

As Amended by House Committee

Session of 2024

HOUSE BILL No. 2483

By Legislative Post Audit Committee

1-2

1 AN ACT concerning audits; relating to the legislative division of post
2 audit; eliminating the requirement for such division to conduct a
3 recurring 911 implementation audit; **and** a recurring Kansas public
4 employees retirement system audit ~~and certain~~ **limiting recurring**
5 economic development incentive audits **to new programs providing**
6 **more than \$50,000 of annual incentives that have not previously**
7 **been audited and have been recommended for review by the house**
8 **or senate commerce committees**; amending K.S.A. 12-5377 and ~~46-~~
9 ~~1137~~ **and** repealing the existing ~~section sections~~; also repealing K.S.A.
10 46-1136 ~~and 46-1137~~.

11
12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. K.S.A. 12-5377 is hereby amended to read as follows: 12-
14 5377. (a) The receipts and disbursements of the LCPA shall be audited
15 yearly by a licensed municipal accountant or certified public accountant.

16 (b) The LCPA may require an audit of any provider's books and
17 records concerning the collection and remittance of fees pursuant to this
18 act. The cost of any such audit shall be paid from the 911 operations fund.

19 (c) ~~(1) On or before December 31, 2018, and at least once every five~~
20 ~~years thereafter, the division of post audit shall conduct an audit of the 911~~
21 ~~system to determine: (A) Whether the moneys received by PSAPs pursuant~~
22 ~~to this act are being used appropriately; (B) whether the amount of moneys~~
23 ~~collected pursuant to this act is adequate; and (C) the status of 911 service~~
24 ~~implementation. The auditor to conduct such audit shall be specified in~~
25 ~~accordance with K.S.A. 46-1122, and amendments thereto.~~

26 (2) ~~The post auditor shall compute the reasonably anticipated cost of~~
27 ~~providing audits pursuant to this subsection, subject to review and~~
28 ~~approval by the contract audit committee established by K.S.A. 46-1120,~~
29 ~~and amendments thereto. Upon such approval, the division of post audit~~
30 ~~shall be reimbursed from the 911 operations fund for the amount approved~~
31 ~~by the contract audit committee. The audit report shall be submitted to the~~
32 ~~911 coordinating council, the LCPA, the house of representatives~~
33 ~~committee on energy, utilities and telecommunications and the senate~~
34 ~~committee on utilities.~~

35 (d) ~~(1) On or before December 31, 2018, the division of post audit~~
36 ~~shall conduct an audit of the budget and expenditures of the 911~~

1 coordinating council. In conducting such audit, the division shall examine:
2 (A) The annual expenses and financial needs, including personnel, of the
3 council; (B) the total annual operating expenses of the council that are
4 included in the 2.5% cap on expenditures pursuant to K.S.A. 12-5364(i),
5 and amendments thereto; (C) the current and projected contractual
6 expenses of the council; (D) the expenditures and distribution of moneys
7 from the 911 state grant fund by the council; and (E) whether the moneys
8 expended by the council are being used pursuant to this act. The auditor, to
9 conduct such audit, shall be specified in accordance with K.S.A. 46-1122,
10 and amendments thereto.

11 (2) The post auditor shall compute the reasonably anticipated cost of
12 providing the audit pursuant to this subsection, subject to review and
13 approval by the contract audit committee established by K.S.A. 46-1120,
14 and amendments thereto. Upon such approval, the division of post audit
15 shall be reimbursed from the 911 operations fund for the amount approved
16 by the contract audit committee. The audit report shall be submitted to the
17 911 coordinating council, the house of representatives committee on
18 energy, utilities and telecommunications and the senate committee on
19 utilities.

20 (e) The legislature shall review this *the Kansas 911* act at the regular
21 2019 legislative session and at the regular legislative session every five
22 years thereafter.

23 **Sec. 2. K.S.A. 46-1137 is hereby amended to read as follows: 46-**
24 **1137. (a) Under the authority of this section and the legislative post**
25 **audit act, and subject to appropriations therefor, the legislative post**
26 **audit committee shall direct the post auditor and the division of post**
27 **audit to conduct a systematic and comprehensive review, analysis and**
28 **evaluation, under the provisions of the legislative post audit act, of *all***
29 ***new* economic development incentive programs, as defined in K.S.A.**
30 **2023 Supp. 74-50,226, and amendments thereto, *that provide more than***
31 ***\$50,000 of annual incentives from administering agencies, have not***
32 ***previously been audited pursuant to this section and have been***
33 ***recommended for review by either the house committee on commerce,***
34 ***labor and economic development or the senate committee on commerce as***
35 **selected by the legislative post audit committee. The evaluation**
36 **procedure established by this section is intended to enhance and**
37 **facilitate the ability of the legislature to fulfill its responsibility to**
38 **evaluate and oversee economic development incentive programs. The**
39 **oversight of economic development incentive programs is intended to**
40 **remain with the legislature, independent of the legislative post audit**
41 **committee. This section shall not be construed to limit, in any way,**
42 **oversight of economic development incentive programs to the**
43 **legislative post audit committee.**

1 **(b) The evaluations shall be considered within the meaning of the**
2 **term audit for purposes of the legislative post audit act and shall be**
3 **conducted by the post auditor and the division of legislative post audit**
4 **pursuant to a schedule developed by the legislative post audit**
5 **committee, such that all economic development incentive programs shall**
6 **be reviewed every three years, and new economic development incentive**
7 **programs described in subsection (a) shall be reviewed the year two**
8 **years after the program commences; and then every three years**
9 **thereafter, subject to subsection (c), not later than the third year after the**
10 **program commences.**

11 **(c) The timing and extent of the evaluations may be subject to**
12 **adjustment by the legislative post audit committee in a manner**
13 **consistent with the requirements intent of this section as if necessary to**
14 **conform with resources available to the post auditor in consideration**
15 **of the demands of other duties under the legislative post audit act.**

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

22 ~~(d)~~**(e) Evaluations shall be conducted with the goal of enabling**
23 **evidence-based policy determinations by the legislature with respect to**
24 **economic development incentive programs. To the extent reasonably**
25 **possible, evaluations shall utilize direct and documented evidence and**
26 **primary-source instead of secondary source data. An evaluation shall**
27 **include, as directed by the post audit committee:**

28 **(1) A description of the economic development incentive**
29 **program, its history and its goals;**

30 **(2) a literature review of the effectiveness of this type of incentive**
31 **program, including an inventory of similar incentive programs in**
32 **other states;**

33 **(3) an estimate of the economic and fiscal impact of the incentive**
34 **program;**

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

37 **(A) The extent to which the incentive program changes business**
38 **behavior;**

39 **(B) the results of the incentive program for the economy of**
40 **Kansas as a whole, including both positive direct and indirect impacts**
41 **and any negative effects on other Kansas businesses;**

42 **(C) a comparison with the results of other incentive programs or**
43 **other economic development strategies with similar goals;**

1 (D) an assessment of whether protections are in place to ensure
2 that the fiscal impact of the incentive program does not substantially
3 increase beyond the state's means or expectations in future years;

4 (E) an assessment of the incentive program's design and whether
5 the incentive program is being effectively administered in accordance
6 with the program's enacting statute or statutes;

7 (F) an assessment of whether the incentive program is achieving
8 its goals;

9 (G) recommendations for any changes to state policy, rules and
10 regulations or statutes that would allow the incentive program to be
11 more easily or conclusively evaluated in the future. These
12 recommendations may include changes to collection, reporting and
13 sharing of data, and revisions or clarifications to the goals of the
14 incentive program;

15 (H) a return on investment calculation for the economic
16 development incentive program. For purposes of this paragraph,
17 "return on investment calculation" means analyzing the cost to the
18 state or political subdivision for providing the economic development
19 incentive program and analyzing the benefits realized by the state or
20 political subdivision from providing the economic development
21 incentive program;

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

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

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

35 (5) all information, after redaction, as necessary, by the post
36 auditor to remove information confidential under state or federal law,
37 required for publication pursuant to K.S.A. 2023 Supp. 74-50,227, and
38 amendments thereto, with respect to the economic development
39 incentive program being evaluated.

40 (e)(f) The post auditor shall prepare and submit a written report
41 with respect to each evaluation to the legislative post audit committee
42 as provided by the legislative post audit act and, in addition, shall
43 prepare and provide any redacted information, with respect to the

1 **economic incentive program evaluated, required for publication by**
2 **the secretary of commerce pursuant to K.S.A. 2023 Supp. 74-50,227,**
3 **and amendments thereto, to the secretary of commerce if such**
4 **information is not otherwise available to the secretary of commerce.**

5 ~~(f)~~(g) **This section shall be a part of and supplemental to the**
6 **legislative post audit act.**

7 ~~Sec. 2.~~ **3.** K.S.A. 12-5377, 46-1136 and 46-1137 are hereby repealed.

8 ~~Sec. 3.~~ **4.** This act shall take effect and be in force from and after its
9 publication in the statute book.