenses of educational institutions for new jobs training programs;
 - (7) subcontracted services with other educational institutions, private colleges or universities or other federal, state or local agencies; and
 - (8) contracted or professional service;
 - (9) major project investments.
 - (q) "Retained job" means an existing job which will be lost without participation by the employer under the provisions of the IMPACT program.

(r) "SKILL project" means a training arrangement which is the subject of an agreement entered into between the educational institution and an employer to provide program services.

Sec. 44. On and after July 1, 2003, K.S.A. 74-50,104 is hereby amended to read as follows: 74-50,104. (a) The secretary of commerce and housing shall administer the provisions of this act and the IMPACT program established thereunder. The secretary of commerce and housing shall encourage Kansas basic enterprises with similar training needs to cooperate in establishing SKILL projects. The secretary of commerce and housing shall coordinate the SKILL program with other job training programs administered by the department of commerce and housing. The secretary of commerce and housing shall provide opportunities for coordination and cooperation of SKILL projects with other job training activities in Kansas.

(b) The secretary of commerce and housing shall adopt rules and regulations as follows: (1) Prescribing review standards and priorities for approval of proposed agreements under this act, including appropriate incentives for cooperation among projects, in order to maximize the number of new jobs created with respect to individual Kansas basic enterprises, which will remain in Kansas, and (2) prescribing limits on program costs and on project and program size in relation to the number of new jobs created or the wages of new jobs created. No agreement shall be approved which provides for program costs of a project under the agreement of more than 90% of the amount equal to the estimated rate of withholding tax applied to the estimated amount of gross wages of all the new jobs under the project over a ten-year period.

(c) Notice of the approval of a project or program under the IMPACT act shall be provided to the chairpersons of the senate committee on commerce and the committee on economic development of the house of representatives.

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

Sec. 45. On and after July 1, 2003, K.S.A. 74-50,105 is hereby amended to read as follows: 74-50,105. (a) Subject to the approval of the secretary of commerce and housing, an educational institution may enter into an agreement to establish a project and provide program services to an employer. As soon as possible after initial contact between an educational institution and an employer regarding the possibility of entering into an agreement, the educational institution shall inform the secretary of commerce and housing about the potential project. If an agreement is entered into, the educational institution and the employer shall notify the secretary of revenue with *within* 15 calendar days.

(b) Among other provisions, an agreement shall include:

(1) Provisions regarding payment of program costs, including deferred costs, which may be paid from one or a combination of the following sources:

- (A) The IMPACT program services fund;
- (B) tuition, student fees, or special charges fixed by the educational institution to defray program costs in whole or in part; and
- (C) grants or donations available from federal agencies or other public or private sources;

(2) a provision requiring each Kansas basic enterprise under the agreement to submit information to the secretary of commerce and housing regarding the numbers of new jobs and the wages and withholding taxes paid therefor;

(3) a provision which fixes any tuition and fee payments which shall be paid for program costs; and

(4) a provision which fixes an amount that shall be paid by an employer if an agreement is terminated or any provision of the agreement is breached by the employer prior to satisfaction of all of the employer's obligations under the agreement and which prescribes that any such payment shall be deposited in the state treasury to the credit of the IMPACT program services fund.

(c) Any payment required to be made by an employer shall be a lien upon the employer's business property until paid and has equal precedence with ordinary taxes and shall not be divested by a judicial sale. Property subject to the lien may be sold for sums due and delinquent at a tax sale, with the same forfeitures, penalties and consequences as for the nonpayment of ordinary taxes. The purchasers at tax sale obtain the property subject to the remaining payments.

(d) The payment of program costs incurred under any agreement shall not be deferred for a period longer than 10 years from the date of the commencement of the project.

Sec. 46. On and after July 1, 2003, K.S.A. 74-50,106 is hereby amended to read as follows: 74-50,106. (a) The secretary of commerce and housing shall review applications for proposed agreements submitted by employers in accordance with the standards and guidelines prescribed by this act and by rules and regulations adopted under K.S.A. 74-50,104, and amendments thereto. Each application for approval of a proposed agreement shall be accompanied by information about the number and wages of the new or retained jobs created by the employer, documentation of existing training activities of the employer and such other information as may be required by the secretary of commerce and housing.

(b) The secretary of commerce and housing may pool the funding requirements of projects which are the subject of proposed agreements to determine the funding requirements of the SKILL projects under consideration to facilitate the issuance of bonds by the Kansas development finance authority.

(c) The secretary of commerce and housing is hereby authorized to expend funds raised pursuant to this act on major project investments. The secretary shall adopt guidelines consistent with this act concerning firm eligibility for major project investments and shall otherwise administer the major project investment portion of the IMPACT act.

(d) In order for an employer to be eligible for a major project investment, the employer must:

(1) Annually make an investment in training and education of the employer's employees that exceeds 2% of the employer's total annual payroll costs; or

(2) agree that a portion of any funds available under the agreement be spent directly on employee education and training.

(e) An employer not creating new jobs shall not be eligible for participation in an IMPACT program unless the employer meets the following criteria: (1) Maintains a minimum of 250 retained jobs; (2) makes a capital investment of at least \$50,000,000; and (3) the secretary of commerce and housing finds that the program or project will be a major factor in the Kansas basic enterprise remaining in Kansas.

(f) Prior to obtaining financing from the Kansas development finance authority for any project, group of projects or major project investment for one or more employers, the secretary of commerce and housing shall present each such project to the governor's council on work force training and investment for review and approval. No agreement shall be approved by the secretary of commerce and housing unless each project under the agreement has been reviewed and finally approved by the governor's council on work force training and investment.

Sec. 47. On and after July 1, 2003, K.S.A. 74-50,107 is hereby amended to read as follows: 74-50,107. (a) The secretary of commerce and housing shall determine and from time to time shall redetermine the rate at which moneys shall be credited to the IMPACT program repayment fund in order to satisfy all bond repayment obligations which have been incurred to finance program costs for IMPACT programs (which shall be referred to as the debt service rate) and the rate at which moneys shall be credited to the IMPACT program services fund in order to finance program costs that are not financed by bonds (which shall be referred to as the direct funding rate). The total of the debt service rate and the direct funding rate shall be the combined rate. Each rate so determined shall be certified to the secretary of revenue. On and after July 1, 2003, the combined rate determined under this subsection shall not exceed 1.5%. On and after July 1, 2005, the combined rate determined under this subsection shall not exceed 2%.

(b) Upon receipt of the rates determined and certified under subsection (a), the secretary of revenue shall apply daily the combined rate to that portion of the moneys withheld from the wages of individuals and collected under the Kansas withholding and declaration of estimated tax act K.S.A. 79-3294 *et seq.*, and amendments thereto. The amount so determined shall be credited as follows: (1) The portion attributable to the debt service rate shall be credited to the IMPACT program repayment fund, and (2) the remaining portion shall be credited to the IMPACT program services fund.

The aggregate of all amounts credited to the IMPACT program repayment fund under this section during any fiscal year to pay bond repayment obligations on bonds to finance major project investments shall not exceed 10% of the amount which results when the rate of 1% is applied to all

money withheld from the wages of individuals and received under the Kansas withholding and declaration of estimated tax act.

On and after July 1, 2003, the aggregate of all amounts credited to the IMPACT program repayment fund under this section during any fiscal year to pay bond repayment obligations on bonds to finance major project investments shall not exceed 10% of the amount which results when the rate of 1.5% is applied to all moneys withheld from the wages of individuals and received under the Kansas withholding and declaration of estimated tax act.

On and after July 1, 2005, the aggregate of all amounts credited to the IMPACT program repayment fund under this section during any fiscal year to pay bond repayment obligations on bonds to finance major project investments shall not exceed 10% of the amount which results when the rate of 2% is applied to all money withheld from the wages of individuals and received under the Kansas withholding and declaration of estimated tax act.

Sec. 48. On and after July 1, 2003, K.S.A. 74-50,108 is hereby amended to read as follows: 74-50,108. There is hereby created in the state treasury the IMPACT program services fund. The secretary of commerce and housing shall administer the IMPACT program services fund. All moneys credited to the SKILL program services fund shall be for all or part of the program costs of projects or major project investments approved by the secretary of commerce and housing under this act, except that moneys in the IMPACT program services fund which are not required to pay program costs or major projects investments may be transferred to the state general fund in accordance with provisions of appropriation acts. All expenditures from the IMPACT program services fund shall be for the purposes of paying program costs and shall be made in accordance with appropriations acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of commerce and housing or the secretary's designee. The secretary of commerce and housing shall remit all moneys received under this act, including the proceeds of bonds issued by the Kansas development finance authority for the purposes of this act 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 IMPACT program services fund.

Sec. 49. On and after July 1, 2003, K.S.A. 74-50,109 is hereby amended to read as follows: 74-50,109. (a) There is hereby created in the state treasury the IMPACT program repayment fund. The secretary of commerce shall administer the IMPACT program repayment fund. Except as provided in subsection (c), all moneys credited to the IMPACT program repayment fund shall be to make payments to the Kansas development finance authority for payment of costs relating to the retirement of bonds issued to finance projects approved by the secretary of commerce and housing under this act, including but not limited to the principal of and interest on such bonds and the expenses of issuance. All expenditures from the IMPACT program repayment fund shall be made in accordance with appropriations acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of commerce and housing or the secretary's designee.

(b) Upon request of the secretary of commerce and housing, the director of accounts and reports shall establish one or more reserve accounts in the IMPACT program repayment fund to secure one or more issues of bonds issued by the Kansas development finance authority for the purposes of this act.

(c) On June 30 of each year, any unencumbered balance in the IMPACT program repayment fund which is not required for payment of such expenses during the ensuing fiscal year, including any such expenses associated with proposed investments agreements and bond issues under consideration for such fiscal year, and which is not credited to any reserve account in the fund, as certified by the secretary of commerce and housing to the director of accounts and reports, shall be transferred by the director of accounts and reports from the IMPACT program repayment fund to the IMPACT program services fund.

Sec. 50. On and after July 1, 2003, K.S.A. 74-50,110 is hereby amended to read as follows: 74-50,110. The activities of the secretary of commerce and housing in administering and performing the powers, duties and functions prescribed by the provisions of this act and providing moneys for IMPACT programs from the proceeds of bonds issued by the Kansas development finance authority are hereby approved for the pur-

(continued)

poses of subsection (b) of K.S.A. 74-8905 and amendments thereto and the authorization of the issuance of such bonds by the Kansas development finance authority in accordance with that statute. The provisions of subsection (a) of K.S.A. 74-8905 and amendments thereto shall not prohibit the issuance of bonds for such purposes when so authorized and any such issuance of bonds is exempt from the provisions of subsection (a) of K.S.A. 74-8905 and amendments thereto.

Sec. 51. On and after July 1, 2003, K.S.A. 74-50,111 is hereby amended to read as follows: 74-50,111. The secretary of commerce and housing shall annually report on activities under the IMPACT act, pursuant to K.S.A. 74-5049, and amendments thereto. Each report shall contain information regarding the number and characteristics of the new jobs created or jobs retained in Kansas for which SKILL projects or major project investments have been financed under this act, including a report on any such new or retained jobs which do not continue to exist and the circumstances and effect of any such discontinuances.

Sec. 52. On and after July 1, 2003, K.S.A. 74-50,114 is hereby amended to read as follows: 74-50,114. As used in K.S.A. 74-50,113 through 74-50,117 and amendments thereto:

(a) "Ancillary support" means a facility which is operated by a business and whose function is to provide services in support of the business, but is not directly engaged in the business' primary function.

(b) "Business" means any manufacturing business or nonmanufacturing business.

(c) "Business headquarters" means a facility where principal officers of the business are housed and from which direction, management or administrative support for transactions is provided for a business or division of a business or regional division of a business.

(d) "Full-time employee" means a person who is required to file a Kansas income tax return and who is employed by a business or retail business to perform duties in connection with the operation of the business or retail business on:

- (1) A regular, full-time basis;
- (2) a part-time basis, provided such person is customarily performing such duties at least 20 hours per week throughout the taxable year; or
- (3) a seasonal basis, provided such person performs such duties for substantially all of the season customary for the position in which such person is employed. The number of full-time employees during any taxable year shall be determined by dividing by 12 the sum of the number of full-time employees on the last business day of each month of such taxable year. If the business or retail business is in operation for less than the entire taxable year, the number of full-time employees shall be determined by dividing the sum of the number of full-time employees on the last business day of each full calendar month during the portion of such taxable year during which the business was in operation by the number of full calendar months during such period.

(e) "Manufacturing business" means all commercial enterprises identified under the manufacturing standard industrial classification codes, major groups 20 through 39.

(f) "Metropolitan county" means the county of Douglas, Johnson, Leavenworth, Sedgwick, Shawnee or Wyandotte.

(g) "Nonmanufacturing business" means any commercial enterprise other than a manufacturing business or a retail business. Nonmanufacturing business shall also include the business headquarters of an enterprise, ancillary support of an enterprise, and an enterprise designated under standard industrial classification codes 5961, 7948-0201 or 7372 regardless of the firm's classification as a retail business if that facility for which the sales tax exemption certificate is issued facilitates the creation of at least 20 new full-time positions. In addition, with respect to enterprises in standard industrial classification code 7948-0201, such enterprises must operate an auto racetrack in the state involving capital improvements costing not less than \$100,000,000.

For taxable years commencing after December 31, 1997, any ancillary support business which would otherwise be eligible for a sales tax exemption or an income, premium or privilege tax credit pursuant to this subsection shall incorporate in its tax filing for the exemption or credit a statement from the secretary of commerce and housing which includes a finding by the secretary that the job expansion incident to the exemption or credit claimed would not have occurred in the absence of the credit or exemption.

(h) "Nonmetropolitan region" means a region established under K.S.A. 74-50,116 and amendments thereto and is comprised of any county or counties which are not metropolitan counties.

(i) "Retail business" means: (1) Any commercial enterprise primarily engaged in the sale at retail of goods or services taxable under the Kansas retailers' sales tax act; (2) any service provider set forth in K.S.A. 17-2707, and amendments thereto; (3) any bank, savings and loan or other lending institution; (4) any commercial enterprise whose primary business activity includes the sale of insurance; and (5) any commercial enterprise deriving its revenues directly from noncommercial customers in exchange for personal services such as, but not limited to, barber shops, beauty shops, photographic studios and funeral services.

(j) "Secretary" means the secretary of the Kansas department of commerce and housing.

(k) "Standard industrial classification code" means a standard industrial classification code published in the Standard Industrial Classification manual, 1987, as prepared by the statistical policy division of the office of management and budget of the office of the president of the United States of America.

Sec. 53. On and after July 1, 2003, K.S.A. 74-50,115 is hereby amended to read as follows: 74-50,115. (a) A manufacturing business may be eligible for a sales tax exemption under the provisions of subsection (cc) of K.S.A. 79-3606, and amendments thereto, if the manufacturing business complies with the following requirements:

(1) A manufacturing business shall provide documented evidence of job expansion involving the employment of at least two additional full-time employees; and

(2) a manufacturing business located within the state of Kansas that has documented evidence of job expansion as provided in paragraph (1), which relocates in another city or county within the state of Kansas must receive approval from the secretary prior to qualifying for the sales tax exemption in subsection (cc) of K.S.A. 79-3606, and amendments thereto, except that approval by the secretary shall not be required if the manufacturing business relocates within the same city.

(b) A nonmanufacturing business may be eligible for a sales tax exemption under the provisions of subsection (cc) of K.S.A. 79-3606, and amendments thereto, if the nonmanufacturing business complies with the following requirements:

(1) A nonmanufacturing business shall provide documented evidence of job expansion involving the employment of at least five additional full-time employees; and

(2) a nonmanufacturing business located within the state of Kansas that has documented evidence of job expansion as provided in paragraph (1), which relocates in another city or county within the state of Kansas must receive approval from the secretary prior to qualifying for the sales tax exemption in subsection (cc) of K.S.A. 79-3606, and amendments thereto, except that approval by the secretary shall not be required if the nonmanufacturing business relocates within the same city.

(c) A retail business may qualify for the sales tax exemption under subsection (cc) of K.S.A. 79-3606, and amendments thereto, if the retail business complies with the following requirements:

(1) A retail business shall provide documented evidence of job expansion involving the employment of at least two additional full-time employees; and

(2) (A) such retail business locates or expands to a city having a population of 2,500 or less, as determined by the latest United States federal census, or (B) such retail business locates or expands prior to July 1, 2004, to a location outside a city in a county having a population of 10,000 or less, as determined by the latest United States federal census.

(d) Any person constructing, reconstructing, remodeling or enlarging a facility which will be leased in whole or in part for a period of five years or more to a business that would be eligible for a sales tax exemption hereunder if such business had constructed, reconstructed, enlarged or remodeled such facility or portion thereof itself shall be entitled to the sales tax exemption under the provisions of subsection (cc) of K.S.A. 79-3606, and amendments thereto. When such person leases less than the total facility to an eligible business, a project exemption certificate may be granted on: (1) The total cost of constructing, reconstructing, remodeling or enlarging, the facility multiplied by a fraction given by dividing the number of leased square feet eligible for the sales tax exemption by the total square feet being constructed, reconstructed, remodeled or enlarged; or (2) the actual cost of constructing, reconstructing, remodeling

or enlarging that portion of the facility to be occupied by the eligible business, as the person may elect.

(e) A business may qualify for a sales tax exemption under subsection (cc) of K.S.A. 79-3606, and amendments thereto, without regard to any of the foregoing requirements of this section if it is certified as a qualified firm by the secretary of commerce and housing pursuant to K.S.A. 74-50,131, and amendments thereto, and is entitled to the corporate tax credit established in K.S.A. 74-50,132, and amendments thereto, or has received written approval for participation and has participated, during the tax year in which the exemption is claimed, in training assistance by the department of commerce and housing under the Kansas industrial training, Kansas industrial retraining or state of Kansas investments in lifelong learning program.

(f) The secretary may adopt rules and regulations to implement and administer the provisions of this section.

Sec. 54. On and after July 1, 2003, K.S.A. 74-50,131 is hereby amended to read as follows: 74-50,131. Commencing after December 31, 1999: (a) As used in this act: "Qualified firm" means a for-profit business establishment, subject to state income, sales or property taxes, identified under the standard industrial classification (SIC) codes as in effect July 1, 1993, major groups 20 through 39, major groups 40 through 51, and major groups 60 through 89; identified under the North American industry classification system (NAICS) as in effect on October 1, 2000, or is identified as a corporate or regional headquarters or back-office operation of a national or multi-national corporation regardless of SIC code or NAICS designation. The secretary of commerce and housing shall determine eligibility when a difference exists between a firm's SIC code and NAICS designation. A business establishment may be assigned a standard industrial classification code or NAICS designation according to the primary business activity at a single physical location in the state.

(b) In the case of firms in major groups 40 through 51, and major groups 60 through 89 or the appropriate NAICS designation the business establishment must also demonstrate the following:

(1) More than 1/2 of its gross revenues are a result of sales to commercial or governmental customers outside the state of Kansas; or

(2) more than 1/2 of its gross revenues are a result of sales to Kansas manufacturing firms within major groups 20 through 39 or the appropriate NAICS designation; or

(3) more than 1/2 of its gross revenues are a result of a combination of sales described in (1) and (2).

(c) For purposes of determining whether one of the average wage options described in subsection (d) below is satisfied, business establishments located within a metropolitan county, as defined in K.S.A. 74-50,114, and amendments thereto, will be compared only to other businesses within that metropolitan county, and business establishments located outside of a metropolitan county will be compared to businesses within an aggregation of counties representing the business establishment's region of the state, which regional aggregation will exclude metropolitan counties. Such aggregation shall be determined by the department of commerce and housing.

(d) Additionally, a business establishment having met the criteria as established in subsection (a) or (b), and using the comparison method described in subsection (c), must meet one of the following criteria:

(1) The establishment with 500 or fewer full-time equivalent employees will provide an average wage that is above the average wage paid by all firms with 500 or fewer full-time equivalent employees which share the same two-digit standard industrial classification code or appropriate NAICS designation.

(2) The establishment with 500 or fewer full-time equivalent employees is the sole firm within its two-digit standard industrial classification code or appropriate NAICS designation which has 500 or fewer full-time equivalent employees.

(3) The establishment with more than 500 full-time equivalent employees will provide an average wage that is above the average wage paid by firms with more than 500 full-time equivalent employees which share the same two-digit standard industrial classification code or appropriate NAICS designation.

(4) The establishment with more than 500 full-time equivalent employees is the sole firm within its two-digit standard industrial classification code or appropriate NAICS designation which has 500 or more full-time equivalent employees, in which event it shall either provide an average wage that is above the average wage paid by all firms with 500 or fewer full-time equivalent employees which share the same two-digit

standard industrial classification code or appropriate NAICS designation, or be the sole firm within its two-digit standard industrial classification code or appropriate NAICS designation.

(e) As an alternative to the requirements of subsections (c) and (d), a firm having met the requirements of subsections (a) or (b), may qualify, if excluding taxable disbursements to company owners, the business establishment's annual average wage must be greater than or equal to 1.5 times the aggregate average wage paid by industries covered by the employment security law based on data maintained by the secretary of human resources.

(f) For the purposes of this section, the number of full-time equivalent employees shall be determined by dividing the number of hours worked by part-time employees during the pertinent measurement interval by an amount equal to the corresponding multiple of a 40-hour work week and adding the quotient to the number of full-time employees.

(g) The secretary of commerce and housing shall certify annually to the secretary of revenue that a firm meets the criteria for a qualified firm and that the firm is eligible for the benefits and assistance provided under this act. The secretary of commerce and housing is hereby authorized to obtain any and all information necessary to determine such eligibility. Information obtained under this section shall not be subject to disclosure pursuant to K.S.A. 45-215 *et seq.*, and amendments thereto, but shall upon request be made available to the legislative post audit division. The secretary of commerce and housing shall publish rules and regulations for the implementation of this act. Such rules and regulations shall include, but not be limited to:

(1) A definition of "training and education" for purposes of K.S.A. 74-50,132, and amendments thereto.

(2) Establishment of eligibility requirements and application procedures for expenditures from the high performance incentive fund created in K.S.A. 74-50,133, and amendments thereto.

(3) Establishment of approval guidelines for private consultants authorized pursuant to K.S.A. 74-50,133, and amendments thereto.

(4) Establishment of guidelines for prioritizing business assistance programs pursuant to K.S.A. 74-50,133, and amendments thereto.

(5) A definition of "commercial customer" for the purpose of K.S.A. 74-50,133, and amendments thereto.

(6) A definition of "headquarters" for the purpose of K.S.A. 74-50,133, and amendments thereto.

(7) Establishment of guidelines concerning the use and disclosure of any information obtained to determine the eligibility of a firm for the assistance and benefits provided for by this act.

Sec. 55. On and after July 1, 2003, K.S.A. 74-50,133 is hereby amended to read as follows: 74-50,133. There is hereby created within the department of commerce and housing the "high performance incentive fund" to provide matching funds for business assistance and consulting services to qualified firms under the provisions of K.S.A. 74-50,131 that are entitled to a workforce training tax credit under the provisions of K.S.A. 74-50,132 or have received written approval for and are participating, at the time the funds are sought, in the Kansas industrial training, Kansas industrial retraining or state of Kansas investments in lifelong learning program, subject to appropriation of funds and program criteria, as hereinafter provided. The department of commerce and housing may provide funds to qualified firms, on a matching basis, to pay up to 50% of such firm's costs of acquiring consulting services provided by the mid-America manufacturing technology center, or approved private consultants to assist in improving the firm's management, production processes or product or service quality. Qualified firms also shall receive priority consideration for any other business assistance programs administered by the department of commerce and housing, the Kansas technology enterprise corporation and the mid-America manufacturing technology center.

Sec. 56. On and after July 1, 2003, K.S.A. 74-50,134 is hereby amended to read as follows: 74-50,134. During fiscal year 1998, Kansas, Inc. shall commission an analysis of this program. Within Kansas, Inc.'s discretion, the analysis shall evaluate all aspects of the program, and particularly the impact of program incentives on:

- (a) Job training and retraining;
- (b) capital investment and related job creation;
- (c) usage of consulting services to improve overall business operations;
- (d) export of goods and services outside the state; and

(continued)

(e) usage of other business assistance programs administered by the department of commerce and housing, the Kansas technology enterprise corporation and the mid-America manufacturing technology center. The analysis shall include a recommendation for continuation, discontinuation or alteration of the program. The analysis shall be reported to the joint committee on economic development.

Sec. 57. On and after July 1, 2003, K.S.A. 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 and housing, 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 and housing 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 and housing. 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 and housing and Kansas, Inc. shall make joint 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) A five member panel consisting of the secretary of commerce and housing, the president of Kansas, Inc., the president of the Kansas technology enterprise corporation, the private sector chairperson of the board of Kansas, Inc., and the private sector chairperson of the Kansas technology enterprise corporation shall review annually the propriety of projects funded under this section. The panel shall report its findings in writing to the governor, the new economy committee of the house of representatives, the senate commerce committee and the joint committee on economic development. The report to the new economy committee of the house of representatives, the commerce committee of the senate and the joint committee on economic development under this subsection shall be made either (1) by the panel 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. 58. On and after July 1, 2003, K.S.A. 74-50,152 is hereby amended to read as follows: 74-50,152. As a part of the annual report required pursuant to K.S.A. 74-5049, and amendments thereto, the secretary of commerce and housing shall issue a report concerning the use of the fund to the joint committee on economic development. The secretary's report shall include a detailed description of how funds were spent, what, if any, economic benefits were realized from the expenditures and whether the intended outcomes identified pursuant to subsection (c) of K.S.A. 74-50,151 and amendments thereto have been realized. The report to the joint committee on economic development under this section shall be made by the secretary either (a) by publishing such report on the internet and by notifying each member of the joint committee 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 the joint committee.

Sec. 59. On and after July 1, 2003, K.S.A. 74-50,153 is hereby amended to read as follows: 74-50,153. (a) "Institution" has the meaning ascribed thereto by K.S.A. 76-12a01, and amendments thereto.

(b) Any entity which provides services which were previously provided by an institution, but which the institution no longer provides due to the institution's closure, scheduled closure or cessation or reduction of operation due to budget reductions, shall receive top priority consideration for any business assistance program administered by the department of commerce and housing for which the entity is eligible. Such priority shall be greater than the priority established in K.S.A. 74-50,133, and amendments thereto.

(c) The provisions of this act shall expire 12 months after closure of both Winfield state hospital and Topeka state hospital.

Sec. 60. On and after July 1, 2003, K.S.A. 74-50,156 is hereby amended to read as follows: 74-50,156. (a) There is hereby established within and as a part of the department of commerce and housing the agriculture products development division. The secretary of commerce and housing shall appoint a director of such division and such director shall be in the unclassified service of the Kansas civil service act. Subject to and in accordance with appropriations acts, the agriculture products development division shall include: (1) All powers, duties and functions related to the agricultural value added center pursuant to subsections (b) and (c); (2) all powers and duties created regarding the division of markets pursuant to K.S.A. 74-530, and amendments thereto, which are hereby transferred; (3) all powers and duties created regarding registered trademarks pursuant to K.S.A. 74-540a, and amendments thereto, which are hereby transferred; (4) all powers and duties regarding the trademark fund pursuant to K.S.A. 74-540b, and amendments thereto, which are hereby transferred; and (5) all powers and duties created regarding expenditures and moneys credited to the market development fund pursuant to K.S.A. 74-540c, and amendments thereto, which are hereby transferred.

(b) The objectives of the agricultural value added center within the agriculture products development division shall include, but not be limited to, providing technical assistance to existing and potential value added facilities, including incubator facilities; developing a network for collecting and distributing information to individuals involved in value added processing in Kansas; initiating pilot plant facilities to act as research and development laboratories for existing and potential small scale value

added processing endeavors in Kansas; providing technical assistance to new agricultural value added businesses; developing and promoting communication and cooperation among private businesses; state government agencies and public and private colleges and universities in Kansas; establishing research and development programs in technologies that have value added commercial potential for food and nonfood agricultural products achieving substantial and sustainable continuing growth for the Kansas economy through value added products from agriculture; serving as a catalyst for industrial agriculture through technological innovation in order to expand economic opportunity for all Kansas communities; establishing an industrial agriculture industry for the state of Kansas; commercializing the developed industrial agriculture technology in smaller communities and the rural areas of Kansas; and developing investment grade agriculture value added technologies and products.

(c) Subject to the provisions of appropriations acts, the functions of the agricultural value added center within the agriculture products development division shall include, but not be limited to, developing a market referral program, matching distribution to buyers in coordination with other state agencies concerned with marketing Kansas products; assisting private entrepreneurs in the establishment of facilities and markets for new agricultural value added endeavors; and introducing coordinated programs to develop marketing skills of existing agricultural value adding processors in Kansas.

(d) (1) It shall be the duty of the agriculture products development division to perform acts and to do, or cause to be done, those things which are designed to lead to the more advantageous marketing of agricultural products of Kansas. For these purposes the division may:

- (A) Investigate the subject of marketing farm products;
- (B) promote their sales distribution and merchandising;
- (C) furnish information and assistance to the public;
- (D) study and recommend efficient and economical methods of marketing;
- (E) provide for such studies and research as may be deemed necessary and proper;

(F) gather and diffuse timely and useful information concerning the supply, demand, prevailing prices and commercial movement of farm products including quantity in common storage and cold storage, in cooperation with other public or private agencies;

(G) conduct market development activities and assist and coordinate participation by companies, commodity organizations, trade organizations, producer organizations and other interested organizations to develop new markets and sales for Kansas agricultural commodities and food products;

(H) render assistance to any of the entities listed in subsection (C) and development activities and make a reasonable service charge for such services rendered by the division; and

(I) make agreements with other states and with the United States government, or its agencies, and accept funds from the federal government, or its agencies, or any other source for research studies, investigation, market development and other purposes related to the duties of the division.

(2) The department of commerce and housing shall remit all moneys received under this subsection 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 market development fund. All expenditures from such fund shall be made for any purpose consistent with this subsection 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 of commerce and housing or a person designated by the secretary.

(e) (1) In conjunction with any trademark registered by the department of commerce and housing, the agriculture products development division is hereby authorized to:

- (A) Promulgate policy regarding the use of any such trademark;
- (B) print, reproduce or use the trademark in or on educational, promotional or other material;

(C) fix, charge and collect fees for the use of the trademark provided that the fees shall be fixed in an amount necessary to recover all direct costs associated with the production of educational, promotional and other materials associated with a trademark program; and

(D) enter into any contracts necessary to carry out the purposes of this subsection, which contracts shall not be subject to the bidding requirements of K.S.A. 75-3739, and amendments thereto.

(2) The secretary of commerce and housing shall remit all moneys received under this subsection 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 trademark fund. All expenditures from such fund shall be made for any purpose consistent with this subsection 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 of commerce and housing or a person designated by the secretary.

(f) On or before February 1 of each year, the agriculture products development division shall present an oral and written report to the house and senate agriculture committees concerning the performance indicators, performance outcomes, activities and functions of the division for the previous year. Such report shall include a budget of how moneys appropriated or otherwise authorized to be expended from the state general fund or any special revenue fund for the agriculture products development division of the department of commerce and housing for the previous fiscal year were spent and a projected budget of moneys appropriated or otherwise authorized to be expended from the state general fund or any special revenue fund for the agriculture products development division of the department of commerce and housing for the current fiscal year. Such report shall further include the full-time equivalent number of positions financed from appropriations and allocated for the agriculture products development division of the department of commerce and housing for each fiscal year. In the report to the 1997 legislature, the division's report shall include a mission statement for the reorganized division.

(g) Subject to appropriation acts, the secretary of commerce and housing shall fulfill all contracts in existence on the effective date of this act between the Kansas technology enterprise corporation and the alternative agriculture research and development center.

Sec. 61. On and after July 1, 2003, K.S.A. 74-50,157 is hereby amended to read as follows: 74-50,157. (a) The powers, duties and functions of the existing agricultural value added center are hereby transferred to and conferred and imposed upon the agricultural value added center created by this act subject to the limitations established in K.S.A. 74-50,156 and amendments thereto.

(b) The agricultural value added center created by this act shall be the successor in every way to the powers, duties and functions of the agricultural value added center, subject to the limitations established in K.S.A. 74-50,156, and amendments thereto, in which the same were vested prior to the effective date of this act. Every act performed under the authority of the agricultural value added center created by this act shall be deemed to have the same force and effect as if performed by the agricultural value added center in which such functions were vested prior to the effective date of this act.

(c) Whenever the "agricultural value added center," 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 agricultural value added center created by this act.

(d) All orders or directives of the agricultural value added center in existence on the effective date of this act shall continue to be effective and shall be deemed to be the orders or directives of the agricultural value added center created by this act until revised, amended, repealed or nullified pursuant to law.

(e) The agricultural value added center, within the department of commerce and housing, created by this act shall be a continuation of the agricultural value added center being abolished pursuant to K.S.A. 74-8122 and amendments thereto.

Sec. 62. On and after July 1, 2003, K.S.A. 74-50,158 is hereby amended to read as follows: 74-50,158. (a) The secretary of commerce and housing shall be the successor in every way to the powers, duties and functions of the division of marketing and the director of marketing in which the same were vested prior to the effective date of this act and which are transferred pursuant to K.S.A. 74-50,156 and amendments thereto. Every act performed in the exercise of such powers, duties and functions by or under the authority of the secretary of commerce and housing shall be deemed to have the same force and effect as if performed by the division of marketing and the director of marketing in which such powers, duties and functions were vested prior to the effective date of this act.

(continued)

(b) Whenever the "department of agriculture," "division of markets," or words of like effect, are referred to or designated by a statute, contract or other document, and such reference or designation is in regard to one of the powers and duties transferred to the agriculture products development division within the department of commerce and housing pursuant to K.S.A. 74-50,156, and amendments thereto, such reference or designation shall be deemed to apply to the agriculture products development division within the department of commerce and housing. Whenever "director of marketing," "secretary of agriculture" or words of like effect, are referred to or designated by a statute, contract or other document, and such reference is in regard to one of the powers and duties transferred to the agriculture products development division within the department of commerce and housing pursuant to K.S.A. 74-50,156, and amendments thereto, such reference shall be deemed to apply to the secretary of commerce and housing.

(c) All rules and regulations, orders and directives of the division of marketing, director of marketing or department of agriculture pertaining to powers and duties transferred pursuant to K.S.A. 74-50,156 shall continue to be effective and shall be deemed to be the rules and regulations, orders and directives of the department of commerce and housing until revised, amended, repealed or nullified pursuant to law.

Sec. 63. On and after July 1, 2003, K.S.A. 74-50,159 is hereby amended to read as follows: 74-50,159. (a) On the effective date of this act, officers and employees who, immediately prior to such date, were engaged in the performance of any powers and duties of the department of agriculture listed in K.S.A. 74-50,156, and amendments thereto, which are transferred to the department of commerce and housing, and who, in the opinion of the secretary of commerce and housing, are necessary to perform the powers and duties of the department of commerce and housing, shall be transferred to, and shall become officers and employees of such department.

(b) On the effective date of this act, officers and employees who, immediately prior to such date, were engaged in the performance of any powers and duties of the agricultural value added center which is abolished by this act and who, in the opinion of the secretary of commerce and housing, are necessary to perform the powers and duties of the department of commerce and housing, agriculture products development division, shall be transferred to and become officers and employees of such department.

Sec. 64. On and after July 1, 2003, K.S.A. 74-50,160 is hereby amended to read as follows: 74-50,160. (a) The secretary of agriculture and the secretary of commerce and housing shall engage in consultations with the purpose of reaching agreement regarding the disposition of all property, property rights, and records which were used for or pertain to the performance of the powers and duties transferred to the department of commerce and housing pursuant to this act.

(b) Any conflict as to the proper disposition of property, personnel, records, or the unexpended balance of any appropriation arising as a result of any abolition, transfer, attachment or change made by or under this order shall be determined by the governor, whose decision shall be final.

Sec. 65. On and after July 1, 2003, K.S.A. 74-50,162 is hereby amended to read as follows: 74-50,162. (a) On the effective date of this act, the balances of all funds appropriated or reappropriated to the department of agriculture, the agricultural value added center at the Kansas technology enterprise corporation for any of the powers and duties transferred to the department of commerce and housing pursuant to K.S.A. 74-50,156, and amendments thereto, are hereby transferred to the department of commerce and housing and shall be used only for the purpose for which the appropriation was originally made.

(b) On the effective date of this act, the liability for all accrued compensation, wages or salaries of officers and employees who, immediately prior to such date, were engaged in the performance of powers, duties or functions of the department of agriculture, the agricultural value added center at the Kansas technology enterprise corporation which are transferred to the department of commerce and housing pursuant to K.S.A. 74-50,156, and amendments thereto, shall be assumed and paid by the department of commerce and housing.

Sec. 66. On and after July 1, 2003, K.S.A. 74-50,163 is hereby amended to read as follows: 74-50,163. (a) There is hereby created an agriculture products development advisory board. Members shall be appointed by the governor as follows, one member shall be a representative of the livestock industry, one member shall be a representative of a

farmer's cooperative active in community economic development, one member shall be a representative of a commodity group, two members shall be representatives of entrepreneurs in a value added business, one member shall be a financial or investment banker or a seed capital fund manager and one member shall be from the marketing section of the agriculture products development division of the department of commerce and housing.

(b) Of the members first appointed to the board, the governor shall designate four whose terms shall expire June 30, 1998, and three whose terms shall expire on June 30, 2000. After the expiration of such terms, each member shall be appointed for a term of four years until a successor is appointed and qualified.

(c) A vacancy on the board of a member shall be filled for the unexpired term by appointment by the governor.

(d) The governor shall appoint a chairperson.

(e) The board shall meet as the chairperson or a majority of the board members determine.

(f) The board shall advise the secretary of commerce and housing and the agriculture products development division on issues and concerns of agriculture product development and technical assistance for such development.

Sec. 67. On and after July 1, 2003, K.S.A. 74-7295 is hereby amended to read as follows: 74-7295. The department of commerce and housing, created by K.S.A. 74-5002f, and amendments thereto, shall be audited under the Kansas governmental operations accountability law, and shall be reviewed and evaluated during the 2001 regular session of the legislature, or such other regular session of the legislature designated by the legislative post audit committee in accordance with the provisions of subsection (c) of K.S.A. 74-7285, and amendments thereto.

Sec. 68. On and after July 1, 2003, K.S.A. 74-8001 is hereby amended to read as follows: 74-8001. (a) There is hereby created a body politic and corporate to be known as Kansas, Inc. Kansas, Inc. is hereby constituted a public instrumentality and the exercise of the authority and powers conferred by this act shall be deemed and held to be the performance of an essential governmental function. Kansas, Inc. shall consist of 17 predominately private sector members as follows:

(1) The governor of Kansas;

(2) the secretary of the Kansas department of commerce and housing;

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

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

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

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

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

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

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

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

(5) one member who is appointed by the state board of regents from a Kansas university and who is recognized for outstanding knowledge and leadership in the field of economic development;

(6) the speaker of the house, the house minority leader, the president of the senate, and the senate minority leader or legislators who are appointed to represent them and who will provide continuity by virtue of their membership on the standing committee on commerce of the senate,

the standing committee on economic development of the house of representatives or the joint committee on economic development.

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

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

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

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

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

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

Sec. 69. On and after July 1, 2003, K.S.A. 74-8002 is hereby amended to read as follows: 74-8002. (a) The purpose of Kansas, Inc. shall be to:

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

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

(3) 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;

(4) undertake continuing strategic planning for the improvements of the state's tax, regulatory and expenditure policies to enhance the state's potential comparative economic advantages;

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

(6) serve in an advisory capacity to the Kansas department of commerce ~~and housing~~;

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

(8) forge a supportive partnership with the standing committee on commerce of the senate, the standing committee on economic development of the house of representatives and the joint committee on economic development, the governor and the secretary of commerce ~~and housing~~, the Kansas technology enterprise corporation, 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;

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

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

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

Sec. 70. On and after July 1, 2003, K.S.A. 74-8004 is hereby amended to read as follows: 74-8004. (a) In order to achieve its purpose as provided in this act, Kansas, Inc. shall:

(1) Serve in an advisory capacity to the governor, the Kansas department of commerce ~~and housing~~ and the standing committee on com-

merce of the senate, the standing committee on new economy 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 Kansas, Inc. 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 department of commerce ~~and housing~~, and the standing committee on commerce of the senate, the standing committee on new economy 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, the committee on new economy of the house of representatives and the joint committee on economic development under this subsection shall be made by Kansas, Inc., 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 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 reports of the department of commerce ~~and housing~~, Kansas technology enterprise corporation and Kansas Venture Capital, Inc. Kansas, Inc., shall transmit recommendations concerning the agencies' activities to the governor and the legislature no later than September 1 of each year.

(b) Kansas, Inc., 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) The department of commerce ~~and housing~~ and all other interested state agencies shall cooperate with Kansas, Inc., 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. 71. On and after July 1, 2003, K.S.A. 74-8005 is hereby amended to read as follows: 74-8005. (a) Kansas, Inc., subject to the approval of the governor, shall hire a person to serve as chief executive officer and president of Kansas, Inc. Kansas, Inc. shall conduct a national search and select a corporation president who meets a national standard of experience, ability and initiative for similar positions. The president shall be in the unclassified service under the Kansas civil service act and shall serve at the pleasure of Kansas, Inc. Kansas, Inc. may negotiate and enter into an employment agreement with the individual selected as corporation president which may provide for such compensation and such provisions for allowances, benefits and expenses as may be included in such agreement. Kansas, Inc. is authorized to make all payments and payroll deductions as may be required under such agreement.

(b) The president shall direct and supervise the general management of the corporation and a small core staff of analysts. The president:

(1) May employ and terminate such other employees as designated by the members of Kansas, Inc. Such employees shall be in the unclassified service under the Kansas civil service act;

(2) shall attend board meetings; and

(continued)

(3) shall keep a record of all proceedings and maintain and be custodian of all financial and operational records, documents and papers filed with Kansas, Inc.

(c) Kansas, Inc. is hereby authorized to negotiate and enter into contracts for professional consulting and research services, and may enter into such contracts jointly with the department of commerce and housing.

(d) Kansas, Inc. is authorized to accept gifts, donations and grants.

(e) Kansas, Inc. is not subject to state purchasing laws.

Sec. 72. On and after July 1, 2003, K.S.A. 74-8006 is hereby amended to read as follows: 74-8006. Kansas, Inc. shall publish an annual report for the governor, legislature, citizens and media of Kansas. The report shall include:

(a) An analysis of the current state of and emerging trends in the Kansas economy over the next decade.

(b) An evaluation of the effectiveness of state economic development policies and programs in meeting the goals of the state economic plan by size of enterprise, sector of economic activity and location within Kansas, and in comparison with other states.

(c) A listing in order of priority of recommendations for initiatives that will further the effective implementation of the state economic development plan.

(d) A synopsis of the activities of Kansas, Inc. during the previous fiscal year.

(e) The report shall be transmitted annually to the governor and the legislature on October 1 in coordination with the Kansas technology enterprise corporation and the department of commerce and housing.

Sec. 73. On and after July 1, 2003, K.S.A. 74-8007 is hereby amended to read as follows: 74-8007. The secretary of commerce and housing shall provide to Kansas, Inc. such staff and other assistance as may be requested thereby.

Sec. 74. On and after July 1, 2003, K.S.A. 74-8010 is hereby amended to read as follows: 74-8010. (a) Kansas, Inc. shall review and evaluate the effectiveness of economic development programs and activities within the state, including, but not by way of limitation, the Kansas technology enterprise corporation programs and activities, the major programs and activities of the department of commerce and housing, the statewide risk capital system, the venture capital tax credit, and the research and development activities tax credit. The effectiveness of the research and development activities tax credit shall be measured by the extent to which the tax credit encourages innovation and development of new value-added products and processes which will lead to the commercialization of new products and processes by primary job creating Kansas businesses.

(b) Kansas, Inc. shall periodically conduct a review and evaluation of economic development programs and activities. The review and evaluation should include:

(1) A performance analysis of the extent to which the purposes of the acts providing for the programs and activities have been achieved; and

(2) the economic and fiscal impact of the programs and activities on the state's economy and jobs created.

(c) Based on the findings of its review and evaluation, Kansas, Inc. will recommend to the legislature the continuation in effect, modification, or repeal of the acts providing for the programs and activities.

Sec. 75. On and after July 1, 2003, K.S.A. 74-8101 is hereby amended to read as follows: 74-8101. (a) There is hereby created a body politic and corporate to be known as the Kansas technology enterprise corporation. The Kansas technology enterprise corporation is hereby constituted a public instrumentality and the exercise of the authority and powers conferred by this act shall be deemed and held to be the performance of an essential governmental function.

(b) The corporation shall be governed by a board of 20 directors who shall be residents of this state. The board shall consist of (1) the governor or, at the discretion of the governor, the secretary of the department of commerce and housing, (2) the secretary of the state board of agriculture, (3) four directors who are members of the legislature appointed as provided in subsection (d)(1), (4) four directors who are appointed by legislative officers as provided in subsection (d)(2), and (5) ten directors appointed by the governor subject to senate confirmation as provided in K.S.A. 75-4315b, and amendments thereto. Except as provided by K.S.A. 2002 Supp. 46-2601, and amendments thereto, no person whose appointment is subject to confirmation by the senate, shall exercise any power, duty or function as a member of the board until confirmed by the senate.

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

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

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

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

(iii) emerging industries of telecommunications, computer software, information services and research services; and

(B) two directors shall be persons who represent the private financial sector of whom one shall have experience in the area of high-risk venture investments, and the other shall have commercial banking experience in an industry of special technological importance to the Kansas economy.

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

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

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

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

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

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

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

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

(B) Of the directors first appointed by legislative officers under this subsection (d)(2), the directors appointed by the speaker of the house and the president of the senate shall be appointed to a term of four years and the directors appointed by the house minority leader and the senate minority leader shall be appointed to a term of two years. Successors to such directors shall be appointed for terms of four years. Each director

shall hold office for the term of appointment and until the successor has been appointed. In the event of a vacancy, the vacancy shall be filled by the legislative officer who appointed the director who created the vacancy in the manner provided for the original appointment for the remainder of the unexpired portion of the term.

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

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

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

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

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

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

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

(l) The directors shall establish an executive committee composed of the chairperson, vice-chairperson and three additional members chosen by the chairperson from among the remaining directors. The executive committee, in intervals between board meetings, may transact any board business that has been delegated to the executive committee. A majority of the executive committee shall be necessary to transact business and all actions of the executive committee shall be by a majority vote of the committee.

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

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

Sec. 76. On and after July 1, 2003, K.S.A. 74-8221 is hereby amended to read as follows: 74-8221. This act shall be known and may be cited as the Kansas certified capital formation company act. The purpose of this act is to enhance the development of seed and venture capital in Kansas and to support the modernization and expansion of the state's economy. As used in this act, unless the context clearly requires otherwise, the following terms mean:

(a) "Affiliate of a certified capital formation company" means:

(1) Any person that directly or indirectly, owns, controls or possesses the power or ability to vote ten percent or more of the outstanding voting securities or other beneficial ownership interests of the Kansas certified capital formation company;

(2) any person ten percent or more of whose outstanding voting securities or other beneficial ownership interests are directly or indirectly owned, controlled or possessed with the power to be voted by the Kansas certified capital formation company;

(3) any person directly or indirectly controlling, controlled by, or under common control with the Kansas certified capital formation company;

(4) any partnership in which the Kansas certified capital formation company is a general partner;

(5) any person who is an officer, director, general partner, managing member, managing director or agent of the Kansas certified capital formation company or an immediate family member of such person.

(b) "Affiliate of an investor" means:

(1) Any person that directly or indirectly, owns, controls or possesses the power or ability to vote ten percent or more of the outstanding voting securities or other beneficial ownership interests of the investor;

(2) any person ten percent or more of whose outstanding voting securities or other beneficial ownership interests are directly or indirectly owned, controlled or possessed with the power to be voted by the investor;

(3) any person directly or indirectly controlling, controlled by or under common control with the investor;

(4) a partnership in which the investor is a general partner;

(5) any person who is an officer, director or agent of the investor or an immediate family member of such officer, director or agent.

(c) "Applicable percentage" means 50%.

(d) "Authorized capital formation company and authorized CFC" means a capital formation company that has been designated by the secretary as having met the requirements of this act necessary to raise capital investments but that has not yet received the designation as a certified capital formation company.

(e) "CFC" means any capital formation company.

(f) "Capital in a qualified Kansas business" means any at risk investment in any note, stock, partnership or membership interest or other form of equity investment or hybrid security, of any nature and description whatsoever, including a debt instrument or security which has the characteristics of indebtedness but which provides for conversion into equity or equity participation instruments such as options or warrants which are acquired by a CFC as a result of a transfer of cash to a business, except for debt instruments, the proceeds of which were used to acquire or which will be used to develop intellectual property, in which case such debt instrument may be secured by a lien on the intellectual property. Capital in a qualified Kansas business shall not include secured debt instruments.

(g) "Certified capital" means cash, marketable securities, legally enforceable commitments of capital subject to call by a capital formation company and other assets held by a certified capital formation company equal to the amount of certified capital investment made by investors in the certified capital formation company.

(h) "Certified capital formation company" means any partnership, corporation, trust or limited liability company, whether organized on a profit or not for profit basis, that is domiciled in and qualified to conduct business in Kansas and that has as its primary business activity, the investment of cash in qualified Kansas businesses, and which is certified by the secretary as satisfying the criteria of this act.

(i) "Certified capital investment" means an investment of cash by an investor which is certified by the secretary made in such manner as to acquire a beneficial ownership interest in a Kansas certified capital formation company.

(j) "Commissioner" means the securities commissioner of Kansas or persons acting under the supervision of the commissioner.

(k) "In existence" means the date of the first sale of goods or services by a qualified Kansas business or a business seeking to be so qualified.

(l) "Investor" means any person that invests cash. If the investor is a natural person, the investor shall have a net worth of at least \$1,000,000 and such net worth shall be not less than 10 times the amount of the investor's certified investment in a CFC. The investor's net worth shall not include the value of any equity in the investor's primary residence.

(m) "Liquidating distribution" means any distribution other than a qualified distribution.

(n) "Maximum cumulative investment" means certified capital investment of \$10,000,000 or such lesser amount as the secretary of commerce and housing may prescribe in accordance with subsection (d) of K.S.A. 74-8224, and amendments thereto.

(o) "Person" means any natural person or any business association, including but not limited to, a corporation, limited liability company, general or limited partnership or trust.

(p) "Qualified distribution" means any distribution or payment made by a certified capital formation company for costs and expenses of forming, syndicating, managing or operating the certified capital formation company, including an annual management fee and reasonable and necessary fees in accordance with industry custom for professional fees including, but not limited to, legal and accounting fees, relating to operating the certified capital formation company.

(q) "Qualified Kansas business" means:

(1) A business that satisfies the requirements of subparagraphs (A) through (F) of this subsection.

(A) Such business is independently owned and operated and has its principal business office located in Kansas or, in the case of a company domiciled outside the state of Kansas, which certifies that the company's principal business office will be located in Kansas within six months following the date of the initial investment.

(B) At least fifty percent of the employees of the business shall be resident in Kansas or, in the case of a company domiciled outside the state of Kansas, certifies that at least fifty percent of its employees will

(continued)

be resident in Kansas within six months following the date of the initial qualified venture capital investment.

(C) Such business is in need of venture capital and cannot obtain conventional financing to fund its further development and future operations.

(D) Such business shall be engaged in commerce for the purpose of manufacturing, processing or assembling or distributing products, conducting research and development or providing services in interstate commerce.

(E) For businesses involved in commerce for the purpose of providing services in interstate commerce, that business must demonstrate that more than fifty percent of its gross revenues are derived from sales outside the state of Kansas or provide reasonable documentation that the company will derive at least fifty percent of its gross sales outside the state within a three-year period.

(F) Such business, at the time of the initial qualified venture capital investment, shall have been in existence less than five years and shall not have had gross sales in excess of \$1,000,000 in any single fiscal year.

(2) Any business which, subject to paragraph (a)(5) of K.S.A. 74-8225, and amendments thereto, is approved as a qualified Kansas business at the time of the first qualified venture capital investment in such business by a Kansas certified capital formation company, for a period of five years following the date of such first investment, shall continue to be classified as a qualified Kansas business and may receive follow-on investments from any Kansas certified capital formation company, and such follow-on investments shall constitute qualified venture capital investments even though such business may not meet other qualifications set forth in paragraph (p)(1)(F) at the time of such follow-on investments.

(3) A qualified Kansas business shall not include:

(A) Any commercial enterprise primarily engaged in the sale at retail of goods or services taxable under the Kansas retailer's sales tax act; any service provider set forth in K.S.A. 17-2707, and amendments thereto; any bank, savings and loan or lending institution; any real estate, real estate development or insurance company; or any commercial enterprise deriving its revenues directly from noncommercial customers in exchange for personal services;

(B) an entity engaged primarily as a passive business, in irregular or noncontinuous operations, any financial instrument that derives substantially all of its income from passive investments that generate interest, dividends, royalties or capital gains or any business arrangement the effect of which is to immunize an investor from risk of loss;

(C) a business engaged in oil and gas exploration and development;

(D) a subsidiary of a certified capital formation company;

(E) another certified capital formation company;

(F) an affiliate of the certified capital formation company;

(G) an investor of the certified capital formation company or an affiliate or subsidiary of an investor of the certified capital formation company unless approved in writing by the secretary.

(r) "Qualified venture capital investment" means the investment of cash by a Kansas certified capital formation company in such a manner as to acquire capital in a qualified Kansas business.

(s) "Secretary" means the secretary of commerce and housing or persons under the secretary's direction.

(t) "Tax credit" means a credit against the tax imposed by the Kansas income tax act, the premium tax or privilege fee imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by net income of financial institutions imposed pursuant to chapter 79, article 11 of the Kansas Statutes Annotated.

Sec. 77. On and after July 1, 2003, K.S.A. 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 and housing 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 Kansas, Inc. and the standing com-

mittee on commerce of the senate, the standing committee on economic development of the house of representatives and the joint committee on economic development, and may include specific recommendations for legislation.

Sec. 78. On and after July 1, 2003, K.S.A. 74-8831 is hereby amended to read as follows: 74-8831. (a) There is hereby created in the state treasury the Kansas greyhound breeding development fund to which moneys shall be credited as provided by this act. Expenditures from such 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 commission or a person designated by the chairperson.

(b) Moneys credited to the fund shall be expended as follows:

(1) An amount equal to 15% of all moneys credited to the fund during a fiscal year shall be transferred by the director of accounts and reports on June 30 of each year to the greyhound tourism fund created by subsection (c);

(2) an amount equal to 35% of all moneys credited to the fund during a fiscal year shall be used for research conducted within the state of Kansas relating to the prevention of injury to and disease of greyhounds;

(3) subject to the provisions of subsection (e), an amount equal to 50% of all moneys credited to the fund during a fiscal year, less the amount determined by the commission pursuant to subsection (b)(4), shall be used by the racetrack facilities where derived to supplement stake races for Kansas-whelped greyhounds as approved by the commission;

(4) an amount determined by the commission, but not to exceed \$30,000 of the moneys credited to the fund during a fiscal year, shall be used to pay a portion of the administrative costs of the official registering agency designated by the commission pursuant to K.S.A. 74-8832 and amendments thereto; and

(5) as provided by subsection (e).

(c) Moneys credited to the Kansas greyhound breeding development fund shall be used only for the benefit of greyhounds.

(d) There is hereby created in the state treasury the greyhound tourism fund. Moneys in such fund shall be used only for the promotion of greyhound-related tourism. Expenditures from such 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 secretary of commerce and housing or a person designated by the secretary.

(e) If live greyhound racing ceases at a racetrack facility for a period of 60 continuous days or the commission finds that live greyhound racing is likely to cease at a racetrack facility for a period of 60 continuous days, any undisbursed moneys that would otherwise be expended pursuant to subsection (b)(3) shall be expended in accordance with the following:

(1) The commission shall compile a roster of Kansas-whelped greyhounds in each licensed kennel on the day of racing at the racetrack facility prior to the day of cessation of racing (the "census date"), except that any Kansas-whelped greyhound that has not been in residence in the kennel and on the kennel's active list for five of the 14 days immediately preceding the census date shall not be included in the roster.

(2) The undisbursed moneys shall be divided equally among the qualified Kansas-whelped greyhounds identified pursuant to the census described in subsection (e)(1).

(3) The funds awarded to each qualified Kansas-whelped greyhound shall be divided equally between the licensed owner of the Kansas-whelped greyhound and the licensed kennel owner in whose kennel the Kansas-whelped greyhound was resident. If such a greyhound or kennel has multiple owners, the owner's share and kennel owner's share shall be prorated in accordance with the ownership percentages of each part owner of such greyhound or kennel, as appears in the commission's multiple ownership or kennel registration records.

(4) Payments to Kansas-whelped greyhound owners and kennel owners pursuant to this subsection shall be made directly from the Kansas greyhound breeding development fund to such greyhound owners and kennel owners.

Sec. 79. On and after July 1, 2003, K.S.A. 74-8904 is hereby amended to read as follows: 74-8904. Except as otherwise limited by this act, the authority shall have the following powers to:

(a) Sue and be sued;

(b) have a seal and alter such seal;

(c) make and alter bylaws for its organization and internal management;

- (d) adopt such rules and regulations as may be necessary to carry out the purposes of this act;
- (e) acquire, hold and dispose of real and personal property for its corporate purposes;
- (f) appoint officers, agents and employees, prescribe their duties and qualifications and fix their compensation;
- (g) borrow money and to issue notes, bonds and other obligations pursuant to K.S.A. 74-8905, and amendments thereto, whether or not the interest on which is subject to federal income taxation, and to provide for the rights of the lenders or holders thereof;
- (h) purchase notes or participations in notes evidencing loans which are secured by mortgages or security interests and to enter into contracts in that regard;
- (i) make secured or unsecured loans for any of the purposes for which bonds of the authority may be issued under this act or to low and moderate income multifamily rental housing projects participating in programs established in section 42 of the federal internal revenue code, and provide financing for housing projects and programs in participation with programs established by the United States department of housing and urban development or the ~~Kansas department of commerce and housing division of housing in the Kansas development finance authority~~; except as otherwise provided in this subsection, nothing in this act shall be construed to authorize the authority to make loans directly to individuals to finance housing developments;
- (j) sell mortgages and security interests at public or private sale, to negotiate modifications or alterations in mortgage and security interests, to foreclose on any mortgage or security interest in default or commence any action to protect or enforce any right conferred upon it by any law, mortgage, security agreement, contract or other agreement, and to bid for and purchase property which was the subject of such mortgage or security interest at any foreclosure or at any other sale, to acquire or take possession of any such property, and to exercise any and all rights as provided by law for the benefit or protection of the authority or mortgage holders;
- (k) collect fees and charges in connection with its loans, bond guarantees, commitments and servicing, including, but not limited to, reimbursement of costs of financing as the authority shall determine to be reasonable and as shall be approved by the authority;
- (l) make and execute contracts for the servicing of mortgages acquired by the authority pursuant to this act, and to pay the reasonable value of services rendered to the authority pursuant to those contracts;
- (m) enter into agreements with and accept gifts, grants, loans and other aid from the federal government, the state, any state agency, any political subdivision of the state, or any person or corporation, foundation or legal entity, and to agree to and comply with any conditions attached to federal and state financial assistance not inconsistent with the provisions of this act;
- (n) invest moneys of the authority not required for immediate use, including proceeds from the sale of any bonds, in such manner as the board shall determine, subject to any agreement with bondholders stated in the authorizing resolution providing for the issuance of bonds;
- (o) procure insurance against any loss in connection with its programs, property and other assets;
- (p) provide technical assistance and advice to the state or political subdivisions of the state and to enter into contracts with the state or political subdivisions of the state to provide such services. The state or political subdivisions of the state are hereby authorized to enter into contracts with the authority for such services and to pay for such services as may be provided them;
- (q) establish accounts in one or more depositories;
- (r) lease, acquire, construct, sell and otherwise deal in and contract concerning any facilities;
- (s) have and exercise all of the powers granted to the public housing authorities by the state, except that the authority shall not have the power of eminent domain;
- (t) do any and all things necessary or convenient to carry out purposes of the authority and exercise the powers given and granted in this act;
- (u) assist minority businesses in obtaining loans or other means of financial assistance. The terms and conditions of such loans or financial assistance, including the charges for interest and other services, will be consistent with the provisions of this act. In order to comply with this requirement, efforts must be made to solicit for review and analysis proposed minority business ventures. Basic loan underwriting standards will

not be waived to inconsistently favor minority persons or businesses from the intent of the authority's lending practices; and

(v) form one or more subsidiary corporations under K.S.A. 17-6001 *et seq.*, and amendments thereto, in accordance with the procedures therein contained. Each subsidiary corporation shall be subject to the same restrictions and limitations as to the powers and purposes to which the authority is subject. The authority may delegate any of its powers, obligations and duties to any subsidiary corporation by inclusion of such powers, obligations and duties in the articles of incorporation of the subsidiary corporation. Subsidiary corporations so formed shall constitute legal entities separate and distinct from each other, the authority and the state. The authority shall not be liable for the debts or obligations or for any actions or inactions of its subsidiary corporations unless the authority expressly agrees otherwise in writing. The authority may make loans or grants to a subsidiary corporation from time to time to enable the subsidiary corporation to carry out its purposes. The members of the authority shall constitute all of the directors of each subsidiary corporation.

The state, any municipality or any state commission, public authority, agency, officer, department, board or division authorized and empowered to enter into agreements with, to grant, convey, lease or otherwise transfer any property to, or to otherwise transact business with the authority, shall have the same authorization and power to engage in these activities with each subsidiary corporation of the authority.

One or more such subsidiary corporation may be formed for purposes of establishing state tax credit equity funds to assist in the development of low-income and middle-income housing and obtain financing through participation in the program established in section 42 of the federal internal revenue code.

Actions of the authority or any subsidiary corporation relating to housing pursuant to this subsection (v) shall be carried out in accordance with any terms, conditions and limitations relating to policy issues regarding housing, as established by the ~~secretary of commerce and housing director of housing in the Kansas development finance authority~~.

One or more such subsidiary corporations may be formed for purposes of acquiring or conveying on behalf of the state and pursuant to this act a project of statewide as well as local importance, issuing bonds on behalf of the state pursuant to this act to finance a project of statewide as well as local importance or otherwise financing on behalf of the state pursuant to this act a project of statewide as well as local importance. The Kansas statewide projects development corporation is hereby created in accordance with this section.

Sec. 80. On and after July 1, 2003, K.S.A. 74-8928 is hereby amended to read as follows: 74-8928. The secretary of commerce ~~and housing~~, the state treasurer, the board of county commissioners, the director of taxation, any bond trustee or fiscal agent are authorized to enter into agreements in connection with the implementation of any redevelopment project with a redevelopment district established pursuant to K.S.A. 74-8921, and amendments thereto.

Sec. 81. On and after July 1, 2003, K.S.A. 74-8930 is hereby amended to read as follows: 74-8930. Within 120 days of the effective date of this act, developer of a project of state-wide as well as local importance shall reimburse the unified government of Wyandotte county for cash investment in the project as documented to and determined by the secretary of commerce ~~and housing~~.

Sec. 82. On and after July 1, 2003, K.S.A. 74-8942 is hereby amended to read as follows: 74-8942. As used in K.S.A. 2002 Supp. 74-8942 through 74-8945:

- (a) "Establishment" means a business that:
- (1) Has at least \$100,000,000 in existing annual gross compensation paid to jobs located in Kansas, according to reports filed with the secretary of human resources, for the previous three years;
 - (2) has an average annual gross compensation of at least \$40,000 paid per existing employee;
 - (3) currently has at least \$200,000,000 total investment in Kansas;
 - (4) intends to add investment, in the state as defined in subsection (d), for modernization and retooling of at least \$50,000,000 within five years from the effective date of this act or within five years of contracting with the department of commerce ~~and housing~~; and
 - (5) is described by north American industrial classification code number 326211, tire manufacturing.
- (b) "Gross compensation" means wages and benefits paid to or on behalf of employees receiving wages.

(continued)

(c) "Secretary" means the secretary of commerce and housing.

(d) "Invest" or "investment" for the purpose of determining the eligibility of an establishment for the incentive payments created pursuant to this act, means an amount greater than the average amount invested by the establishment over the five years prior to the effective date of this act or for investments made after July 1, 2003, over the five years prior to entering into a contract with the secretary. If an establishment has been engaged in commercial operations for less than five years, the amount invested shall be greater than the annual average amount invested by the establishment for the entire period of commercial operation.

Sec. 83. On and after July 1, 2003, K.S.A. 74-8943 is hereby amended to read as follows: 74-8943. The Kansas development finance authority is hereby authorized to issue obligations in a principal amount not to exceed \$10,000,000 upon certification by the department of commerce and housing that an establishment has entered into a contract with the secretary pursuant to this act. The authority shall issue such obligations in an amount of \$1 for every \$5 the establishment shall invest as required pursuant to K.S.A. 74-8942, and amendments thereto. The maximum maturity of bonds issued pursuant to this act shall be 15 years. Such obligations shall be issued within 60 days of the date by which the secretary receives the signed contract required pursuant to K.S.A. 74-8944, and amendments thereto. The proceeds of such issuance shall be used by the authority for acquiring or improving real property or acquiring or replacing personal property for modernizing and retooling of an establishment in the state. Subject to appropriation, the debt service on such obligations shall be paid by the transfer of an amount not to exceed 75% of the revenue realized from payments by employees of the establishment pursuant to K.S.A. 79-3294, *et seq.*, and amendments thereto, but no such transfer shall commence prior to July 1, 2003.

Sec. 84. On and after July 1, 2003, K.S.A. 74-9001, as amended by section 1 of 2003 House Bill No. 2106, is hereby amended to read as follows: 74-9001. (a) There is hereby established the council on travel and tourism. The council shall consist of 17 voting members as follows: (1) The chairperson of the standing committee on commerce of the senate, or a member of the senate appointed by the president of the senate; (2) the vice-chairperson of the standing committee on commerce of the senate, or a member of the senate appointed by the president of the senate; (3) the ranking minority member of the standing committee on commerce of the senate, or a member of the senate appointed by the minority leader of the senate; (4) the chairperson of the standing committee on tourism and parks of the house of representatives, or a member of the house of representatives appointed by the speaker of the house of representatives; (5) the vice-chairperson of the standing committee on tourism and parks of the house of representatives, or a member of the house of representatives appointed by the speaker of the house of representatives; (6) the ranking minority member of the standing committee on tourism and parks of the house of representatives, or a member of the house of representatives appointed by the minority leader of the house of representatives; and (7) eleven members appointed by the governor. Of the 11 members appointed by the governor, one shall be appointed from a list of three nominations made by the travel industry association of Kansas, one shall be an individual engaged in the lodging industry and appointed from a list of three nominations made by the Kansas restaurant and hospitality association, one shall be an individual engaged in the restaurant industry and appointed from a list of three nominations made by the Kansas restaurant and hospitality association, one shall be appointed from a list of three nominations made by the petroleum marketers and convenience store association of Kansas, one shall be appointed from a list of three nominations by the Kansas sport hunting association and six shall be appointed to represent the general public. In addition to the voting members of the council, four members of the council shall serve ex officio: The secretary of commerce and housing, the secretary of transportation, the secretary of wildlife and parks and the executive director of the state historical society. Each ex officio member of the council may designate an officer or employee of the state agency of the ex officio member to serve on the council in place of the ex officio member. The ex officio members of the council, or their designees, shall be nonvoting members of the council and shall provide information and advice to the council.

(b) Legislator members shall be appointed for terms coinciding with the terms for which such members are elected. Of the 11 members first appointed by the governor, six shall be appointed for terms of three years and five shall be appointed for terms of two years as determined by the

governor. Thereafter, all members appointed by the governor shall be appointed for terms of three years. All members appointed to fill vacancies in the membership of the council and all members appointed to succeed members appointed to membership on the council shall be appointed in like manner as that provided for the original appointment of the member succeeded.

(c) On July 1 of each year the council shall elect a chairperson and vice-chairperson from among its members. The council shall meet at least four times each year at the call of the chairperson of the council. Nine voting members of the council shall constitute a quorum.

(d) Members of the council attending meetings of such council, or attending a subcommittee meeting thereof authorized by such council, shall be paid amounts for mileage as provided in subsection (c) of K.S.A. 75-3223 and amendments thereto, or a lesser amount as determined by the secretary of commerce and housing. Amounts paid under this subsection to ex officio members of the council, or their designees, shall be from appropriations to the state agencies of which such members are officers or employees upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the chief administrative officers of such agencies. Amounts paid under this subsection to voting members of the council shall be from moneys available for the payment of such amounts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the chairperson of the council.

Sec. 85. On and after July 1, 2003, K.S.A. 74-9002 is hereby amended to read as follows: 74-9002. The council on travel and tourism shall: (a) Advise the department of commerce and housing in the development and implementation of the state's tourism marketing and business development program including, but not limited to, long-range strategies for attracting visitors to the state; (b) report to the department of commerce and housing information for preparation of the annual budget for the division of travel and tourism development; (c) identify and review tourism related issues and current state policies and programs which directly or indirectly affect travel and tourism in the state and, as appropriate, recommend the adoption of new, or the modification of existing, policies and programs; (d) prepare and submit as a part of the annual report of the department of commerce and housing, pursuant to K.S.A. 74-5049, and amendments thereto, a report of findings and recommendations of the council concerning the promoting of travel and tourism in Kansas and such related matters as the council deems appropriate; and (e) perform such other acts as may be necessary in carrying out the duties of the council.

Sec. 86. On and after July 1, 2003, K.S.A. 74-9003 is hereby amended to read as follows: 74-9003. (a) There is hereby established in the state treasury the state tourism fund. All moneys credited to the state tourism fund shall only be used for expenditures for the purposes of developing new tourism attractions in Kansas and to significantly expand existing tourism attractions in Kansas. Both public and private entities shall be eligible to apply for funds under the provisions of this act.

(b) The secretary of commerce and housing shall administer the provisions of this act. The secretary may adopt rules and regulations establishing criteria for obtaining grants and other expenditures from such fund and other matters deemed necessary for the administration of this act.

(c) All expenditures from such 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 secretary of commerce and housing or the secretary's designee.

(d) The secretary of commerce and housing shall prepare and submit budget estimates for all proposed expenditures from the state tourism fund in accordance with the provisions of K.S.A. 75-3717 and 75-3717b and amendments thereto. Such budget estimates shall include detailed information regarding all proposed expenditures for programs, projects, activities and other matters and shall set forth separately each program, project, activity or other expenditure for which the proposed expenditures from the state tourism fund for a fiscal year are for an amount that is equal to \$50,000 or more. Appropriations for the department of commerce and housing of moneys in the state tourism fund for each program, project, activity or other expenditure for a fiscal year for an amount that is equal to \$50,000 or more shall be made as a separate item of appropriation.

(e) The legislature shall approve or disapprove of any itemized expenditure from the state tourism fund.

(f) On or before the 10th of each month, the director of accounts and reports shall transfer from the state general fund to the state tourism fund established in subsection (a) interest earnings based on:

- (1) The average daily balance of moneys in the state tourism fund for the preceding month; and
- (2) the net earnings rate of the pooled money investment portfolio for the preceding month.

Sec. 87. On and after July 1, 2003, K.S.A. 74-9004 is hereby amended to read as follows: 74-9004. (a) The council on travel and tourism, established under K.S.A. 74-9001, and amendments thereto, shall oversee all matters concerning the state tourism fund and expenditures therefrom.

(b) The council, by a majority vote, shall determine for inclusion in the department of commerce and housing budget expenditures from the state tourism fund.

Sec. 88. On and after July 1, 2003, K.S.A. 74-9005 is hereby amended to read as follows: 74-9005. (a) The division of travel and tourism of the Kansas department of commerce and housing shall prepare, with review and input from the travel industry association of Kansas, a request for proposals for a consultant to do a large scale study of public and private tourism efforts in Kansas.

(b) A notice of the request for proposals shall be published once each week for two consecutive weeks in a newspaper having general circulation in the community at least 30 days before any action thereon. The request for proposals shall also be posted on readily accessible bulletin boards in all offices of the department of commerce and housing and sent elsewhere as the director of travel and tourism development deems best.

(c) The request for proposals shall provide performance specifications, terms, conditions and other information as deemed advisable to facilitate the submission of a comprehensive proposal, including, but not limited to, the fact that the study will:

- (1) Analyze the strengths, weaknesses, opportunities and threats that face development of Kansas tourism;
- (2) address the interrelationship between public and private sector efforts in developing Kansas tourism;
- (3) address the interrelationship between state and local interests in developing Kansas tourism;
- (4) make specific recommendations for the attraction, development and improvement of tourism in Kansas; and
- (5) be completed by January 1, 1998, with a report on the study's results and recommendations derived therefrom to be presented to the legislature, house committee on tourism, senate committee on transportation and tourism and to the governor during the 1998 legislative session.

(d) Once the requested proposals are submitted, it shall be the duty of the council on travel and tourism, established under K.S.A. 74-9001, and amendments thereto, to review the proposals and participate in the interviewing process and final selection of a consultant.

(e) Following negotiations and development of the proposed agreement, the council on travel and tourism shall approve the final contract.

(f) Once the consultant is selected and the contract approved under this section, the selected plan's implementation shall be subject to oversight, review and approval by the council on travel and tourism.

(g) For the purposes of this section, the funds required to pay for the study shall come from state funds taken from the economic development initiatives fund under K.S.A. 79-4804, and amendments thereto which are appropriated to the department of commerce and housing.

Sec. 89. On and after July 1, 2003, K.S.A. 74-9201 is hereby amended to read as follows: 74-9201. (a) There is hereby established the Kansas film services commission. The commission shall consist of 19 voting members as follows: (1) One member of the senate appointed by the president of the senate; (2) one member of the senate appointed by the minority leader of the senate; (3) one member of the house of representatives appointed by the speaker of the house of representatives; (4) one member of the house of representatives appointed by the minority leader of the house of representatives; and (5) fifteen members appointed by the governor. One of the members appointed by the governor shall be appointed from each tourism region recognized and designated as a tourism region by the secretary of commerce and housing. All members appointed by the governor shall be appointed for terms of three years, except that of the members first appointed, five shall be appointed for one-year terms, five shall be appointed for two-year terms and five shall be appointed for three-year terms. The governor shall designate the term for which each of the members first appointed shall serve. In addition to

the voting members of the commission, six members of the commission shall serve ex officio: The secretary of commerce and housing, the secretary of transportation, the secretary of wildlife and parks, the secretary of health and environment, the executive director of the Kansas arts commission and the secretary of the state historical society. Each ex officio member of the commission may designate an officer or employee of the state agency of the ex officio member to serve on the commission in place of the ex officio member. The ex officio members of the commission, or their designees, shall be nonvoting members of the commission and shall provide information and advice to the commission. In addition to the voting and ex officio members of the commission, the governor may appoint such number of representatives of the film industry to nonvoting membership on the commission as may be recommended by the secretary of commerce and housing.

(b) Legislative members shall be appointed for terms coinciding with the terms for which such members are elected. All members appointed to fill vacancies in the membership of the commission and all members appointed to succeed members appointed to membership on the commission 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 commission appointed by the governor shall be appointed to fill the unexpired term of such member.

(c) The members of the commission shall elect annually a chairperson and vice-chairperson for the commission from among its members. The commission shall meet at least four times each year at the call of the chairperson of the commission. Ten voting members of the commission shall constitute a quorum.

(d) Members of the commission who are not legislators shall receive mileage, tolls and parking as provided in K.S.A. 75-3223, and amendments thereto, for attendance at any meeting of the commission or any subcommittee meeting authorized by the commission. Legislative members of the commission shall be paid amounts provided in subsection (e) of K.S.A. 75-3223, and amendments thereto, for attendance at any meeting of the commission or any subcommittee meeting authorized by the commission.

Sec. 90. On and after July 1, 2003, K.S.A. 2002 Supp. 75-2935 is hereby amended to read as follows: 75-2935. The civil service of the state of Kansas is hereby divided into the unclassified and the classified services.

(1) The unclassified service comprises positions held by state officers or employees who are:

- (a) Chosen by election or appointment to fill an elective office;
- (b) members of boards and commissions, heads of departments required by law to be appointed by the governor or by other elective officers, and the executive or administrative heads of offices, departments, divisions and institutions specifically established by law;
- (c) except as otherwise provided under this section, one personal secretary to each elective officer of this state, and in addition thereto, 10 deputies, clerks or employees designated by such elective officer;
- (d) all employees in the office of the governor;
- (e) officers and employees of the senate and house of representatives of the legislature and of the legislative coordinating council and all officers and employees of the office of revisor of statutes, of the legislative research department, of the division of legislative administrative services, of the division of post audit and the legislative counsel;

(f) chancellor, president, deans, administrative officers, student health service physicians, pharmacists, teaching and research personnel, health care employees and student employees in the institutions under the state board of regents, the executive officer of the board of regents and the executive officer's employees other than clerical employees, and, at the discretion of the state board of regents, directors or administrative officers of departments and divisions of the institution and county extension agents, except that this subsection (1)(f) shall not be construed to include the custodial, clerical or maintenance employees, or any employees performing duties in connection with the business operations of any such institution, except administrative officers and directors; as used in this subsection (1)(f), "health care employees" means employees of the university of Kansas medical center who provide health care services at the university of Kansas medical center and who are medical technicians or technologists or respiratory therapists, who are licensed professional nurses or licensed practical nurses, or who are in job classes which are designated for this purpose by the chancellor of the university of Kansas

(continued)

upon a finding by the chancellor that such designation is required for the university of Kansas medical center to recruit or retain personnel for positions in the designated job classes; and employees of any institution under the state board of regents who are medical technologists;

(g) operations, maintenance and security personnel employed to implement agreements entered into by the adjutant general and the federal national guard bureau, and officers and enlisted persons in the national guard and the naval militia;

(h) persons engaged in public work for the state but employed by contractors when the performance of such contract is authorized by the legislature or other competent authority;

(i) persons temporarily employed or designated by the legislature or by a legislative committee or commission or other competent authority to make or conduct a special inquiry, investigation, examination or installation;

(j) officers and employees in the office of the attorney general and special counsel to state departments appointed by the attorney general, except that officers and employees of the division of the Kansas bureau of investigation shall be in the classified or unclassified service as provided in K.S.A. 75-711, and amendments thereto;

(k) all employees of courts;

(l) client, patient and inmate help in any state facility or institution;

(m) all attorneys for boards, commissions and departments;

(n) the secretary and assistant secretary of the Kansas state historical society;

(o) physician specialists, dentists, dental hygienists, pharmacists, medical technologists and long term care workers employed by the department of social and rehabilitation services;

(p) physician specialists, dentists and medical technologists employed by any board, commission or department or by any institution under the jurisdiction thereof;

(q) student employees enrolled in public institutions of higher learning;

(r) administrative officers, directors and teaching personnel of the state board of education and the state department of education and of any institution under the supervision and control of the state board of education, except that this subsection (1)(r) shall not be construed to include the custodial, clerical or maintenance employees, or any employees performing duties in connection with the business operations of any such institution, except administrative officers and directors;

(s) all officers and employees in the office of the secretary of state;

(t) one personal secretary and one special assistant to the following: The secretary of administration, the secretary of aging, the secretary of agriculture, the secretary of commerce and housing, the secretary of corrections, the secretary of health and environment, the superintendent of the Kansas highway patrol, the secretary of human resources, the secretary of revenue, the secretary of social and rehabilitation services, the secretary of transportation, the secretary of wildlife and parks and the commissioner of juvenile justice;

(u) one personal secretary and one special assistant to the chancellor and presidents of institutions under the state board of regents;

(v) one personal secretary and one special assistant to the executive vice chancellor of the university of Kansas medical center;

(w) one public information officer and one chief attorney for the following: The department of administration, the department on aging, the department of agriculture, the department of commerce and housing, the department of corrections, the department of health and environment, the department of human resources, the department of revenue, the department of social and rehabilitation services, the department of transportation, the Kansas department of wildlife and parks and the commissioner of juvenile justice;

(x) civil service examination monitors;

(y) one executive director, one general counsel and one director of public affairs and consumer protection in the office of the state corporation commission;

(z) specifically designated by law as being in the unclassified service;

(aa) all officers and employees of Kansas, Inc. and the Kansas technology enterprise corporation; and

(bb) any position that is classified as a position in the information resource manager job class series, that is the chief position responsible for all information resources management for a state agency, and that becomes vacant on or after the effective date of this act. Nothing in this

section shall affect the classified status of any employee in the classified service who is employed on the date immediately preceding the effective date of this act in any position that is a classified position in the information resource manager job class series and the unclassified status as prescribed by this subsection shall apply only to a person appointed to any such position on or after the effective date of this act that is the chief position responsible for all information resources management for a state agency.

(2) The classified service comprises all positions now existing or hereafter created which are not included in the unclassified service. Appointments in the classified service shall be made according to merit and fitness from eligible pools which so far as practicable shall be competitive. No person shall be appointed, promoted, reduced or discharged as an officer, clerk, employee or laborer in the classified service in any manner or by any means other than those prescribed in the Kansas civil service act and the rules adopted in accordance therewith.

(3) For positions involving unskilled, or semiskilled duties, the secretary of administration, as provided by law, shall establish rules and regulations concerning certifications, appointments, layoffs and reemployment which may be different from the rules and regulations established concerning these processes for other positions in the classified service.

(4) Officers authorized by law to make appointments to positions in the unclassified service, and appointing officers of departments or institutions whose employees are exempt from the provisions of the Kansas civil service act because of the constitutional status of such departments or institutions shall be permitted to make appointments from appropriate pools of eligibles maintained by the division of personnel services.

Sec. 91. On and after July 1, 2003, K.S.A. 2002 Supp. 79-213 is hereby amended to read as follows: 79-213. (a) Any property owner requesting an exemption from the payment of ad valorem property taxes assessed, or to be assessed, against their property shall be required to file an initial request for exemption, on forms approved by the board of tax appeals and provided by the county appraiser.

(b) The initial exemption request shall identify the property for which the exemption is requested and state, in detail, the legal and factual basis for the exemption claimed.

(c) The request for exemption shall be filed with the county appraiser of the county where such property is principally located.

(d) After a review of the exemption request, and after a preliminary examination of the facts as alleged, the county appraiser shall recommend that the exemption request either be granted or denied, and, if necessary, that a hearing be held. If a denial is recommended, a statement of the controlling facts and law relied upon shall be included on the form.

(e) The county appraiser, after making such written recommendation, shall file the request for exemption and the recommendations of the county appraiser with the board of tax appeals.

(f) Upon receipt of the request for exemption, the board shall docket the same and notify the applicant and the county appraiser of such fact.

(g) After examination of the request for exemption, and the county appraiser's recommendation related thereto, the board may fix a time and place for hearing, and shall notify the applicant and the county appraiser of the time and place so fixed. A request for exemption pursuant to: (1) Section 13 of article 11 of the Kansas constitution; or (2) K.S.A. 79-201a Second, and amendments thereto, for property constructed or purchased, in whole or in part, with the proceeds of revenue bonds under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, prepared in accordance with instructions and assistance which shall be provided by the department of commerce and housing, shall be deemed approved unless scheduled for hearing within 30 days after the date of receipt of all required information and data relating to the request for exemption, and such hearing shall be conducted within 90 days after such date. Such time periods shall be determined without regard to any extension or continuance allowed to either party to such request. In any case where a party to such request for exemption requests a hearing thereon, the same shall be granted. Hearings shall be conducted in accordance with the provisions of the Kansas administrative procedure act. In all instances where the board sets a request for exemption for hearing, the county shall be represented by its county attorney or county counselor.

(h) Except as otherwise provided by subsection (g), in the event of a hearing, the same shall be originally set not later than 90 days after the filing of the request for exemption with the board.

(i) During the pendency of a request for exemption, no person, firm, unincorporated association, company or corporation charged with real estate or personal property taxes pursuant to K.S.A. 79-2004 and 79-2004a, and amendments thereto, on the tax books in the hands of the county treasurer shall be required to pay the tax from the date the request is filed with the county appraiser until the expiration of 30 days after the board issued its order thereon and the same becomes a final order. In the event that taxes have been assessed against the subject property, no interest shall accrue on any unpaid tax for the year or years in question nor shall the unpaid tax be considered delinquent from the date the request is filed with the county appraiser until the expiration of 30 days after the board issued its order thereon. In the event the board determines an application for exemption is without merit and filed in bad faith to delay the due date of the tax, the tax shall be considered delinquent as of the date the tax would have been due pursuant to K.S.A. 79-2004 and 79-2004a, and amendments thereto, and interest shall accrue as prescribed therein.

(j) In the event the board grants the initial request for exemption, the same shall be effective beginning with the date of first exempt use except that, with respect to property the construction of which commenced not to exceed 24 months prior to the date of first exempt use, the same shall be effective beginning with the date of commencement of construction.

(k) In conjunction with its authority to grant exemptions, the board shall have the authority to abate all unpaid taxes that have accrued from and since the effective date of the exemption. In the event that taxes have been paid during the period where the subject property has been determined to be exempt, the board shall have the authority to order a refund of taxes for a period not to exceed three years.

(l) The provisions of this section shall not apply to: (1) Farm machinery and equipment exempted from ad valorem taxation by K.S.A. 79-201j, and amendments thereto; (2) personal property exempted from ad valorem taxation by K.S.A. 79-215, and amendments thereto; (3) wearing apparel, household goods and personal effects exempted from ad valorem taxation by K.S.A. 79-201c, and amendments thereto; (4) livestock; (5) hay and silage exempted from ad valorem taxation by K.S.A. 79-201d, and amendments thereto; (6) merchants' and manufacturers' inventories exempted from ad valorem taxation by K.S.A. 79-201m and amendments thereto; (7) grain exempted from ad valorem taxation by K.S.A. 79-201n, and amendments thereto; (8) property exempted from ad valorem taxation by K.S.A. 79-201a *Seventeenth* and amendments thereto, including all property previously acquired by the secretary of transportation or a predecessor in interest, which is used in the administration, construction, maintenance or operation of the state system of highways. The secretary of transportation shall at the time of acquisition of property notify the county appraiser in the county in which the property is located that the acquisition occurred and provide a legal description of the property acquired; (9) property exempted from ad valorem taxation by K.S.A. 79-201a *Ninth*, and amendments thereto, including all property previously acquired by the Kansas turnpike authority which is used in the administration, construction, maintenance or operation of the Kansas turnpike. The Kansas turnpike authority shall at the time of acquisition of property notify the county appraiser in the county in which the property is located that the acquisition occurred and provide a legal description of the property acquired; (10) aquaculture machinery and equipment exempted from ad valorem taxation by K.S.A. 79-201j, and amendments thereto. As used in this section, "aquaculture" has the same meaning ascribed thereto by K.S.A. 47-1901, and amendments thereto; (11) Christmas tree machinery and equipment exempted from ad valorem taxation by K.S.A. 79-201j, and amendments thereto; (12) property used exclusively by the state or any municipality or political subdivision of the state for right-of-way purposes. The state agency or the governing body of the municipality or political subdivision shall at the time of acquisition of property for right-of-way purposes notify the county appraiser in the county in which the property is located that the acquisition occurred and provide a legal description of the property acquired; (13) machinery, equipment, materials and supplies exempted from ad valorem taxation by K.S.A. 79-201w, and amendments thereto; (14) vehicles owned by the state or by any political or taxing subdivision thereof and used exclusively for governmental purposes; (15) property used for residential purposes which is exempted pursuant to K.S.A. 79-201x from the property tax levied pursuant to K.S.A. 72-6431, and amendments thereto; (16) from and after July 1, 1998, vehicles which are owned by an organization having as one of its purposes the assistance by the provision of transit services to the elderly and to

disabled persons and which are exempted pursuant to K.S.A. 79-201 Ninth; and (17) from and after July 1, 1998, motor vehicles exempted from taxation by subsection (e) of K.S.A. 79-5107, and amendments thereto.

(m) The provisions of this section shall apply to property exempt pursuant to the provisions of section 13 of article 11 of the Kansas constitution.

(n) The provisions of subsection (j) and (k) as amended by this act shall be applicable to all taxable years commencing after December 31, 1995.

Sec. 92. On and after July 1, 2003, K.S.A. 2002 Supp. 79-251 is hereby amended to read as follows: 79-251. Prior to the granting of an exemption for any property from ad valorem taxation pursuant to the provisions of section 13 of article 11 of the Kansas constitution, the board of county commissioners of any county or the governing body of any city, as the case requires, shall be required to do the following:

(a) Develop and adopt official policies and procedures for the granting of such exemptions including:

(1) The required preparation of an analysis of the costs and benefits of each exemption, including the effect of the exemption on state revenues, prior to the granting of such exemption;

(2) a procedure for monitoring the compliance of a business receiving an exemption with any terms or conditions established by the governing body for the granting of the exemption;

(b) conduct a public hearing on the granting of such exemption. Notice of the public hearing shall be published at least once seven days prior to the hearing in the official city or county newspaper, as the case requires, and shall indicate the purpose, time and place thereof. In addition to such publication notice, the city or county clerk, as the case requires, shall notify in writing the governing body of the city or county and unified school district within which the property proposed for exemption is located; and

(c) adopt a resolution containing the following findings of fact:

(1) That the property for which the exemption is to be granted will be used exclusively for the purposes specified in section 13 of article 11 of the Kansas constitution; and

(2) if the business using the property is relocating from one city or county to another within this state, that the business has received approval of the secretary of commerce and housing prior to qualifying for the exemption upon a finding by the secretary that such relocation is necessary to prevent the business from relocating outside this state.

Sec. 93. On and after July 1, 2003, K.S.A. 2002 Supp. 79-3271 is hereby amended to read as follows: 79-3271. As used in this act, unless the context otherwise requires: (a) "Business income" means income arising from transactions and activity in the regular course of the taxpayer's trade or business and includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer's regular trade or business operations, except that for taxable years commencing after December 31, 1995, a taxpayer may elect that all income derived from the acquisition, management, use or disposition of tangible or intangible property constitutes business income. The election shall be effective and irrevocable for the taxable year of the election and the following nine taxable years. The election shall be binding on all members of a unitary group of corporations.

(b) "Commercial domicile" means the principal place from which the trade or business of the taxpayer is directed or managed.

(c) "Compensation" means wages, salaries, commissions and any other form of remuneration paid to employees for personal services.

(d) "Financial organization" means any bank, trust company, savings bank, industrial bank, land bank, safe deposit company, private banker, savings and loan association, credit union, cooperative bank, or any type of insurance company, but such term shall not be deemed to include any business entity, other than those hereinbefore enumerated, whose primary business activity is making consumer loans or purchasing retail installment contracts from one or more sellers.

(e) "Nonbusiness income" means all income other than business income.

(f) "Public utility" means any business entity which owns or operates for public use any plant, equipment, property, franchise, or license for the transmission of communications, transportation of goods or persons,

(continued)

or the production, storage, transmission, sale, delivery, or furnishing of electricity, water, steam, oil, oil products or gas.

(g) "Original return" means the first return filed to report the income of a taxpayer for a taxable year or period, irrespective of whether such return is filed on a single entity basis or a combined basis.

(h) "Sales" means all gross receipts of the taxpayer not allocated under K.S.A. 79-3274 through 79-3278, and amendments thereto.

(i) "State" means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, and any foreign country or political subdivision thereof.

(j) "Telecommunications company" means any business entity or unitary group of entities whose primary business activity is the transmission of communications in the form of voice, data, signals or facsimile communications by wire or fiber optic cable.

(k) "Distressed area taxpayer" means a corporation which: (1) Is located in a county which has a population of not more than 45,000 persons and which, as certified by the department of commerce and housing, has sustained an adverse economic impact due to the closure of a state hospital in such county pursuant to the recommendations of the hospital closure commission; and (2) which has a total annual payroll of \$20,000,000 or more for employees employed within such county.

(l) For the purposes of this subsection and subsection (b)(5) of K.S.A. 79-3279, and amendments thereto, the following terms are defined:

(1) "Administration services" include clerical, fund or shareholder accounting, participant record keeping, transfer agency, bookkeeping, data processing, custodial, internal auditing, legal and tax services performed for an investment company;

(2) "distribution services" include the services of advertising, servicing, marketing, underwriting or selling shares of an investment company, but, in the case of advertising, servicing or marketing shares, only where such service is performed by a person who is, or in the case of a closed end company, was, either engaged in the services of underwriting or selling investment company shares or affiliated with a person who is engaged in the service of underwriting or selling investment company shares. In the case of an open end company, such service of underwriting or selling shares must be performed pursuant to a contract entered into pursuant to 15 U.S.C. §80a-15(b), as in effect on the effective date of this act;

(3) "investment company", means any person registered under the federal Investment Company Act of 1940, as in effect on the effective date of this act, or a company which would be required to register as an investment company under such act except that such person is exempt to such registration pursuant to §80a-3(c)(1) of such act;

(4) "investment funds service corporation" includes any corporation or S corporation headquartered in and doing business in this state which derives more than 50% of its gross income from the provision of management, distribution or administration services to or on behalf of an investment company or from trustees, sponsors and participants of employee benefit plans which have accounts in an investment company;

(5) "management services" include the rendering of investment advice to an investment company making determinations as to when sales and purchases of securities are to be made on behalf of the investment company, or the selling or purchasing of securities constituting assets of an investment company, and related activities, but only where such activity or activities are performed:

(A) Pursuant to a contract with the investment company entered into pursuant to 15 U.S.C. §80a-15(a), in effect on the effective date of this act; or

(B) for a person that has entered into such contract with the investment company;

(6) "qualifying business income" is business income derived from the provision of management, distribution or administration services to or on behalf of an investment company or from trustees, sponsors and participants of employee benefit plans which have accounts in an investment company; and

(7) "residence" is the fund shareholder's primary residence address.

Sec. 94. On and after July 1, 2003, K.S.A. 2002 Supp. 79-3271a is hereby amended to read as follows: 79-3271a. As used in this act, unless the context otherwise requires: (a) "Business income" means income arising from transactions and activity in the regular course of the taxpayer's trade or business and includes income from tangible and intangible property if the acquisition, management, and disposition of the property con-

stitute integral parts of the taxpayer's regular trade or business operations, except that for taxable years commencing after December 31, 1995, a taxpayer may elect that all income constitutes business income. The election shall be effective and irrevocable for the taxable year of the election and the following nine taxable years. The election shall be binding on all members of a unitary group of corporations.

(b) "Commercial domicile" means the principal place from which the trade or business of the taxpayer is directed or managed.

(c) "Compensation" means wages, salaries, commissions and any other form of remuneration paid to employees for personal services.

(d) "Financial organization" means any bank, trust company, savings bank, industrial bank, land bank, safe deposit company, private banker, savings and loan association, credit union, cooperative bank, investment company, or any type of insurance company, but such term shall not be deemed to include any business entity, other than those hereinbefore enumerated, whose primary business activity is making consumer loans or purchasing retail installment contracts from one or more sellers.

(e) "Nonbusiness income" means all income other than business income.

(f) "Public utility" means any business entity which owns or operates for public use any plant, equipment, property, franchise, or license for the transmission of communications, transportation of goods or persons, or the production, storage, transmission, sale, delivery, or furnishing of electricity, water, steam, oil, oil products or gas.

(g) "Sales" means all gross receipts of the taxpayer not allocated under K.S.A. 79-3274 through 79-3278, and amendments thereto.

(h) "State" means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, and any foreign country or political subdivision thereof.

(i) "Telecommunications company" means any business entity or unitary group of entities whose primary business activity is the transmission of communications in the form of voice, data, signals or facsimile communications by wire or fiber optic cable.

(j) "Distressed area taxpayer" means a corporation which: (1) Is located in a county which has a population of not more than 45,000 persons and which, as certified by the department of commerce and housing, has sustained an adverse economic impact due to the closure of a state hospital in such county pursuant to the recommendations of the hospital closure commission; and (2) which has a total annual payroll of \$20,000,000 or more for employees employed within such county.

Sec. 95. On and after July 1, 2003, K.S.A. 2002 Supp. 79-32,160a is hereby amended to read as follows: 79-32,160a. (a) For taxable years commencing after December 31, 1999, any taxpayer who shall invest in a qualified business facility, as defined in subsection (b) of K.S.A. 79-32,154, and amendments thereto, and also meets the definition of a business in subsection (b) of K.S.A. 74-50,114, and amendments thereto, shall be allowed a credit for such investment, in an amount determined under subsection (b) or (c), as the case requires, against the tax imposed by the Kansas income tax act or where the qualified business facility is the principal place from which the trade or business of the taxpayer is directed or managed and the facility has facilitated the creation of at least 20 new full-time positions, against the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or as measured by the net income of financial institutions imposed pursuant to chapter 79, article 11 of the Kansas Statutes Annotated, for the taxable year during which commencement of commercial operations, as defined in subsection (f) of K.S.A. 79-32,154, and amendments thereto, occurs at such qualified business facility. In the case of a taxpayer who meets the definition of a manufacturing business in subsection (d) of K.S.A. 74-50,114, and amendments thereto, no credit shall be allowed under this section unless the number of qualified business facility employees, as determined under subsection (d) of K.S.A. 79-32,154, and amendments thereto, engaged or maintained in employment at the qualified business facility as a direct result of the investment by the taxpayer for the taxable year for which the credit is claimed equals or exceeds two. In the case of a taxpayer who meets the definition of a nonmanufacturing business in subsection (f) of K.S.A. 74-50,114, and amendments thereto, no credit shall be allowed under this section unless the number of qualified business facility employees, as determined under subsection (d) of K.S.A. 79-32,154, and amendments thereto, engaged or maintained in employment at the qualified business facility as a direct result of the investment by the taxpayer

for the taxable year for which the credit is claimed equals or exceeds five. Where an employee performs services for the taxpayer outside the qualified business facility, the employee shall be considered engaged or maintained in employment at the qualified business facility if (1) the employee's service performed outside the qualified business facility is incidental to the employee's service inside the qualified business facility, or (2) the base of operations or, the place from which the service is directed or controlled, is at the qualified business facility.

(b) The credit allowed by subsection (a) for any taxpayer who invests in a qualified business facility which is located in a designated nonmetropolitan region established under K.S.A. 74-50,116, and amendments thereto, on or after the effective date of this act, shall be a portion of the income tax imposed by the Kansas income tax act on the taxpayer's Kansas taxable income, the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by the net income of financial institutions imposed pursuant to chapter 79, article 11 of the Kansas Statutes Annotated, for the taxable year for which such credit is allowed, but in the case where the qualified business facility investment was made prior to January 1, 1996, not in excess of 50% of such tax. Such portion shall be an amount equal to the sum of the following:

(1) Two thousand five hundred dollars for each qualified business facility employee determined under K.S.A. 79-32,154, and amendments thereto; plus

(2) one thousand dollars for each \$100,000, or major fraction thereof, which shall be deemed to be 51% or more, in qualified business facility investment, as determined under K.S.A. 79-32,154, and amendments thereto.

(c) The credit allowed by subsection (a) for any taxpayer who invests in a qualified business facility, which is not located in a nonmetropolitan region established under K.S.A. 74-50,116, and amendments thereto, and which also meets the definition of business in subsection (b) of K.S.A. 74-50,114, and amendments thereto, on or after the effective date of this act, shall be a portion of the income tax imposed by the Kansas income tax act on the taxpayer's Kansas taxable income, the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by the net income of financial institutions imposed pursuant to chapter 79, article 11 of the Kansas Statutes Annotated, for the taxable year for which such credit is allowed, but in the case where the qualified business facility investment was made prior to January 1, 1996, not in excess of 50% of such tax. Such portion shall be an amount equal to the sum of the following:

(1) One thousand five hundred dollars for each qualified business facility employee as determined under K.S.A. 79-32,154, and amendments thereto; and

(2) one thousand dollars for each \$100,000, or major fraction thereof, which shall be deemed to be 51% or more, in qualified business facility investment as determined under K.S.A. 79-32,154, and amendments thereto.

(d) The credit allowed by subsection (a) for each qualified business facility employee and for qualified business facility investment shall be a one-time credit. If the amount of the credit allowed under subsection (a) exceeds the tax imposed by the Kansas income tax act on the taxpayer's Kansas taxable income, the premium tax and privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by the net income of financial institutions imposed pursuant to chapter 79, article 11 of the Kansas Statutes Annotated for the taxable year, or in the case where the qualified business facility investment was made prior to January 1, 1996, 50% of such tax imposed upon the amount which exceeds such tax liability or such portion thereof may be carried over for credit in the same manner in the succeeding taxable years until the total amount of such credit is used. Except that, before the credit is allowed, a taxpayer, who meets the definition of a manufacturing business in subsection (d) of K.S.A. 74-50,114, and amendments thereto, shall recertify annually that the net increase of a minimum of two qualified business facility employees has continued to be maintained and a taxpayer, who meets the definition of a nonmanufacturing business in subsection (f) of K.S.A. 74-50,114, and amendments thereto, shall recertify annually that the net increase of a minimum of five qualified business employees has continued to be maintained.

(e) Notwithstanding the foregoing provisions of this section, any taxpayer qualified and certified under the provisions of K.S.A. 74-50,131, and amendments thereto; which, prior to making a commitment to invest in a qualified Kansas business, has filed a certificate of intent to invest in

a qualified business facility in a form satisfactory to the secretary of commerce and housing, and that has received written approval from the secretary of commerce and housing for participation and has participated, during the tax year for which the exemption is claimed, in the Kansas industrial training, Kansas industrial retraining or the state of Kansas investments in lifelong learning program or is eligible for the tax credit established in K.S.A. 74-50,132, and amendments thereto, shall be entitled to a credit in an amount equal to 10% of that portion of the qualified business facility investment which exceeds \$50,000 in lieu of the credit provided in subsection (b)(2) or (c)(2) without regard to the number of qualified business facility employees engaged or maintained in employment at the qualified business facility. The credit allowed by this subsection shall be a one-time credit. If the amount thereof exceeds the tax imposed by the Kansas income tax act on the taxpayer's Kansas taxable income or the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by net income of financial institutions imposed pursuant to chapter 79, article 11 of the Kansas Statutes Annotated for the taxable year, the amount thereof which exceeds such tax liability may be carried forward for credit in the succeeding taxable year or years until the total amount of the tax credit is used, except that no such tax credit shall be carried forward for deduction after the 10th taxable year succeeding the taxable year in which such credit initially was claimed and no carry forward shall be allowed for deduction in any succeeding taxable year unless the taxpayer continued to be qualified and was recertified for such succeeding taxable year pursuant to K.S.A. 74-50,131, and amendments thereto.

(f) This section and K.S.A. 79-32,160b, and amendments thereto, shall be part of and supplemental to the job expansion and investment credit act of 1976 and acts amendatory thereof and supplemental thereto.

Sec. 96. On and after July 1, 2003, K.S.A. 2002 Supp. 79-32,197a is hereby amended to read as follows: 79-32,197a. Any business firm or business entity not subject to Kansas income, privilege or premiums tax, hereinafter designated the assignor, may sell, assign, convey or otherwise transfer tax credits allowed and earned pursuant to K.S.A. 79-32,196, and amendments thereto, for an amount not less than 50% of the value of any such credit. Such credits shall be deemed to be allowed and earned by any such business entity which is only disqualified therefrom by reason of not being subject to such Kansas taxes. The business firm acquiring earned credits, hereinafter designated the assignee, may use the amount of the acquired credits to offset up to 100% of its income, privilege or premiums tax liability for the taxable year in which such acquisition was made. Only the full credit amount for any one contribution may be transferred and such credit may be transferred one time. Unused credit amounts claimed by the assignee may be carried forward for up to five years, except that all such amounts shall be claimed within 10 years following the tax year in which the contribution was made. The assignor shall enter into a written agreement with the assignee establishing the terms and conditions of the agreement and shall perfect such transfer by notifying the director of community development of the department of commerce and housing in writing within 30 calendar days following the effective date of the transfer and shall provide any information as may be required by the director of community development of the department of commerce and housing to administer and carry out the provisions of this section. The amount received by the assignor of such tax credit shall be taxable as income of the assignor, and the excess of the value of such credit over the amount paid by the assignee for such credit shall be taxable as income of the assignee.

Sec. 97. On and after July 1, 2003, K.S.A. 79-32,198 is hereby amended to read as follows: 79-32,198. The director of community development of the department of commerce and housing shall annually review and approve or disapprove the proposal of the provider of community services, except that, no proposal for crime prevention shall be approved without the endorsement of the agency of local government within the area in which crime prevention is to be provided. The proposal shall set forth the program to be conducted, why the program is needed, the estimated amount to be invested in the program and the plans for implementing the program. The director is hereby authorized to promulgate rules and regulations for establishing criteria for evaluating such proposals by the provider of community services for approval or disapproval and for establishing priorities for approval or disapproval of such proposals by the provider of community services with the assistance and approval of the secretary of the department of revenue.

(continued)

Sec. 98. On and after July 1, 2003, K.S.A. 2002 Supp. 79-3620, as amended by section 5 of 2003 Senate Substitute for House Bill No. 2208, 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 subsection (c) and (d), 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 including refunds authorized under the provisions of K.S.A. 79-3635, and amendments thereto. 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) The state treasurer shall credit $\frac{5}{100}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 4.9%, and deposited as provided in subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(2) The state treasurer shall credit $\frac{5}{104}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 5.2%, and deposited as provided in subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(3) The state treasurer shall credit $\frac{5}{106}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 5.3%, and deposited as provided in subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(4) The state treasurer shall credit $\frac{1}{20}$ of the revenue collected and received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 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 redevelopment district occupied by a redevelopment project or taxpayers doing business with such entity financed by a special bond project as defined in K.S.A. 12-1770a, and amendments thereto, that was determined by the secretary of commerce and housing 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 special bond project as defined in K.S.A. 12-1770a, 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 subsection (d) of K.S.A. 79-3710, 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 or special bond project.

Sec. 99. On and after July 1, 2003, K.S.A. 2002 Supp. 79-3620b is hereby amended to read as follows: 79-3620b. Moneys credited to the city bond finance fund in accordance with the provisions of subsections (d) of K.S.A. 79-3620 and (d) of K.S.A. 79-3710, and amendments thereto, shall be distributed biannually to cities which have issued special obligation bonds to finance, in whole or in part, a redevelopment project which was determined by the secretary of commerce and housing 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. The state treasurer shall make such biannual distributions on such dates as mutually agreed to by the city and the state treasurer. The total of all distributions under this section shall not exceed an amount determined to be sufficient to retire the principal and interest payable on such special

obligation bonds. Moneys paid to cities hereunder shall be deposited in a special fund of the city to pay the costs described herein.

Sec. 100. On and after July 1, 2003, K.S.A. 2002 Supp. 79-3710, as amended by section 8 of 2003 Senate Substitute for House Bill No. 2208, 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) and (d), 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) The state treasurer shall credit $\frac{5}{100}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 4.9%, and deposited as provided in subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(2) The state treasurer shall credit $\frac{5}{104}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 5.2%, and deposited as provided in subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(3) The state treasurer shall credit $\frac{5}{106}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 5.3%, and deposited as provided in subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(4) The state treasurer shall credit $\frac{1}{20}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 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 and housing 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 subsection (d) of K.S.A. 79-3620, and amendments thereto. The provisions of this subsection shall expire when the total of all amounts credited hereunder and under subsection (d) of K.S.A. 79-3620, 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 subsection (z) of K.S.A. 12-1770a, and amendments thereto.

Sec. 101. On and after July 1, 2003, Section 2 of 2003 Senate Substitute for House Bill No. 2208, is hereby amended to read as follows: (a) The governing body of a city may establish one or more special bond projects in any area within such city. The special bond projects shall be eligible for financing by special obligation bonds payable from revenues described by subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto. Each special bond project shall first be approved by the secretary. The secretary may approve a special bond project located in a redevelopment district established by a city prior to the effective date of this act. A special bond project shall not be granted to any business that proposes to relocate its business from another area of the state into such city, for the purpose of consideration for a special bond project and shall not receive any of the benefits provided by K.S.A. 12-1770 *et seq.*, and amendments thereto. A special bond project shall not be approved by the secretary if the marketing study required by section 3, and amendments thereto, indicates a substantial negative impact upon businesses in the project market area or the granting of such project would cause a default

in the payment of any outstanding special obligation bonds as authorized pursuant to subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto.

(b) The maximum maturity of special obligation bonds payable primarily from revenues described by subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, to finance special bond projects pursuant to this section shall not exceed 20 years.

(c) Any redevelopment project plan in a redevelopment district located in the city of Wichita that is eligible for benefits provided by K.S.A. 12-1774 *et seq.*, and amendments thereto, and includes an arena or arena-like structure shall be subject to approval by a vote by the citizens of Wichita at an election held for this purpose prior to approval by the secretary of commerce and housing.

Sec. 102. On and after July 1, 2003, Section 16 of 2003 Senate Bill No. 237 is hereby amended to read as follows: Whenever a redevelopment district is established under this act and bonds are issued by the board of county commissioners or by the Kansas development finance authority for any redevelopment project in the district, such redevelopment project shall be regarded as a redevelopment project that was determined by the secretary of commerce and housing to be of statewide as well as local importance for the purposes of K.S.A. 2002 Supp. 79-3620, 79-3620b and 79-3710, and amendments thereto.

New Sec. 103. (a) On or before June 30, 2003, the department of commerce and housing is hereby authorized and directed to adopt temporary rules and regulations setting forth an objective scoring matrix for the purpose of awarding housing tax credits.

(b) Notwithstanding the provisions of executive reorganization order no. 30, the department of commerce is authorized and directed to adopt

in fiscal year 2004 permanent rules and regulations setting forth an objective scoring matrix for the purpose of awarding housing tax credits. Thereafter the Kansas development finance authority is authorized to amend or supplement any such rules and regulations.

Sec. 104. On and after July 1, 2003, K.S.A. 2-3602, 12-1770a, as amended by section 1 of 2003 Senate Substitute for House Bill No. 2208, 12-1771b, 12-1771d, 12-1774, as amended by section 4 of 2003 Senate Substitute for House Bill No. 2208, 12-5242, 32-873, 32-874a, 32-874b, 32-874d, 32-874e, 39-1605, 65-5721, 72-4436, 72-4437, 73-2402, 73-2404, 74-520a, 74-567, 74-575, 74-2622, 74-2916, 74-32,151, 74-4911f, 74-5002f, 74-5002g, 74-5002h, 74-5002i, 74-5002j, 74-5002k, 74-5002n, 74-5002o, 74-5049, 74-5073, 74-5074, 74-5082, 74-5083, 74-5084, 74-5085, 74-5086a, 74-5089, 74-5091, 74-5095, 74-5096, 74-5097, 74-50,103, 74-50,104, 74-50,105, 74-50,106, 74-50,107, 74-50,108, 74-50,109, 74-50,110, 74-50,111, 74-50,114, 74-50,115, 74-50,131, 74-50,133, 74-50,134, 74-50,151, 74-50,152, 74-50,153, 74-50,156, 74-50,157, 74-50,158, 74-50,159, 74-50,160, 74-50,162, 74-50,163, 74-7295, 74-8001, 74-8002, 74-8004, 74-8005, 74-8006, 74-8007, 74-8010, 74-8101, 74-8221, 74-8405, 74-8831, 74-8904, 74-8928, 74-8930, 74-8942, 74-8943, 74-9001, as amended by section 1 of 2003 House Bill No. 2106, 74-9002, 74-9003, 74-9004, 74-9005, 74-9201 and 79-32,198 and K.S.A. 2002 Supp. 2-1921, 40-4702, 58-1401, 58-1405, 58-1406, 58-1407, 75-2935, 79-213, 79-251, 79-3271, 79-3271a, 79-32,160a, 79-32,197a, 79-3620, as amended by section 5 of 2003 Senate Substitute for House Bill No. 2208, 79-3620b and 79-3710, as amended by section 8 of Senate Substitute for House Bill No. 2208, and section 2 of 2003 Senate Substitute for House Bill No. 2208, and section 16 of 2003 Senate Bill No. 237 are hereby repealed.

Sec. 105. This act shall take effect and be in force from and after its publication in the Kansas register.

INDEX TO ADMINISTRATIVE REGULATIONS

This index lists in numerical order the new, amended and revoked administrative regulations and the volume and page number of the *Kansas Register* issue in which more information can be found. Temporary regulations are designated with a (T) in the Action column. This cumulative index supplements the 2000 Volumes and 2002 Supplement to the *Kansas Administrative Regulations*.

AGENCY 1: DEPARTMENT OF ADMINISTRATION

Reg. No.	Action	Register
1-2-31	Amended	V. 21, p. 767
1-2-42	Amended	V. 21, p. 767
1-2-42a	Amended	V. 21, p. 767
1-2-48	Revoked	V. 21, p. 767
1-5-22	Amended	V. 21, p. 767
1-5-29	Amended	V. 21, p. 767
1-6-3	Amended	V. 21, p. 767
1-6-21	Amended	V. 21, p. 768
1-6-23	Amended (T)	V. 22, p. 466
1-6-26a	New	V. 21, p. 768
1-9-4	Amended	V. 21, p. 768
1-9-5	Amended	V. 21, p. 769
1-9-7b	Amended	V. 21, p. 2048
1-11-1	Amended	V. 21, p. 770
1-14-12a	Revoked	V. 21, p. 770
1-16-18	Amended	V. 21, p. 146
1-45-1 through 1-45-7	Revoked	V. 22, p. 226
1-45-7a	Revoked	V. 22, p. 226
1-45-8 through 1-45-14	Revoked	V. 22, p. 226
1-45-15	Amended (T)	V. 21, p. 1942
1-45-15	Revoked	V. 22, p. 226
1-45-16	Amended (T)	V. 21, p. 1942
1-45-16	Revoked	V. 21, p. 226
1-45-17	Revoked	V. 22, p. 226
1-45-18 through 1-45-24	New	V. 22, p. 226-228

1-47-1	Amended	V. 22, p. 850
1-49-1	Amended	V. 22, p. 851
1-49-12	New	V. 22, p. 851

AGENCY 3: KANSAS STATE TREASURER

Reg. No.	Action	Register
3-2-2	Amended	V. 21, p. 1944
3-2-3	Amended	V. 21, p. 1944

AGENCY 4: DEPARTMENT OF AGRICULTURE

Reg. No.	Action	Register
4-1-17	Amended (T)	V. 21, p. 1174
4-1-17	Amended	V. 21, p. 1749
4-4-2	Amended	V. 21, p. 1749
4-7-2	Amended	V. 21, p. 2020
4-7-3	Amended	V. 21, p. 2020
4-7-4	Amended	V. 21, p. 2020
4-7-6	Amended	V. 21, p. 2021
4-7-213	Amended	V. 21, p. 2021
4-7-213a	Revoked	V. 21, p. 2021
4-7-214	Amended	V. 21, p. 2021
4-7-216	Amended	V. 21, p. 2021
4-7-408	Revoked	V. 21, p. 2021
4-7-507	Amended	V. 21, p. 2021
4-7-510	Amended	V. 21, p. 2021
4-7-511	Revoked	V. 21, p. 2021
4-7-512	Revoked	V. 21, p. 2022
4-7-513	Revoked	V. 21, p. 2022
4-7-530	Amended	V. 21, p. 2022
4-7-531	Amended	V. 21, p. 2022
4-7-532	Amended	V. 21, p. 2022
4-7-533	Amended	V. 21, p. 2022
4-7-715	Amended	V. 21, p. 2022
4-7-716	Amended	V. 21, p. 2022
4-7-717	Amended	V. 21, p. 2023
4-7-718	Amended	V. 21, p. 2023
4-7-719	Amended	V. 21, p. 2023
4-7-720	Revoked	V. 21, p. 2023
4-7-721	Revoked	V. 21, p. 2023
4-7-722	Revoked	V. 21, p. 2023
4-7-802	Revoked	V. 21, p. 2023
4-7-804	New	V. 21, p. 2023
4-7-900	Amended	V. 21, p. 2024
4-7-901	Amended	V. 21, p. 2024
4-7-902	Amended	V. 21, p. 2024
4-7-903	Amended	V. 21, p. 2024
4-7-904	Amended	V. 21, p. 2024
4-7-905	Revoked	V. 21, p. 2024

4-7-1000	Amended	V. 21, p. 2024
4-7-1001	Revoked	V. 21, p. 2025
4-8-43	New (T)	V. 22, p. 82
4-8-43	New	V. 22, p. 432
4-13-9	Amended (T)	V. 21, p. 1174
4-13-9	Amended	V. 21, p. 1749
4-13-20 through 4-13-24	Amended (T)	V. 21, p. 1174, 1175
4-13-20 through 4-13-24	Amended	V. 21, p. 1749, 1750
4-13-25	Amended	V. 21, p. 2043
4-13-25a through 4-13-25l	New	V. 21, p. 2044-2047
4-13-33	Amended (T)	V. 21, p. 1175
4-13-33	Amended	V. 21, p. 1750
4-14-1	Revoked	V. 21, p. 1705
4-14-2	Revoked	V. 21, p. 1705
4-14-3	Revoked	V. 21, p. 1705
4-15-1	Revoked	V. 21, p. 1705
4-15-2	Revoked	V. 21, p. 1705
4-15-3	Revoked	V. 21, p. 1705
4-15-4 through 4-15-14	New	V. 21, p. 1705-1708
4-16-7a	Amended	V. 22, p. 12
4-18-1	Revoked	V. 21, p. 1708
4-19-1	Amended (T)	V. 21, p. 1175
4-19-1	Amended	V. 21, p. 1750
4-20-11	Amended	V. 22, p. 385
4-20-15	Amended	V. 22, p. 385
4-21-1	Amended	V. 22, p. 385
4-21-3	Amended	V. 22, p. 386
4-21-4	Amended	V. 22, p. 386
4-21-5	Amended	V. 22, p. 387
4-21-6	Amended	V. 22, p. 387
4-21-7	New	V. 22, p. 387
4-25-2 through 4-25-18	New	V. 21, p. 232-235

AGENCY 5: DEPARTMENT OF AGRICULTURE—DIVISION OF WATER RESOURCES

Reg. No.	Action	Register
5-3-26	Amended (T)	V. 21, p. 1131
5-3-26	Amended	V. 21, p. 1704

(continued)

5-15-1 through 5-15-4	New (T)	V. 21, p. 690-692
5-15-1 through 5-15-4	New	V. 21, p. 1307-1309
5-16-1 through 5-16-7	New	V. 21, p. 1667-1669
5-21-6	New	V. 22, p. 41
5-21-7	New	V. 22, p. 42
5-22-2	Amended	V. 21, p. 2133
5-22-4	Amended	V. 21, p. 2133
5-22-4a	New	V. 21, p. 2134
5-22-5	Revoked	V. 21, p. 2134
5-22-12	New	V. 21, p. 2134
5-23-6	Amended	V. 21, p. 2134
5-24-5	Amended	V. 21, p. 2135
5-24-7	Amended	V. 21, p. 2135
5-24-8	New	V. 21, p. 2135
5-24-9	New	V. 21, p. 2136
5-24-10	New	V. 21, p. 2136

AGENCY 7: SECRETARY OF STATE

Reg. No.	Action	Register
7-23-13	Amended	V. 21, p. 1056
7-37-2	Amended	V. 21, p. 1056

AGENCY 9: ANIMAL HEALTH DEPARTMENT

Reg. No.	Action	Register
9-7-19	New	V. 21, p. 265
9-18-1	Amended	V. 22, p. 794
9-22-4	New	V. 22, p. 795
9-22-5	New	V. 22, p. 796

AGENCY 10: KANSAS BUREAU OF INVESTIGATION

Reg. No.	Action	Register
10-12-1	Amended	V. 21, p. 454
10-13-1	Amended	V. 21, p. 454
10-20-2a	New	V. 21, p. 454
10-21-1 through 10-21-6	Amended	V. 21, p. 454-456

AGENCY 11: STATE CONSERVATION COMMISSION

Reg. No.	Action	Register
11-1-6	Amended	V. 21, p. 1318
11-1-7	Amended	V. 21, p. 1318
11-1-8	Amended	V. 21, p. 1318
11-1-9 through 11-1-14	New	V. 21, p. 1319-1321
11-2-4 through 11-2-6	Revoked	V. 21, p. 1321
11-5-1 through 11-5-4	Revoked	V. 21, p. 1321
11-7-6	Amended	V. 21, p. 1321
11-7-7	Amended	V. 21, p. 1321
11-7-12 through 11-7-15	Amended	V. 21, p. 1322, 1323
11-7-16	New	V. 21, p. 1323
11-9-2	Amended	V. 21, p. 1323
11-9-5	Amended	V. 21, p. 1323
11-9-10	Amended	V. 21, p. 1323
11-10-1 through 11-10-6	New	V. 21, p. 1323-1324

AGENCY 14: DEPARTMENT OF REVENUE—DIVISION OF ALCOHOLIC BEVERAGE CONTROL

Reg. No.	Action	Register
14-12-1 through 14-12-18	Revoked	V. 21, p. 2095
14-13-14	New	V. 21, p. 1054
14-13-15	New	V. 21, p. 1055
14-14-6	Revoked	V. 21, p. 2095
14-14-6a	New	V. 21, p. 2095

14-15-1	New	V. 22, p. 123
14-15-2	New	V. 22, p. 123

AGENCY 17: STATE BANK COMMISSIONER

Reg. No.	Action	Register
17-11-18	Amended	V. 22, p. 798
17-24-3	New	V. 21, p. 212

AGENCY 22: STATE FIRE MARSHAL

Reg. No.	Action	Register
22-24-1 through 22-24-18	New	V. 21, p. 147-150

AGENCY 25: STATE GRAIN INSPECTION DEPARTMENT (By Department of Agriculture)

Reg. No.	Action	Register
25-1-3 through 25-1-6	Revoked	V. 21, p. 235, 236
25-1-12	Revoked	V. 21, p. 236
25-1-15	Revoked	V. 21, p. 236
25-1-19 through 25-1-28	Revoked	V. 21, p. 236
25-2-4	Revoked	V. 21, p. 236
25-3-2 through 25-3-6	Revoked	V. 21, p. 236
25-3-8	Revoked	V. 21, p. 236
25-3-10 through 25-3-13	Revoked	V. 21, p. 236
25-3-15	Revoked	V. 21, p. 236
25-3-16	Revoked	V. 21, p. 236
25-3-17	Revoked	V. 21, p. 236
25-4-4	Revoked	V. 21, p. 236
25-5-1	Revoked	V. 21, p. 236

AGENCY 26: DEPARTMENT ON AGING

Reg. No.	Action	Register
26-1-1	Amended	V. 21, p. 743
26-1-4	Revoked	V. 21, p. 745
26-1-5	Amended	V. 21, p. 745
26-2-4	Amended	V. 21, p. 745
26-3-2	Revoked	V. 21, p. 745
26-5-1	Revoked	V. 21, p. 745
26-5-6	Amended	V. 21, p. 745
26-8-1	Amended (T)	V. 21, p. 1222
26-8-1	Amended	V. 21, p. 1747
26-8-2	Amended (T)	V. 21, p. 1172
26-8-2	Amended	V. 21, p. 1747
26-8-3	Revoked (T)	V. 21, p. 1173
26-8-3	Revoked	V. 21, p. 1748
26-8-5	Amended (T)	V. 21, p. 1173
26-8-5	Amended	V. 21, p. 1748
26-8-6	Revoked (T)	V. 21, p. 1173
26-8-6	Revoked	V. 21, p. 1748
26-8-7	Amended (T)	V. 21, p. 1173
26-8-7	Amended	V. 21, p. 1748
26-8-8	Amended (T)	V. 21, p. 1173
26-8-8	Amended	V. 21, p. 1748
26-8-9	Revoked (T)	V. 21, p. 1173
26-8-9	Revoked	V. 21, p. 1748
26-8-12	Revoked (T)	V. 21, p. 1173
26-8-12	Revoked	V. 21, p. 1748
26-8-13	Revoked (T)	V. 21, p. 1173
26-8-13	Revoked	V. 21, p. 1748
26-8-14	Revoked (T)	V. 21, p. 1173
26-8-14	Revoked	V. 21, p. 1748
26-8-15	New (T)	V. 21, p. 1173
26-8-15	New	V. 21, p. 1748
26-11-1	New	V. 21, p. 1405
26-11-2	New	V. 21, p. 1405
26-11-3	New	V. 21, p. 1405

AGENCY 28: DEPARTMENT OF HEALTH AND ENVIRONMENT

Reg. No.	Action	Register
28-1-18	Amended (T)	V. 21, p. 1405
28-1-18	Amended	V. 21, p. 1920
28-4-269	Amended (T)	V. 21, p. 497
28-4-269	Amended	V. 21, p. 1167
28-4-331	Amended (T)	V. 21, p. 498

28-4-331	Amended	V. 21, p. 1168
28-4-351	Amended (T)	V. 21, p. 500
28-4-351	Amended	V. 21, p. 1170
28-4-576 through 28-4-596	New (T)	V. 21, p. 597-616
28-4-576 through 28-4-596	New	V. 21, p. 2138-2156
28-14-1	Amended	V. 21, p. 1791
28-14-2	Amended	V. 21, p. 1791
28-16-28b through 28-16-28e	Amended	V. 21, p. 2096-2012
28-17-6	Amended (T)	V. 21, p. 1171
28-17-6	Amended	V. 21, p. 1704
28-19-17	Amended	V. 21, p. 1892
28-19-17a through 28-19-17q	Revoked	V. 21, p. 1892
28-19-17q	Revoked	V. 21, p. 1325
28-19-75	New	V. 21, p. 1892
28-19-350	New	V. 21, p. 1892
28-19-564	Amended	V. 21, p. 1581
28-19-714	New	V. 21, p. 1325
28-29-3	Amended	V. 22, p. 798
28-29-18	Revoked	V. 21, p. 310
28-29-20	Amended	V. 22, p. 801
28-29-29	Amended	V. 21, p. 310
28-29-101	Revoked	V. 22, p. 802
28-29-109	Amended	V. 22, p. 802
28-29-2201	New	V. 21, p. 310
28-31-1	Amended	V. 21, p. 1511
28-31-2	Amended	V. 21, p. 1512
28-31-3	Amended	V. 21, p. 1512
28-31-4	Amended	V. 21, p. 1512
28-31-6	Amended	V. 21, p. 1517
28-31-8	Amended	V. 21, p. 1518
28-31-8b	Amended	V. 21, p. 1519
28-31-9	Amended	V. 21, p. 1519
28-31-10	Amended	V. 21, p. 1519
28-31-10a	Amended	V. 21, p. 1520
28-31-11	Revoked	V. 21, p. 1520
28-31-14	Amended	V. 21, p. 1520
28-31-15	Amended	V. 21, p. 1520
28-31-16	Amended	V. 21, p. 1520
28-38-18 through 28-38-23	Amended	V. 22, p. 7-9
28-38-28	Amended	V. 22, p. 10
28-38-29	Amended	V. 22, p. 10
28-38-30	Amended	V. 22, p. 11
28-45-2	Revoked (T)	V. 22, p. 531
28-45-2a	New (T)	V. 22, p. 531
28-45-3	Revoked (T)	V. 22, p. 532
28-45-3a	New (T)	V. 22, p. 532
28-45-4	Revoked (T)	V. 22, p. 533
28-45-4a	New (T)	V. 22, p. 533
28-45-5	Revoked (T)	V. 22, p. 533
28-45-5a	New (T)	V. 22, p. 533
28-45-6	Revoked (T)	V. 22, p. 534
28-45-6a	New (T)	V. 22, p. 534
28-45-7	Revoked (T)	V. 22, p. 535
28-45-7a	New (T)	V. 22, p. 535
28-45-8	Revoked (T)	V. 22, p. 536
28-45-8a	New (T)	V. 22, p. 536
28-45-9	Revoked (T)	V. 22, p. 536
28-45-9a	New (T)	V. 22, p. 536
28-45-10	Revoked (T)	V. 22, p. 536
28-45-10a	New (T)	V. 22, p. 536
28-45-11	Revoked (T)	V. 22, p. 537
28-45-11a	New (T)	V. 22, p. 537
28-45-12 through 28-45-30	New (T)	V. 22, p. 537-548
28-45a-1 through 28-45a-19	New (T)	V. 22, p. 548-557
28-55-3	Amended	V. 21, p. 311
28-55-5	Amended	V. 21, p. 311
28-72-1 through 28-72-4	Amended	V. 21, p. 1944-1948
28-72-4a	Amended	V. 21, p. 1952
28-72-4b	Amended	V. 21, p. 1954
28-72-4c	Amended	V. 21, p. 1955
28-72-5 through 28-72-18	Amended	V. 21, p. 1957-1971
28-72-18e	Amended	V. 21, p. 1973

28-72-19 Amended V. 21, p. 1974
 28-72-21 Amended V. 21, p. 1974

AGENCY 30: SOCIAL AND REHABILITATION SERVICES

Reg. No.	Action	Register
30-4-90	Amended	V. 21, p. 1005
30-4-96	Revoked	V. 22, p. 249
30-5-64	Amended	V. 22, p. 584
30-5-81u	Amended (T)	V. 22, p. 83
30-5-81u	Amended	V. 22, p. 432
30-5-94	Amended	V. 21, p. 2049
30-5-101	Revoked	V. 21, p. 1007
30-5-101a	Revoked	V. 21, p. 2049
30-5-102	Amended (T)	V. 22, p. 83
30-5-102	Amended	V. 22, p. 432
30-5-105	Amended (T)	V. 22, p. 83
30-5-105	Amended	V. 22, p. 433
30-5-108a	Amended	V. 21, p. 2049
30-5-300	Amended	V. 21, p. 1007
30-5-308	Amended	V. 21, p. 2049
30-6-86	Amended	V. 21, p. 2049
30-6-88	New	V. 21, p. 1010
30-6-94	Amended	V. 21, p. 506
30-6-103	Amended (T)	V. 22, p. 84
30-6-103	Amended	V. 22, p. 433
30-6-106	Amended	V. 22, p. 249
30-6-107	Amended	V. 21, p. 1011
30-6-109	Amended	V. 21, p. 1011
30-6-112	Amended	V. 21, p. 1013
30-10-1a	Amended	V. 21, p. 506
30-10-2	Amended	V. 21, p. 508
30-10-6	Amended	V. 21, p. 1014
30-10-7	Amended	V. 21, p. 509
30-10-11	Amended	V. 21, p. 1015
30-10-15a	Amended	V. 21, p. 1017
30-10-15b	Amended	V. 21, p. 1018
30-10-17	Amended	V. 21, p. 2050
30-10-18	Amended	V. 21, p. 2052
30-10-19	Amended	V. 21, p. 1023
30-10-21	Amended	V. 21, p. 1024
30-10-23a	Amended	V. 21, p. 2055
30-10-24	Amended	V. 21, p. 1025
30-10-25	Amended	V. 21, p. 1026
30-10-27	Amended	V. 21, p. 1027
30-10-29	Revoked	V. 21, p. 1028
30-12-16	through	
30-12-22	Revoked	V. 21, p. 331
30-13-17	through	
30-13-26	Revoked	V. 21, p. 331
30-14-28	Amended (T)	V. 22, p. 84
30-14-28	Amended	V. 22, p. 434
30-64-20	Amended	V. 21, p. 80
30-64-22	Amended	V. 21, p. 80
30-64-23	Amended	V. 21, p. 80
30-64-24	Amended	V. 21, p. 1310
30-64-30	Amended	V. 21, p. 81
30-64-31	Amended	V. 21, p. 81
30-64-32	Amended	V. 21, p. 82
30-64-34	Revoked	V. 21, p. 82

AGENCY 40: KANSAS INSURANCE DEPARTMENT

Reg. No.	Action	Register
40-1-34	Amended	V. 21, p. 2131
40-1-43	Amended	V. 21, p. 451
40-1-46	Amended	V. 21, p. 212
40-1-47	New	V. 21, p. 588
40-1-48	Amended	V. 21, p. 1056
40-1-49	New	V. 21, p. 1703
40-2-22	Revoked	V. 21, p. 589
40-4-36	Amended	V. 22, p. 465
40-4-37	Amended	V. 21, p. 741
40-4-37k	Amended	V. 21, p. 1272
40-4-37q	New	V. 21, p. 1272
40-4-37s	New	V. 21, p. 743
40-4-37t	New	V. 21, p. 1272
40-4-37u	New	V. 21, p. 1370

AGENCY 44: DEPARTMENT OF CORRECTIONS

Reg. No.	Action	Register
44-4-103	Revoked	V. 21, p. 309
44-4-104	Revoked	V. 21, p. 309

44-4-106	through	
44-4-109	Revoked	V. 21, p. 309
44-5-101	Revoked	V. 21, p. 309
44-5-103	Revoked	V. 21, p. 309
44-5-107	through	
44-5-110	Revoked	V. 21, p. 309
44-5-113	Revoked	V. 21, p. 309
44-5-114	Revoked	V. 21, p. 309
44-6-101	Amended	V. 21, p. 1406
44-6-106	Amended	V. 21, p. 1407
44-6-107	Amended	V. 21, p. 1407
44-6-108	Amended	V. 21, p. 1408
44-6-114c	Amended	V. 21, p. 1408
44-6-114d	New	v. 21, p. 1409
44-6-114e	New	V. 21, p. 1409
44-6-115	Revoked	V. 21, p. 1415
44-6-115a	New	V. 21, p. 1415
44-6-115a	Amended (T)	V. 22, p. 383
44-6-115b	New	V. 21, p. 1415
44-6-115c	New	V. 21, p. 1417
44-6-117	Revoked	V. 21, p. 1418
44-6-120	Revoked	V. 21, p. 1418
44-6-124	Revoked	V. 21, p. 1418
44-6-125	Amended	V. 21, p. 1418
44-6-126	Amended	V. 21, p. 1419
44-6-133	Revoked	V. 21, p. 1419
44-6-134	Amended	V. 21, p. 1419
44-6-136	Amended	V. 21, p. 1419
44-6-136a	Amended	V. 21, p. 1420
44-6-137	Amended	V. 21, p. 1420
44-6-138	Amended	V. 21, p. 1420
44-6-140	Amended	V. 21, p. 1421
44-6-140a	Amended	V. 21, p. 1421
44-6-141	Amended	V. 21, p. 1421
44-6-142	Revoked	V. 21, p. 1421
44-6-143	Amended	V. 21, p. 1421
44-6-146	Revoked	V. 21, p. 1422
44-7-102	Revoked	V. 21, p. 309
44-7-103	Revoked	V. 21, p. 309
44-7-105	Revoked	V. 21, p. 309
44-7-106	Revoked	V. 21, p. 309
44-7-107	Revoked	V. 21, p. 309
44-7-109	Revoked	V. 21, p. 309
44-7-112	Revoked	V. 21, p. 309
44-7-114	Revoked	V. 21, p. 309
44-7-115	Revoked	V. 21, p. 309
44-7-116	Revoked	V. 21, p. 309
44-8-110	through	
44-8-114	through	
44-8-114	Revoked	V. 21, p. 309
44-11-111	Amended	V. 21, p. 335
44-11-112	Revoked	V. 21, p. 336
44-11-113	Amended	V. 21, p. 336
44-11-114	Revoked	V. 21, p. 336
44-11-115	Revoked	V. 21, p. 336
44-11-119	Amended	V. 21, p. 336
44-11-120	Amended	V. 21, p. 336
44-11-121	Amended	V. 21, p. 337
44-11-122	Revoked	V. 21, p. 337
44-11-123	Amended	V. 21, p. 337
44-11-124	Revoked	V. 21, p. 337
44-11-127	Amended	V. 21, p. 337
44-11-129	Amended	V. 21, p. 338
44-11-130	Amended	V. 21, p. 338
44-11-131	Amended	V. 21, p. 339
44-11-132	Amended	V. 21, p. 339
44-11-133	Amended	V. 21, p. 339
44-11-135	Amended	V. 21, p. 339
44-12-103	Amended	V. 21, p. 117
44-12-105	Amended	V. 21, p. 117
44-12-106	Amended	V. 21, p. 117
44-12-107	Amended	V. 21, p. 117
44-12-201	through	
44-12-205	Amended	V. 21, p. 118
44-12-210	Amended	V. 21, p. 118
44-12-303	Amended	V. 21, p. 118
44-12-305	Amended	V. 21, p. 118
44-12-306	Amended	V. 21, p. 119
44-12-307	Amended	V. 21, p. 119
44-12-309	Amended	V. 21, p. 119
44-12-310	Amended	V. 21, p. 119
44-12-312	Amended	V. 21, p. 119
44-12-313	Amended	V. 21, p. 119
44-12-314	Amended	V. 21, p. 119
44-12-318	Amended	V. 21, p. 120
44-12-320	Revoked	V. 21, p. 120

44-12-321	Amended	V. 21, p. 120
44-12-325	Amended	V. 21, p. 120
44-12-326	Revoked	V. 21, p. 120
44-12-327	Amended	V. 21, p. 120
44-12-328	Amended	V. 21, p. 120
44-12-401	Amended	V. 21, p. 120
44-12-501	Amended	V. 21, p. 121
44-12-503	Amended	V. 21, p. 121
44-12-504	Amended	V. 21, p. 121
44-12-505b	Amended	V. 21, p. 121
44-12-601	Amended	V. 21, p. 121
44-12-602	Amended	V. 21, p. 123
44-12-702	Amended	V. 21, p. 123
44-12-801	Amended	V. 21, p. 123
44-12-902	Amended	V. 21, p. 123
44-12-1002	Amended	V. 21, p. 123
44-12-1002	Amended (T)	V. 22, p. 384
44-12-1306	Amended	V. 21, p. 123
44-12-1307	Amended	V. 21, p. 124
44-13-101	Amended	V. 21, p. 151
44-13-104	Revoked	V. 21, p. 151
44-13-105	Amended	V. 21, p. 151
44-13-106	Amended	V. 21, p. 151
44-13-201	Amended	V. 21, p. 152
44-13-201b	Amended	V. 21, p. 153
44-13-201b	Amended (T)	V. 22, p. 384
44-13-202	Amended	V. 21, p. 153
44-13-302a	Revoked	V. 21, p. 153
44-13-304	Revoked	V. 21, p. 153
44-13-306	New	V. 21, p. 154
44-13-307	New	V. 21, p. 154
44-13-401	Amended	V. 21, p. 154
44-13-401a	Revoked	V. 21, p. 154
44-13-402	Amended	V. 21, p. 154
44-13-403	Amended	V. 21, p. 155
44-13-404	Amended	V. 21, p. 156
44-13-405a	Amended	V. 21, p. 157
44-13-406	Amended	V. 21, p. 158
44-13-408	Amended	V. 21, p. 158
44-13-409	Amended	V. 21, p. 158
44-13-501	Amended	V. 21, p. 158
44-13-502a	Amended	V. 21, p. 158
44-13-506	through	
44-13-509	Amended	V. 21, p. 158, 159
44-13-601	Amended	V. 21, p. 159
44-13-603	Amended	V. 21, p. 159
44-13-610	Amended	V. 21, p. 159
44-13-701	through	
44-13-704	Amended	V. 21, p. 159, 160
44-13-705	Revoked	V. 21, p. 161
44-13-706	Amended	V. 21, p. 161
44-13-707	Amended	V. 21, p. 161
44-14-101	Revoked	V. 21, p. 83
44-14-102	Revoked	V. 21, p. 83
44-14-201	Revoked	V. 21, p. 83
44-14-202	Revoked	V. 21, p. 83
44-14-301	through	
44-14-318	Revoked	V. 21, p. 83
44-15-101	Amended	V. 21, p. 84
44-15-101a	Amended	V. 21, p. 84
44-15-102	Amended	V. 21, p. 85
44-15-201	Amended	V. 21, p. 86
44-16-102	Amended	V. 21, p. 86
44-16-103	Revoked	V. 21, p. 86
44-16-104	Revoked	V. 21, p. 86
44-16-105	Amended	V. 21, p. 86
44-16-106	Revoked	V. 21, p. 86
44-16-107	Revoked	V. 21, p. 86
44-16-108	Revoked	V. 21, p. 86

AGENCY 45: KANSAS PAROLE BOARD

Reg. No.	Action	Register
45-1-1	Revoked	V. 21, p. 1894
45-4-4	through	
45-4-7	Revoked	V. 21, p. 1894
45-4-9	Revoked	V. 21, p. 1894
45-6-1	Revoked	V. 21, p. 1894
45-6-2	Revoked	V. 21, p. 1894
45-6-3	Revoked	V. 21, p. 1894
45-6-5	Revoked	V. 21, p. 1894
45-7-1	through	
45-7-5	Revoked	V. 21, p. 1894

(continued)

45-9-1 through 45-9-4	Revoked	V. 21, p. 1894
45-10-1	Revoked	V. 21, p. 1894
45-11-1	Revoked	V. 21, p. 1895
45-14-1	Revoked	V. 21, p. 1895
45-16-2	Revoked	V. 21, p. 1895
45-16-3	Revoked	V. 21, p. 1895
45-16-4	Revoked	V. 21, p. 1895
45-100-1	New	V. 21, p. 1895
45-200-1	New	V. 21, p. 1895
45-200-2	New	V. 21, p. 1896
45-300-1	New	V. 21, p. 1896
45-300-2	New	V. 21, p. 1896
45-400-1 through 45-400-4	New	V. 21, p. 1896, 1897
45-500-1 through 45-500-4	New	V. 21, p. 1897, 1898
45-600-1	New	V. 21, p. 1899
45-700-1	New (T)	V. 21, p. 1328
45-700-1	New	V. 21, p. 1900
45-700-2	New (T)	V. 21, p. 1328
45-700-2	New	V. 21, p. 1900
45-800-1	New	V. 21, p. 1900
45-900-1	New	V. 21, p. 1901
45-1000-1	New	V. 21, p. 1901
45-1000-2	New	V. 21, p. 1901
45-1000-3	New	V. 21, p. 1901

AGENCY 51: DEPARTMENT OF HUMAN RESOURCES—DIVISION OF WORKERS COMPENSATION

Reg. No.	Action	Register
51-2-6	New	V. 21, p. 864
51-3-1 through 51-3-4	Amended	V. 21, p. 864-865
51-9-12 through 51-9-14	Revoked	V. 21, p. 865
51-9-15	New	V. 21, p. 1224
51-9-16	New	V. 21, p. 1271
51-10-6	Revoked	V. 21, p. 865
51-17-1	Revoked	V. 21, p. 865
51-24-1	Amended	V. 21, p. 865
51-24-3	Amended	V. 21, p. 865
51-24-4	Amended	V. 21, p. 866

AGENCY 60: BOARD OF NURSING

Reg. No.	Action	Register
60-1-104	Amended	V. 22, p. 42
60-2-101 through 60-2-106	Amended	V. 22, p. 43-47
60-2-108	Amended	V. 22, p. 47
60-3-106	Amended	V. 21, p. 840
60-3-110	Amended	V. 21, p. 1764
60-3-112	Amended	V. 21, p. 1764
60-4-103	Amended	V. 21, p. 841
60-9-105	Amended	V. 21, p. 1765
60-9-107	Amended	V. 21, p. 1765
60-11-116	Amended	V. 21, p. 316
60-11-121	Amended	V. 21, p. 1767
60-13-103	Amended	V. 21, p. 316
60-13-110	Amended	V. 21, p. 317
60-16-101	Amended	V. 21, p. 841
60-16-102	Amended	V. 22, p. 47
60-16-103	Amended	V. 21, p. 842
60-16-104	Amended	V. 21, p. 842

AGENCY 63: BOARD OF MORTUARY ARTS

Reg. No.	Action	Register
63-1-23	New	V. 21, p. 659
63-3-22	New	V. 21, p. 659
63-3-23	New	V. 21, p. 659
63-4-1	Amended	V. 21, p. 659
63-7-1 through 63-7-8	New	V. 21, p. 660-662

AGENCY 65: BOARD OF EXAMINERS IN OPTOMETRY

Reg. No.	Action	Register
65-4-3	Amended	V. 21, p. 183

AGENCY 66: BOARD OF TECHNICAL PROFESSIONS

Reg. No.	Action	Register
66-8-4	Amended	V. 21, p. 1789
66-9-5	Amended	V. 21, p. 1789
66-10-1	Amended	V. 21, p. 1789
66-10-9	Amended	V. 21, p. 1789
66-10-10b	New	V. 21, p. 1789
66-10-13	Amended	V. 21, p. 1790
66-11-1a	New	V. 21, p. 1790
66-11-1b	New	V. 21, p. 1790
66-11-5	New	V. 21, p. 1790
66-14-6	Amended	V. 21, p. 1790

AGENCY 68: BOARD OF PHARMACY

Reg. No.	Action	Register
68-1-1a	Amended	V. 21, p. 746
68-1-1e	Revoked	V. 21, p. 308
68-1-2a	Amended	V. 21, p. 746
68-1-3	Revoked	V. 21, p. 308
68-1-3a	Amended	V. 21, p. 746
68-2-5	Amended	V. 21, p. 308
68-2-9	Amended	V. 22, p. 118
68-2-10	Amended	V. 22, p. 118
68-2-11	Amended	V. 22, p. 118
68-2-12a	Amended	V. 22, p. 118
68-2-15	Amended	V. 22, p. 430
68-2-20	Amended	V. 22, p. 119
68-7-12	Amended	V. 22, p. 119
68-7-12a	Amended	V. 22, p. 120
68-7-12b	New	V. 22, p. 120
68-8-1	Amended	V. 22, p. 431
68-9-1	Amended	V. 21, p. 308
68-9-2	Amended	V. 22, p. 121
68-11-1	Amended	V. 22, p. 122
68-11-2	Amended	V. 22, p. 122
68-12-2	Amended	V. 22, p. 122
68-13-1	Amended	V. 22, p. 122

AGENCY 74: BOARD OF ACCOUNTANCY

Reg. No.	Action	Register
74-4-7	Amended	V. 21, p. 1867
74-4-8	Amended	V. 21, p. 1867
74-4-9	Amended	V. 21, p. 1901
74-5-101	Amended	V. 21, p. 1868
74-5-102	Amended	V. 21, p. 1868
74-5-202	Amended	V. 21, p. 1869
74-5-302	Amended	V. 21, p. 1869
74-5-401	Amended	V. 21, p. 1869
74-5-406	Amended	V. 21, p. 1869
74-7-4	New	V. 21, p. 1870
74-11-6	Amended	V. 21, p. 1870
74-11-7	Amended	V. 21, p. 1870

AGENCY 82: STATE CORPORATION COMMISSION

Reg. No.	Action	Register
82-1-220a	New	V. 22, p. 39
82-3-105	Amended (T)	V. 21, p. 1175
82-3-105	Amended	V. 21, p. 1750
82-3-113	Amended (T)	V. 21, p. 1175
82-3-113	Amended	V. 21, p. 1750
82-3-114	Amended (T)	V. 21, p. 1176
82-3-114	Amended	V. 21, p. 1751
82-3-117	Amended (T)	V. 21, p. 1176
82-3-117	Amended	V. 21, p. 1751
82-3-120	Amended (T)	V. 21, p. 1176
82-3-120	Amended	V. 21, p. 1751
82-3-311	Amended (T)	V. 21, p. 1178
82-3-311	Amended	V. 21, p. 1753
82-3-312	Amended	V. 21, p. 117
82-3-400	Amended	V. 21, p. 383
82-3-401	Amended	V. 21, p. 383
82-3-401a	Revoked	V. 21, p. 384
82-3-401b	Revoked	V. 21, p. 384
82-3-402 through 82-3-410	Amended	V. 21, p. 384-389
82-3-411	New	V. 21, p. 389
82-3-412	New	V. 21, p. 390
82-3-1000 through 82-3-1012	New (T)	V. 21, p. 1178-1188
82-3-1000 through 82-3-1012	New	V. 21, p. 1753-1763

82-4-2	Amended	V. 22, p. 86
82-4-20	Amended	V. 22, p. 86
82-4-21	Amended	V. 22, p. 87
82-4-22	Amended (T)	V. 21, p. 1329
82-4-22	Amended	V. 21, p. 1702
82-4-23	Amended	V. 22, p. 87
82-4-26	Amended	V. 22, p. 87
82-4-26a	Amended	V. 22, p. 88
82-4-27	Amended	V. 22, p. 88
82-4-27a	Amended	V. 22, p. 88
82-4-27e	Amended	V. 22, p. 89
82-4-28	Amended	V. 22, p. 89
82-4-28a	Amended	V. 22, p. 89
82-4-29	Amended	V. 22, p. 90
82-4-29a	Amended	V. 22, p. 90
82-4-30a	Amended	V. 22, p. 90
82-4-32	Amended	V. 22, p. 90
82-4-35	Amended	V. 22, p. 91
82-4-46	Amended	V. 22, p. 91
82-4-49b through 82-4-49e	Revoked	V. 22, p. 91
82-7-2 through 82-7-5	Revoked	V. 22, p. 91
82-8-1	Amended	V. 22, p. 91
82-8-2	Amended	V. 22, p. 91
82-8-3	Amended	V. 22, p. 92
82-13-1	New	V. 22, p. 40
82-13-2	New	V. 22, p. 40

AGENCY 86: REAL ESTATE COMMISSION

Reg. No.	Action	Register
86-1-19	New	V. 21, p. 1814
86-3-15	Amended	V. 21, p. 1814

AGENCY 88: BOARD OF REGENTS

Reg. No.	Action	Register
88-5-1 through 88-5-4	Revoked	V. 21, p. 1705
88-6-1	Revoked	V. 21, p. 1705
88-6-2	Revoked	V. 21, p. 1705
88-6-3	Revoked	V. 21, p. 1705
88-16-1a	Revoked (T)	V. 21, p. 501
88-16-1a	Revoked	V. 21, p. 1166
88-16-1b	New (T)	V. 21, p. 501
88-16-1b	New	V. 21, p. 1166
88-24-1	New	V. 21, p. 1705
88-24-2	New	V. 21, p. 1705

AGENCY 91: DEPARTMENT OF EDUCATION

Reg. No.	Action	Register
91-1-146a through 91-1-146e	Revoked	V. 21, p. 178
91-1-200 through 91-1-204	Amended	V. 21, p. 1445-1453
91-1-205	Amended	V. 21, p. 1583
91-1-206	Amended	V. 21, p. 178
91-1-207	Amended	V. 21, p. 1453
91-1-212 through 91-1-214	New	V. 21, p. 1453-1456
91-1-215 through 91-1-219	New	V. 21, p. 178-180
91-10-1a*	Revoked	V. 21, p. 1705
91-10-2*	Revoked	V. 21, p. 1705
(*By Board of Regents)		
91-31-16 through 91-31-30	Revoked	V. 22, p. 124
91-31-31 through 91-31-42	New	V. 22, p. 124-128
91-32-1 through 91-32-9	Revoked	V. 21, p. 1867
91-38-1	Amended	V. 22, p. 356
91-38-2	Amended	V. 22, p. 356
91-38-3	Amended	V. 22, p. 357
91-38-5	Amended	V. 22, p. 357
91-38-6	Amended	V. 22, p. 358

91-38-7 Amended V. 22, p. 360

AGENCY 92: DEPARTMENT OF REVENUE

Reg. No.	Action	Register
92-1-1	Revoked	V. 21, p. 332
92-1-2	Revoked	V. 21, p. 332
92-1-3	Revoked	V. 21, p. 332
92-5-4	Revoked	V. 21, p. 312
92-5-5	through	
92-5-10	Amended	V. 21, p. 312, 313
92-5-11	Revoked	V. 21, p. 313
92-5-12	Amended	V. 21, p. 313
92-5-13	Amended	V. 21, p. 313
92-8-20	Revoked	V. 21, p. 332
92-9-1	Amended	V. 21, p. 332
92-9-3	Amended	V. 21, p. 332
92-9-4	Amended	V. 21, p. 332
92-9-5	Amended	V. 21, p. 332
92-9-7	Revoked	V. 21, p. 332
92-11-1	through	
92-11-16	Revoked	V. 21, p. 332, 333
92-12-4	Amended	V. 21, p. 586
92-12-11	Amended	V. 21, p. 586
92-12-29	Revoked	V. 21, p. 586
92-12-47	Amended	V. 21, p. 586
92-12-56	Revoked	V. 21, p. 587
92-12-58	Amended	V. 21, p. 587
92-12-67	Amended	V. 21, p. 587
92-12-68	Revoked	V. 21, p. 587
92-12-105	Amended	V. 21, p. 587
92-12-106	Amended	V. 21, p. 587
92-12a-1	through	
92-12a-23	Revoked	V. 21, p. 333, 334
92-14-4	through	
92-14-9	Amended	V. 21, p. 334, 335
92-15-3	Amended	V. 21, p. 335
92-15-4	Amended	V. 21, p. 335
92-15-8	Amended	V. 21, p. 335
92-17-1	through	
92-17-6	Amended	V. 21, p. 313, 314
92-18-1	through	
92-18-7	Revoked	V. 21, p. 1307
92-19-2	Revoked	V. 21, p. 1311
92-19-2a	New	V. 21, p. 1311
92-19-5	Revoked	V. 21, p. 1997
92-19-5a	New	V. 21, p. 1997
92-19-6	Revoked	V. 21, p. 1312
92-19-6a	New	V. 21, p. 1312
92-19-22	Revoked	V. 21, p. 1998
92-19-22a	New	V. 21, p. 1998
92-19-22b	New	V. 21, p. 1999
92-19-23	Revoked	V. 21, p. 2000
92-19-23a	New	V. 21, p. 2000
92-19-35a	New	V. 21, p. 1312
92-19-50	Revoked	V. 21, p. 2000
92-19-55	Revoked	V. 21, p. 1313
92-19-55a	New	V. 21, p. 1313
92-19-57	Amended	V. 21, p. 2000
92-19-61	Revoked	V. 21, p. 1315
92-19-61a	New	V. 21, p. 1315
92-19-81	New	V. 21, p. 2001
92-19-82	New	V. 21, p. 1316
92-19-200	through	
92-19-203	New	V. 22, p. 431
92-20-11	Revoked	V. 21, p. 1318
92-22-4	Amended	V. 21, p. 450
92-22-19	Revoked	V. 21, p. 450
92-22-22	Revoked	V. 21, p. 450
92-22-23	Amended	V. 21, p. 450
92-22-24	Revoked	V. 21, p. 450
92-22-25	Amended	V. 21, p. 450
92-22-33	New	V. 21, p. 450
92-22-34	New	V. 21, p. 450
92-23-10	Amended	V. 21, p. 180
92-23-15	Amended	V. 21, p. 180
92-23-16	Amended	V. 21, p. 180
92-23-17	through	
92-23-23	New	V. 21, p. 181
92-23-25	New	V. 21, p. 181
92-23-30	New	V. 21, p. 181

92-23-31	New	V. 21, p. 182
92-23-38	Amended	V. 21, p. 182
92-23-38a	Amended	V. 21, p. 182
92-23-40	Amended	V. 21, p. 182
92-24-9	through	
92-24-15	Amended	V. 21, p. 314, 315
92-24-18	Amended	V. 21, p. 315
92-24-22	Amended	V. 21, p. 316
92-24-24	Amended	V. 21, p. 316
92-51-21	Amended	V. 21, p. 2092
92-51-23	Amended	V. 21, p. 2092
92-51-24	Amended	V. 21, p. 2092
92-51-27	Amended	V. 21, p. 2092
92-51-34	Revoked	V. 21, p. 2093
92-51-38	Amended	V. 21, p. 2093
92-51-39	Amended	V. 21, p. 2093
92-51-41	Amended	V. 21, p. 2093
92-51-53	Amended	V. 21, p. 2093
92-51-56	Amended	V. 21, p. 2093
92-51-57	Revoked	V. 21, p. 2094
92-51-58	Revoked	V. 21, p. 2094
92-51-60	Revoked	V. 21, p. 2094
92-51-61	Revoked	V. 21, p. 2094
92-52-2	Revoked	V. 21, p. 2094
92-52-3	Amended	V. 21, p. 2094
92-52-8	Revoked	V. 21, p. 2094
92-52-11	Revoked	V. 21, p. 2094
92-56-1	through	
92-56-5	Amended	V. 21, p. 1057-1059

102-3-3a	Amended	V. 21, p. 1132
102-3-4a	Amended	V. 21, p. 1133
102-3-6a	Revoked	V. 21, p. 1134
102-3-12a	Amended	V. 21, p. 1134
102-3-17	New	V. 21, p. 1137

AGENCY 108: STATE EMPLOYEES HEALTH CARE COMMISSION

Reg. No.	Action	Register
108-1-2	Amended	V. 21, p. 1055
108-1-4	Amended	V. 22, p. 360

AGENCY 109: BOARD OF EMERGENCY MEDICAL SERVICES

Reg. No.	Action	Register
109-5-1	Amended	V. 21, p. 1368
109-6-3	Amended	V. 21, p. 1369

AGENCY 111: KANSAS LOTTERY

A complete index listing all regulations filed by the Kansas Lottery from 1988 through 2000 can be found in the Vol. 19, No. 52, December 28, 2000 Kansas Register. The regulations listed below were published after December 31, 2000.

Reg. No.	Action	Register
111-2-1	Amended	V. 22, p. 585
111-2-4	Amended	V. 20, p. 1094
111-2-119	through	
111-2-124	New	V. 20, p. 416-419
111-2-120	Amended	V. 20, p. 1094
111-2-124	Amended	V. 21, p. 590
111-2-125	New	V. 20, p. 573
111-2-126	New	V. 20, p. 573
111-2-127	Amended	V. 20, p. 937
111-2-128	New	V. 20, p. 1188
111-2-129	New	V. 20, p. 1343
111-2-130	New	V. 20, p. 1394
111-2-131	New	V. 20, p. 1778
111-2-132	New	V. 20, p. 1901
111-2-133	New	V. 20, p. 1901
111-2-134	New	V. 20, p. 1901
111-2-135	New	V. 21, p. 590
111-2-136	New	V. 21, p. 590
111-2-137	New	V. 21, p. 649
111-2-138	New	V. 21, p. 692
111-2-139	New	V. 21, p. 747
111-2-140	New	V. 21, p. 1521
111-2-141	New	V. 21, p. 1852
111-2-142	New	V. 21, p. 1852
111-2-143	New	V. 22, p. 585
111-2-144	New	V. 22, p. 804
111-2-144a	New	V. 22, p. 586
111-2-145	New	V. 22, p. 804
111-2-146	New	V. 22, p. 804
111-2-147	New	V. 22, p. 804
111-3-12	Amended	V. 20, p. 40
111-3-27	Amended	V. 22, p. 660
111-3-35	Amended	V. 20, p. 1189
111-4-1448	Amended	V. 21, p. 1521
111-4-1795	through	
111-4-1813	New	V. 20, p. 40-47
111-4-1801	Amended	V. 20, p. 1095
111-4-1803	Amended	V. 20, p. 1095
111-4-1805a	New	V. 20, p. 1095
111-4-1814	through	
111-4-1823	New	V. 20, p. 419-427
111-4-1818	Amended	V. 20, p. 575
111-4-1824	New	V. 20, p. 575
111-4-1825	through	
111-4-1839	New	V. 20, p. 937-942
111-4-1828	Amended	V. 20, p. 1096
111-4-1832	Amended	V. 20, p. 1344
111-4-1840	through	
111-4-1844	New	V. 20, p. 1096-1100
111-4-1845	through	
111-4-1850	New	V. 20, p. 1189-1193
111-4-1849	Amended	V. 20, p. 1344
111-4-1851	New	V. 20, p. 1345
111-4-1852	New	V. 20, p. 1346

(continued)

AGENCY 93: DEPARTMENT OF REVENUE—DIVISION OF PROPERTY VALUATION

Reg. No.	Action	Register
93-6-4	Amended	V. 22, p. 666
93-6-7	New	V. 22, p. 666

AGENCY 94: BOARD OF TAX APPEALS

Reg. No.	Action	Register
94-2-1	through	
94-2-18	Amended	V. 21, p. 703-708
94-2-19	New	V. 21, p. 708
94-2-20	New	V. 21, p. 708
94-3-1	Amended	V. 21, p. 709
94-3-2	Amended	V. 21, p. 709
94-4-1	New	V. 21, p. 710
94-4-2	New	V. 21, p. 710

AGENCY 100: BOARD OF HEALING ARTS

Reg. No.	Action	Register
100-11-1	Amended (T)	V. 21, p. 1131
100-11-1	Amended	V. 21, p. 1864
100-22-4	New	V. 22, p. 690
100-27-1	Amended	V. 21, p. 307
100-28a-1	Amended	V. 21, p. 1864
100-29-7	Amended	V. 21, p. 1864
100-49-1	Amended	V. 21, p. 2137
100-49-4	Amended (T)	V. 21, p. 1131
100-49-4	Amended	V. 21, p. 1864
100-49-6	through	
100-49-9	New	V. 21, p. 2137
100-54-4	Amended	V. 21, p. 2138
100-55-4	Amended	V. 21, p. 2138
100-55-5	Amended	V. 22, p. 690
100-55-9	Amended	V. 22, p. 690
100-69-3	Amended	V. 21, p. 1864
100-69-9	Amended	V. 21, p. 1865
100-69-10	Amended	V. 21, p. 1865
100-69-11	Amended	V. 21, p. 1866
100-72-1	through	
100-72-7	New (T)	V. 22, p. 79-81
100-72-1	through	
100-72-6	New	V. 22, p. 691, 692
100-75-1	New (T)	V. 22, p. 82
100-75-1	New	V. 22, p. 693

AGENCY 102: BEHAVIORAL SCIENCES REGULATORY BOARD

Reg. No.	Action	Register
102-2-3	Amended	V. 21, p. 237
102-2-4b	Amended	V. 21, p. 238

111-4-1853	New	V. 20, p. 1347
111-4-1854	through	
111-4-1870	New	V. 20, p. 1395-1405
111-4-1864	Amended	V. 20, p. 1569
111-4-1866	Amended	V. 20, p. 1570
111-4-1867	Amended	V. 20, p. 1601
111-4-1869	Amended	V. 20, p. 1601
111-4-1871	New	V. 20, p. 1571
111-4-1872	New	V. 20, p. 1572
111-4-1873	New	V. 20, p. 1572
111-4-1874	through	
111-4-1877	New	V. 20, p. 1779-1781
111-4-1877	Amended	V. 20, p. 1902
111-4-1878	through	
111-4-1885	New	V. 20, p. 1902-1906
111-4-1886	through	
111-4-1889	New	V. 21, p. 183-185
111-4-1890	through	
111-4-1893	New	V. 21, p. 591-593
111-4-1894	through	
111-4-1900	New	V. 21, p. 649-655
111-4-1894	Amended	V. 21, p. 1276
111-4-1901	through	
111-4-1921	New	V. 21, p. 692-702
111-4-1910	Amended	V. 21, p. 747
111-4-1911	Amended	V. 21, p. 747
111-4-1913	Amended	V. 21, p. 748
111-4-1922	New	V. 21, p. 748
111-4-1923	New	V. 21, p. 749
111-4-1924	through	
111-4-1932	New	V. 21, p. 1329-1337
111-4-1929	Amended	V. 21, p. 1522
111-4-1933	through	
111-4-1938	New	V. 21, p. 1523-1526
111-4-1938	Amended	V. 21, p. 1852
111-4-1939	through	
111-4-1945	New	V. 21, p. 1854-1857
111-4-1946	through	
111-4-1951	New	V. 22, p. 48-52
111-4-1952	through	
111-4-1964	New	V. 22, p. 439-448
111-4-1965	through	
111-4-1975	New	V. 22, p. 586-593
111-4-1976	through	
111-4-1986	New	V. 22, p. 660-665
111-4-1987	through	
111-4-2009	New	V. 22, p. 804-820
111-4-2010	through	
111-4-2014	New	V. 22, p. 854-857
111-5-22	Amended	V. 21, p. 1758
111-5-23	Amended	V. 21, p. 1858
111-5-24	Amended	V. 21, p. 1858

111-5-26	Amended	V. 21, p. 1859
111-5-27	Amended	V. 21, p. 1860
111-5-28	Amended	V. 21, p. 1860
111-5-30	Amended	V. 21, p. 1529
111-5-32	Amended	V. 21, p. 1861
111-5-33	Amended	V. 21, p. 1861
111-5-78	Amended	V. 21, p. 751
111-5-79	through	
111-5-91	New	V. 21, p. 1278-1281
111-5-82	Amended	V. 21, p. 1529
111-5-83	Amended	V. 21, p. 1529
111-5-92	through	
111-5-98	New	V. 21, p. 1339-1341
111-5-96	Amended	V. 21, p. 1530
111-5-97	Amended	V. 21, p. 1531
111-5-99	through	
111-5-103	New	V. 22, p. 593, 594
111-5-104	New	V. 22, p. 857
111-6-5	Amended	V. 21, p. 1531
111-7-119	through	
111-7-127	Amended	V. 21, p. 594-597
111-7-123	Amended	V. 21, p. 1531
111-7-126	Amended	V. 21, p. 1532
111-7-134	Amended	V. 20, p. 429
111-7-152	Amended	V. 20, p. 49
111-7-158	through	
111-7-162	New	V. 20, p. 577
111-7-159	Amended	V. 20, p. 1101
111-7-162	Amended	V. 20, p. 944
111-7-163	through	
111-7-170	New	V. 20, p. 1101-1103
111-7-165	Amended	V. 20, p. 1194
111-7-171	through	
111-7-175	New	V. 20, p. 1782, 1783
111-7-176	through	
111-7-180	New	V. 21, p. 656, 657
111-7-181	New	V. 21, p. 1563
111-7-182	through	
111-7-186	New	V. 21, p. 1861-1862
111-7-182	Amended	V. 22, p. 53
111-7-184	Amended	V. 22, p. 53
111-8-101	through	
111-8-126	New	V. 20, p. 1573-1579
111-9-111	New	V. 20, p. 1406
111-9-112	Amended	V. 20, p. 1579
111-9-113	Amended	V. 21, p. 186
111-9-114	New	V. 21, p. 657
111-9-115	New	V. 21, p. 702
111-9-116	New	V. 21, p. 703
111-9-117	New	V. 21, p. 1533
111-9-118	New	V. 22, p. 54
111-9-119	New	V. 22, p. 54

AGENCY 112: RACING AND GAMING COMMISSION

Reg. No.	Action	Register
112-4-1a	New	V. 22, p. 278
112-4-1b	New	V. 22, p. 279

112-6-4	Amended	V. 22, p. 85
112-9-44	Amended	V. 22, p. 279
112-10-2	Amended	V. 22, p. 85
112-11-20	Amended	V. 22, p. 281
112-12-10	Amended	V. 22, p. 86

AGENCY 115: DEPARTMENT OF WILDLIFE AND PARKS

Reg. No.	Action	Register
115-2-1	Amended	V. 21, p. 1557
115-2-2	Amended	V. 21, p. 1558
115-2-3	Amended	V. 21, p. 1558
115-2-6	Amended	V. 21, p. 451
115-4-4	Amended	V. 21, p. 452
115-4-6	Amended	V. 22, p. 434
115-4-11	Amended	V. 22, p. 436
115-5-1	Amended	V. 21, p. 1137
115-5-2	Amended	V. 21, p. 1138
115-5-3	Amended	V. 21, p. 1138
115-7-1	Amended	V. 21, p. 1558
115-7-2	Amended	V. 21, p. 1559
115-7-7	New	V. 21, p. 1559
115-9-4	Amended	V. 21, p. 177
115-11-1	Amended	V. 21, p. 177
115-11-2	Amended	V. 21, p. 177
115-13-3	Amended	V. 21, p. 1560
115-13-4	Amended	V. 21, p. 1560
115-16-5	New	V. 21, p. 1138
115-16-6	New	V. 21, p. 1139
115-17-6	through	
115-17-9	Amended	V. 22, p. 437-439
115-17-11	Amended	V. 21, p. 1561
115-17-12	Amended	V. 21, p. 1562
115-17-13	Amended	V. 21, p. 1562
115-17-14	Amended	V. 21, p. 1890
115-18-7	Amended	V. 21, p. 453
115-18-10	Amended	V. 22, p. 439
115-18-13	Amended	V. 21, p. 1562
115-18-14	Amended	V. 21, p. 1563
115-20-2	Amended	V. 21, p. 1891
115-30-8	Amended	V. 21, p. 1891

AGENCY 117: REAL ESTATE APPRAISAL BOARD

Reg. No.	Action	Register
117-1-1	Amended	V. 22, p. 684
117-2-1	Amended	V. 22, p. 684
117-3-1	Amended	V. 22, p. 685
117-4-1	Amended	V. 22, p. 686
117-6-1	Amended	V. 22, p. 687
117-6-2	Amended	V. 22, p. 688
117-6-3	Amended	V. 22, p. 688
117-8-1	Amended	V. 22, p. 689

AGENCY 118: STATE HISTORICAL SOCIETY

Reg. No.	Action	Register
118-5-1	through	
118-5-10	New	V. 21, p. 1205-1208

AGENCY 126: UNMARKED BURIAL SITES PRESERVATION BOARD

Reg. No.	Action	Register
126-1-1	New	V. 21, p. 1792
126-1-2	New	V. 21, p. 1792

Order a custom-made loose-leaf binder for the Kansas Register!

Custom-made binders are available to attractively hold up to a year's worth of your copies of the Kansas Register for permanent use. The high quality, durable casebound swinge-hinge binders are manufactured by ABZ Binder. (A swinge-hinge binder has more capacity and allows for easier interfiling than standard ring binders.) The three-inch binder features dark blue supported vinyl covering and gold imprinting, with a label holder on the spine.

\$15 each, includes shipping and handling.
 (Kansas residents must include an additional \$1.08 state and local sales tax.)



In this issue . . .

Kansas Department of Health and Environment Request for comments on proposed air quality permits	34, 39
Annual Program Report for the Voluntary Cleanup and Property Redevelopment Program	35
Notice of hearing on proposed air quality permit	36
Notice concerning Kansas water pollution control permits	37
Pooled Money Investment Board Notice of investment rates	38
State Banking Board Notice of 2002 meeting schedule	35
Department of Administration Public notice	37
Wildlife and Parks Commission Notice of hearing on proposed administrative regulations	39
Attorney General Opinions 2001-48 through 2001-56	39
Information Network of Kansas Notice of meeting	40
City of Overland Park Notice to bidders	42
Department of Administration—Division of Purchases Notice to bidders for state purchases	42, 43

Please send _____

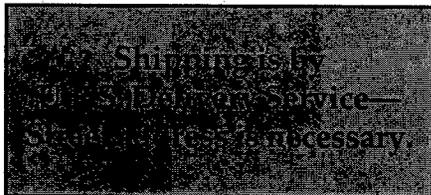
Total enclosed _____

Clip and mail

Kansas Register Binders @ \$15

(Note: Kansas residents must include an additional \$1.08 state and local sales tax.)

Ship to:



Mail this form, with payment, to: Kansas Register, Secretary of State, 1st Floor, Memorial Hall, 120 S.W. 10th Ave., Topeka, KS 66612-1594

**Kansas Register
Secretary of State
1st Floor, Memorial Hall
120 S.W. 10th Ave.
Topeka, KS 66612-1594**

Use this form or a copy of it to enter a subscription:

_____ **One-year subscription @ \$80 ea.**
(Kansas residents must include
\$5.76 state and local sales tax.)

Total Enclosed
(Make check payable to the Kansas Register)

Send to: _____

(Please, no
more than
4 address
lines.)

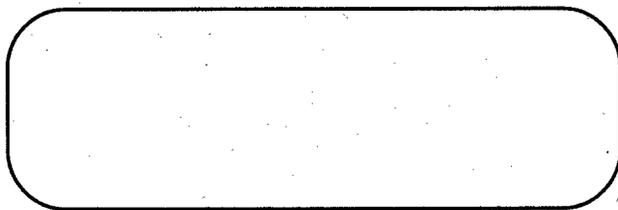
Zip code must be included

This space for Register office use only.

Rec. No. _____ Exp. _____ Code _____

Use this form or a copy of it to enter a name or address change:

Remove your mailing label (above) and affix it here:



Indicate change of name or address
here:

**Mail either form to: Kansas Register, Secretary of State, 1st Floor,
Memorial Hall, 120 S.W. 10th Ave., Topeka, KS 66612-1594**