

SENATE BILL No. 209

By Committee on Ways and Means

2-16

1 AN ACT concerning the bioscience development and investment funds;
2 relating to the centers of excellence and centers for innovation;
3 creating funds; amending K.S.A. 2010 Supp. 74-99b34 and repealing
4 the existing section.
5

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

7 Section 1. K.S.A. 2010 Supp. 74-99b34 is hereby amended to read
8 as follows: 74-99b34. (a) The bioscience development and investment
9 fund is hereby created. The bioscience development and investment fund
10 shall not be a part of the state treasury and the funds in the bioscience
11 development and investment fund shall belong exclusively to the
12 authority.

13 (b) Distributions from the bioscience development and investment
14 fund shall be for the exclusive benefit of the authority, under the control
15 of the board and used to fulfill the purpose, powers and duties of the
16 authority pursuant to the provisions of K.S.A. 2010 Supp. 74-99b01 et
17 seq., and amendments thereto.

18 (c) The secretary of revenue and the authority shall establish the
19 base year taxation for all bioscience companies and state universities. The
20 secretary of revenue, the authority and the board of regents shall establish
21 the number of bioscience employees associated with state universities and
22 report annually and determine the increase from the taxation base
23 annually. The secretary of revenue and the authority may consider any
24 verifiable evidence, including, but not limited to, the NAICS code
25 assigned or recorded by the department of labor for companies with
26 employees in Kansas, when determining which companies should be
27 classified as bioscience companies.

28 (d) (1) *Except as provided in subsection (d)(2)*, for a period of 15
29 years from the effective date of this act, the state treasurer shall pay
30 annually 95% of withholding above the base, as certified by the secretary
31 of revenue, upon Kansas wages paid by bioscience employees to the
32 bioscience development and investment fund. The state treasurer may
33 make estimated payments to the bioscience authority more frequently
34 based on estimates provided by the secretary of revenue and reconciled
35 annually. On or before the 10th day of each month, the director of
36 accounts and reports shall transfer from the state general fund to the

1 bioscience development and investment fund interest earnings based on:

2 ~~(+)~~(A) The average daily balance of moneys in the bioscience
3 development and investment fund for the preceding month; and

4 ~~(-)~~(B) the net earnings rate of the pooled money investment
5 portfolio for the preceding month.

6 (2) (A) *For fiscal years 2012, 2013, 2014 and 2015, the first*
7 *\$16,000,000 that the secretary of revenue certifies to the state treasurer*
8 *of the annual 95% of withholding above the base, upon Kansas wages*
9 *paid by bioscience employees, shall be transferred by the director of*
10 *accounts and reports from the sales tax refund fund of the department of*
11 *revenue, in one or more substantially equal amounts, to each of the*
12 *following: The advanced manufacturing institute – Kansas state*
13 *university fund, the biotechnology innovation and optimization center –*
14 *university of Kansas fund, the information and telecommunication*
15 *technology center – university of Kansas fund, the Kansas polymer*
16 *research center – Pittsburg state university fund, the national institute for*
17 *aviation research – Wichita state university fund, the heartland plant*
18 *innovations – Kansas state university fund, Kansas alliance for bioenergy*
19 *and biorefining – university of Kansas fund, and the center of innovation*
20 *for biomaterials in orthopaedic research – Wichita state university fund.*
21 *Each such special revenue fund shall receive \$2,000,000 annually.*

22 (B) *On or before January 15, 2013, 2014, 2015, and 2016, the*
23 *advanced manufacturing institute of Kansas state university, the*
24 *biotechnology innovation and optimization center of the university of*
25 *Kansas, the information and telecommunication technology center of the*
26 *university of Kansas, the Kansas polymer research center of Pittsburg*
27 *state university, the national institute for aviation research of Wichita*
28 *state university, heartland plant innovations of Kansas state university,*
29 *the Kansas alliance for bioenergy and biorefining of the university of*
30 *Kansas, and the center of innovation for biomaterials in orthopaedic*
31 *research of Wichita state university shall report to the house of*
32 *representatives committee on appropriations and the senate committee on*
33 *ways and means on the research and development activities and the use*
34 *of the moneys transferred to such special revenue funds.*

35 (C) *There is hereby established in the state treasury the advanced*
36 *manufacturing institute – Kansas state university fund which shall be*
37 *administered by Kansas state university. All moneys credited to the fund*
38 *shall be used for research and development. All expenditures from the*
39 *advanced manufacturing institute – Kansas state university fund shall be*
40 *made in accordance with appropriation acts and upon warrants of the*
41 *director of accounts and reports issued pursuant to expenditures*
42 *approved by the president of Kansas state university or by the person or*
43 *persons designated by the president of Kansas state university.*

1 (D) There is hereby established in the state treasury the
2 biotechnology innovation and optimization center – university of Kansas
3 fund which shall be administered by the university of Kansas. All moneys
4 credited to the fund shall be used for research and development. All
5 expenditures from the biotechnology innovation and optimization center
6 – university of Kansas fund shall be made in accordance with
7 appropriation acts and upon warrants of the director of accounts and
8 reports issued pursuant to expenditures approved by the chancellor of the
9 university of Kansas or by the person or persons designated by the
10 chancellor of the university of Kansas.

11 (E) There is hereby established in the state treasury the information
12 and telecommunication technology center – university of Kansas fund
13 which shall be administered by the university of Kansas. All moneys
14 credited to the fund shall be used for research and development. All
15 expenditures from the information and telecommunication technology
16 center – university of Kansas fund shall be made in accordance with
17 appropriation acts and upon warrants of the director of accounts and
18 reports issued pursuant to expenditures approved by the chancellor of the
19 university of Kansas or by the person or persons designated by the
20 chancellor of the university of Kansas.

21 (F) There is hereby established in the state treasury the Kansas
22 polymer research center – Pittsburg state university fund which shall be
23 administered by Pittsburg state university. All moneys credited to the fund
24 shall be used for research and development. All expenditures from the
25 Kansas polymer research center – Pittsburg state university fund shall be
26 made in accordance with appropriation acts and upon warrants of the
27 director of accounts and reports issued pursuant to expenditures
28 approved by the president of Pittsburg state university or by the person or
29 persons designated by the president of Pittsburg state university.

30 (G) There is hereby established in the state treasury the national
31 institute for aviation research – Wichita state university fund which shall
32 be administered by Wichita state university. All moneys credited to the
33 fund shall be used for research and development. All expenditures from
34 the national institute for aviation research – Wichita state university fund
35 shall be made in accordance with appropriation acts and upon warrants
36 of the director of accounts and reports issued pursuant to expenditures
37 approved by the president of Wichita state university or by the person or
38 persons designated by the president of Wichita state university.

39 (H) There is hereby established in the state treasury the heartland
40 plant innovations – Kansas state university fund which shall be
41 administered by Kansas state university. All moneys credited to the fund
42 shall be used for research and development. All expenditures from the
43 heartland plant innovations – Kansas state university fund shall be made

1 *in accordance with appropriation acts and upon warrants of the director*
2 *of accounts and reports issued pursuant to expenditures approved by the*
3 *president of Kansas state university or by the person or persons*
4 *designated by the president of Kansas state university.*

5 *(I) There is hereby established in the state treasury the Kansas*
6 *alliance for bioenergy and biorefining – university of Kansas fund which*
7 *shall be administered by the university of Kansas. All moneys credited to*
8 *the fund shall be used for research and development. All expenditures*
9 *from the Kansas alliance for bioenergy and biorefining – university of*
10 *Kansas fund shall be made in accordance with appropriation acts and*
11 *upon warrants of the director of accounts and reports issued pursuant to*
12 *expenditures approved by the chancellor of the university of Kansas or by*
13 *the person or persons designated by the chancellor of the university of*
14 *Kansas.*

15 *(J) There is hereby established in the state treasury the center of*
16 *innovation for biomaterials in orthopaedic research – Wichita state*
17 *university fund which shall be administered by Wichita state university.*
18 *All moneys credited to the fund shall be used for research and*
19 *development. All expenditures from the center of innovation for*
20 *biomaterials in orthopaedic research – Wichita state university fund shall*
21 *be made in accordance with appropriation acts and upon warrants of the*
22 *director of accounts and reports issued pursuant to expenditures*
23 *approved by the president of Wichita state university or by the person or*
24 *persons designated by the president of Wichita state university.*

25 (e) The cumulative amounts of funds paid by the state treasurer to
26 the bioscience development and investment fund shall not exceed ~~\$581.8~~
27 ~~million~~ \$581,800,000.

28 (f) The division of post audit is hereby authorized to conduct a post
29 audit in accordance with the provisions of the ~~state~~ legislative post audit
30 act ~~to~~, K.S.A. 46-1106 et seq., and amendments thereto.

31 (g) At the direction of the authority, the fund may be held in the
32 custody of and invested by the state treasurer, provided that the
33 bioscience development and investment fund shall at all times be
34 accounted for in a separate report from all other funds of the authority
35 and the state.

36 Sec. 2. K.S.A. 2010 Supp. 74-99b34 is hereby repealed.

37 Sec. 3. This act shall take effect and be in force from and after its
38 publication in the statute book.