

Sec. \_\_\_\_\_. K.S.A. 46-1137 is hereby amended to read as follows: **46-**

**1137.** (a) Under the authority of this section and the legislative post audit act, and subject to appropriations therefor, the legislative post audit committee shall direct the post auditor and the division of post audit to conduct a

systematic and comprehensive review, analysis and evaluation, under the

provisions of the legislative post audit act, of economic development

incentive programs, as defined in K.S.A. 2023 Supp. 74-50,226, and

amendments thereto, as selected by the legislative post audit committee. The

evaluation procedure established by this section is intended to enhance and

facilitate the ability of the legislature to fulfill its responsibility to evaluate

and oversee economic development incentive programs. The oversight of

economic development incentive programs is intended to remain with the

legislature, independent of the legislative post audit committee. This section

shall not be construed to limit, in any way, oversight of economic

development incentive programs to the legislative post audit committee.

(b) The evaluations shall be considered within the meaning of the term audit for purposes of the legislative post audit act and shall be conducted by

PROPOSED AMENDMENT to HB 2483 (ATTACHMENT A)  
House Committee on Commerce, Labor and Economic Development,  
1-22-2024  
Providing for one-time audits by LPA of new economic development programs with more than \$50,000 of annual incentives two years after implementation.  
Prepared by Office of Revisor of Statutes

NOTE: This section would be inserted into HB2483 and conforming changes would be made to the bill in the title and in the second to last section.

all new

that provide more than \$50,000 of annual incentives from administering agencies, have not previously been audited pursuant to this section and have been recommended for review by either the house committee on commerce, labor and economic development or the senate committee on commerce.

the post auditor and the division of legislative post audit pursuant to a schedule developed by the legislative post audit committee, such that all ~~economic development incentive programs shall be reviewed every three years, and new economic development incentive programs shall be reviewed~~ Make new subsection described in subsection (a) ~~the year~~ two years after the program commences, ~~and then every three years thereafter.~~ and, subject to subsection (c), not later than the third year after the program commences intent (c) The timing and extent of the evaluations may be subject to adjustment by the legislative post audit committee in a manner consistent with the ~~requirements~~ if of this section ~~as~~ necessary to conform with resources available to the post auditor in consideration of the demands of other duties under the legislative post audit act.

(d) In conducting such evaluations, the post auditor and the division of post audit shall have access to all books, accounts, records, files, documents and correspondence, confidential or otherwise, to the same extent permitted under K.S.A. 46-1106(e), and amendments thereto, and shall be subject to the same duty of confidentiality as provided by the legislative post audit act.

(e) Evaluations shall be conducted with the goal of enabling evidence-based policy determinations by the legislature with respect to economic

development incentive programs. To the extent reasonably possible, evaluations shall utilize direct and documented evidence and primary-source instead of secondary source data. An evaluation shall include, as directed by the post audit committee:

- (1) A description of the economic development incentive program, its history and its goals;
- (2) a literature review of the effectiveness of this type of incentive program, including an inventory of similar incentive programs in other states;
- (3) an estimate of the economic and fiscal impact of the incentive program;

This estimate may take into account the following considerations in addition to other relevant factors:

- (A) The extent to which the incentive program changes business behavior;
- (B) the results of the incentive program for the economy of Kansas as a whole, including both positive direct and indirect impacts and any negative effects on other Kansas businesses;

- (C) a comparison with the results of other incentive programs or other economic development strategies with similar goals;
- (D) an assessment of whether protections are in place to ensure that the fiscal impact of the incentive program does not substantially increase beyond the state's means or expectations in future years;
- (E) an assessment of the incentive program's design and whether the incentive program is being effectively administered in accordance with the program's enacting statute or statutes;
- (F) an assessment of whether the incentive program is achieving its goals;
- (G) recommendations for any changes to state policy, rules and regulations or statutes that would allow the incentive program to be more easily or conclusively evaluated in the future. These recommendations may include changes to collection, reporting and sharing of data, and revisions or clarifications to the goals of the incentive program;
- (H) a return on investment calculation for the economic development incentive program. For purposes of this paragraph, "return on investment

calculation" means analyzing the cost to the state or political subdivision for providing the economic development incentive program and analyzing the benefits realized by the state or political subdivision from providing the economic development incentive program;

(I) the methodology and assumptions used in carrying out the reviews, analyses and evaluations required under this subsection, including an analysis of multiplier effects and a critique of the multiplier effect determination methodologies utilized in the evaluation report, including any determinations made using standard industry software models, and any respective limitations or potential effects of such methods on outcomes; and

(J) an analysis of significant opportunity costs of the incentive program at the state and local level;

(4) any other information that the legislative post audit committee deems necessary to assess the effectiveness of the incentive program and whether it is achieving the goals of the incentive program; and

(5) all information, after redaction, as necessary, by the post auditor to remove information confidential under state or federal law, required for

publication pursuant to K.S.A. 2023 Supp. 74-50,227, and amendments thereto, with respect to the economic development incentive program being evaluated.

(e) The post auditor shall prepare and submit a written report with respect to each evaluation to the legislative post audit committee as provided by the legislative post audit act and, in addition, shall prepare and provide any redacted information, with respect to the economic incentive program evaluated, required for publication by the secretary of commerce pursuant to K.S.A. 2023 Supp. 74-50,227, and amendments thereto, to the secretary of commerce if such information is not otherwise available to the secretary of commerce.

(f) This section shall be a part of and supplemental to the legislative post audit act.