systematic and comprehensive review, analysis and evaluation, under the	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.
provisions of the legislative post audit act, of economic development	all new
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	that provide more than \$50,000 of annual incentives from
evaluation procedure established by this section is intended to enhance and	pursuant to this section and have been recommended for review by either the house committee on commerce, labor and
facilitate the ability of the legislature to fulfill its responsibility to evaluate	economic development or the senate committee on commerce.
and oversee economic development incentive programs. The oversight of	
economic development incentive programs is intended to remain with the	

shall direct the post auditor and the division of post audit to conduct a

and subject to appropriations therefor, the legislative post audit committee

Prepared by Office of Revisor of Statutes

implementation.

Providing for one-time audits by LPA of new economic development programs with more than \$50,000 of annual incentives two years after

1137. (a) Under the authority of this section and the legislative post audit act,

K.S.A. 46-1137 is hereby amended to read as follows: 46-

1-22-2024

PROPOSED AMENDMEN'T to HB 2483 (ATTACHMENT A)
House Committee on Commerce, Labor and Economic Development,

Sec.

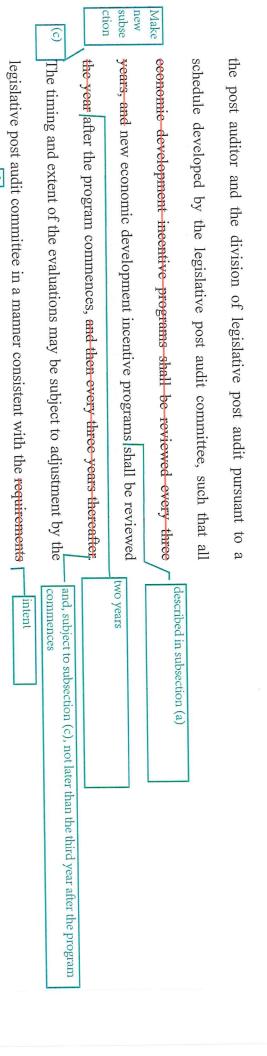
audit for purposes of the legislative post audit act and shall be conducted by

The evaluations shall be considered within the meaning of the term

development incentive programs to the legislative post audit committee.

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

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



[d] (e) 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.

post audit act

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

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.