

**HOUSE BILL No. 2747**

By Committee on Appropriations

2-14

1 AN ACT enacting the state post audit act; abolishing the division of post  
2 audit within the legislative branch and creating the post audit division  
3 within the state treasurer's office; concerning the transfer of powers and  
4 duties; abolishing the legislative post audit committee and the audit  
5 services fund; creating the state audit committee and the state audit  
6 services fund; amending K.S.A. 19-5005, 22-4514a, 38-2103, 45-106,  
7 46-1001, 46-1006, 46-1212a, 74-2424, 74-2912, 74-4907, 74-8209, 75-  
8 104, 75-3080 and 75-3728c and K.S.A. 2017 Supp. 12-5377, 38-151,  
9 38-2212, 38-2213, 39-709b, 60-3334, 72-5172, 72-5173, 73-1209, 74-  
10 4921, 74-50,131, 74-50,136, 74-7285, 74-7287, 74-72,124, 74-8111,  
11 74-99b34, 74-99c07, 74-99c09, 75-2935, 75-2973, 75-3354, 75-5133,  
12 75-5133c, 75-53,105, 75-7427, 76-3312, 77-138, 77-430, 79-1119 and  
13 79-3234 and repealing the existing sections; also repealing K.S.A. 46-  
14 1101, 46-1102, 46-1104, 46-1108, 46-1109, 46-1112, 46-1113, 46-1115,  
15 46-1116, 46-1120, 46-1120a, 46-1122, 46-1123, 46-1125, 46-1126 and  
16 46-1127 and K.S.A. 2017 Supp. 46-1103, 46-1106, 46-1114, 46-1118,  
17 46-1119, 46-1121, 46-1128, 46-1129, 46-1134 and 46-1135.

18

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

20 New Section 1. The provisions of sections 1 through 24, and  
21 amendments thereto, shall be construed together and may be cited as the  
22 state post audit act.

23 New Sec. 2. As used in the state post audit act, unless the context  
24 otherwise requires:

25 (a) "Person" means an individual, proprietorship, partnership, limited  
26 partnership, association, trust, estate, business trust, group or corporation,  
27 whether or not operated for profit, or a governmental agency, unit or  
28 subdivision.

29 (b) "State agency" means any state office, officer, department, board,  
30 commission, institution, bureau, agency or authority or any division of unit  
31 thereof.

32 (c) "Financial-compliance audit" means an audit of the financial  
33 affairs and transactions of a state agency required to comply with federal  
34 government audit requirements for receiving federal grants or an audit of  
35 the financial affairs and transactions of a state agency otherwise required  
36 by law to be performed.

1 (d) "Firm" means any individual, firm, partnership, corporation,  
2 association or other legal entity permitted by law to engage in practice as a  
3 certified public accountant.

4 (e) "Federal grant" means moneys received by a state agency under  
5 any act or appropriation of the federal government or moneys received by  
6 a state agency under the state and local fiscal assistance act of 1972, and  
7 amendments thereto.

8 New Sec. 3. There is hereby established within and as a part of the  
9 state treasurer's office, a post audit division, the head of which shall be the  
10 director of post audit. The director of the post audit division shall be a  
11 person of extensive experience and recognized qualification in the field of  
12 governmental fiscal procedures and auditing. Under the supervision of the  
13 state treasurer, the director of the post audit division shall administer the  
14 post audit division. The director of post audit shall be in the unclassified  
15 service under the Kansas civil service act and shall be appointed by the  
16 state treasurer.

17 New Sec. 4. (a) All of the powers, duties and functions of the existing  
18 division of post audit and the office of post auditor are hereby transferred  
19 and conferred and imposed, respectively, upon the post audit division and  
20 the director of post audit created by this act, except as herein otherwise  
21 provided.

22 (b) The post audit division and the director of post audit created by  
23 this act shall be the successors in every way, respectively, to the powers,  
24 duties and functions of the division of post audit and the office of post  
25 auditor in which the same were vested prior to the effective date of this  
26 act, except as herein otherwise provided. Every act performed in the  
27 exercise of such powers, duties and functions by a person under the  
28 authority of the post audit division or the director of post audit created by  
29 this act, respectively, shall be deemed to have the same force and effect as  
30 if performed by the division of post audit or the office of post auditor,  
31 respectively, in which such functions were vested prior to the effective  
32 date of this act.

33 (c) Whenever the division of post audit, or words of like effect, is  
34 referred to or designated by a statute, contract or other document, such  
35 reference or designation shall be deemed to apply to the post audit  
36 division created by this act.

37 (d) Whenever the post auditor, office of post auditor, or words of like  
38 effect, is referred to or designated by a statute, contract or other document,  
39 such reference or designation shall be deemed to apply to the director of  
40 post audit created by this act.

41 (e) All orders and directives of the post auditor or division of post  
42 audit in existence on the effective date of this act shall continue to be  
43 effective and shall be deemed to be orders and directives of the director of

1 post audit or post audit division created by this act, until revised, amended,  
2 revoked or nullified pursuant to law. All contracts entered into by the post  
3 auditor or the division of post audit in existence on the effective date of  
4 this act shall continue as if entered into by the director of post audit or post  
5 audit division until otherwise revised, amended, terminated, renegotiated  
6 or completed.

7 (f) The post audit division and the director of post audit created by  
8 this act, shall be continuations of the division of post audit created by  
9 K.S.A. 46-1103, and amendments thereto, and the office of post auditor  
10 created and appointed by K.S.A. 46-1102, and amendments thereto. The  
11 post auditor shall continue to serve as the director of post audit at the  
12 discretion of the state treasurer.

13 New Sec. 5. (a) The director of post audit may require employees of  
14 the post audit division and other persons who contract to work with or  
15 work under the direction of the director of post audit to be fingerprinted  
16 and submit to a state and national criminal history record check. The  
17 fingerprints shall be used to identify the employee and to determine  
18 whether the employee has a record of criminal history in this state or  
19 another jurisdiction. The director of post audit shall submit the fingerprints  
20 to the Kansas bureau of investigation and the federal bureau of investigation  
21 investigation for a state and national criminal history record check. Local  
22 and state law enforcement officers and agencies shall assist the director of  
23 post audit in the taking and processing of fingerprints of employees or  
24 other such persons. Local law enforcement officers and agencies may  
25 charge a fee as reimbursement for expenses incurred in taking and  
26 processing fingerprints under this section. The director of post audit may  
27 use the information obtained from fingerprinting and the criminal history  
28 for purposes of verifying the identification of the employee or other such  
29 person and in the official determination of the qualifications and fitness of  
30 the employee or other such person to work with the post audit division in  
31 any capacity.

32 (b) If any person offered a position of employment in the post audit  
33 division, including any person who contracts to work with the post audit  
34 division, is subject to a criminal history record check, such person shall be  
35 given a written notice that a criminal history record check is required. The  
36 director of post audit may require such person to be fingerprinted and  
37 submit to a state and national criminal history record check. The  
38 fingerprints shall be used to identify the person and to determine whether  
39 such person has a record of criminal history in this state or another  
40 jurisdiction. The director of post audit shall submit the fingerprints to the  
41 Kansas bureau of investigation and the federal bureau of investigation for  
42 a state and national criminal history record check. Local and state law  
43 enforcement officers and agencies shall assist the director of post audit in

1 the taking and processing of fingerprints of each such person. Local law  
2 enforcement officers and agencies may charge a fee as reimbursement for  
3 expenses incurred in taking and processing fingerprints under this section.  
4 The director of post audit may use the information obtained from  
5 fingerprinting and the criminal history for purposes of verifying the  
6 identification of the person and in the official determination of the  
7 eligibility of the person to perform appropriate tasks for the post audit  
8 division. If the criminal history record information is used to disqualify a  
9 person from employment or a contract offer, such person shall be informed  
10 in writing of that decision.

11 New Sec. 6. (a) (1) A financial-compliance audit shall be conducted  
12 each year of the general purpose financial statements prepared by the  
13 division of accounts and reports of the department of administration for its  
14 annual financial report. This audit shall be conducted in accordance with  
15 generally accepted governmental auditing standards. The resulting written  
16 audit report shall be issued as soon after the end of the fiscal year as is  
17 practicable.

18 (2) Including financial-compliance audit work conducted as part of  
19 the audit conducted pursuant to this subsection, financial-compliance audit  
20 work shall be conducted at each state agency at least once every three  
21 years as directed by the state treasurer.

22 (b) (1) Once every two years, separate written audit reports on the  
23 financial management practices of the office of the state treasurer and the  
24 pooled money investment board shall be prepared addressing the adequacy  
25 of financial management practices and compliance with applicable state  
26 laws. The separate audit of the pooled money investment board also shall  
27 include a comparative investment performance review and an analysis of  
28 the investment program, including an evaluation of investment policies  
29 and practices and of specific investments in the pooled money investment  
30 portfolio. The analysis of the specific investments in the pooled money  
31 investment portfolio shall review whether such investments meet the  
32 investment priorities of safety, liquidity and performance. The  
33 performance of such investments shall be measured by comparison to an  
34 appropriate market index.

35 (2) In addition, whenever an individual is first elected or appointed  
36 and qualified to the office of the state treasurer, the post audit division  
37 shall conduct a transition audit within two weeks after the date such  
38 individual enters upon the duties of the office of the state treasurer. The  
39 purpose of the transition audit shall be to review the assets in the custody  
40 of the office of the state treasurer for significant discrepancies at the time  
41 of the transition. A separate written report shall be prepared for each such  
42 transition audit.

43 (3) Audits required to be performed by this subsection shall be

1 performed by a firm qualified to perform such audit work. Such firm or  
2 firms shall be selected and shall perform such audit or audit work as  
3 provided in sections 17 through 20, and amendments thereto.

4 (4) Any additional costs associated with preparing the separate  
5 additional reports on the office of the state treasurer and the pooled money  
6 investment board shall be borne by the office of the state treasurer and the  
7 pooled money investment board in accordance with section 15, and  
8 amendments thereto.

9 (c) (1) A financial-compliance audit shall be conducted annually on  
10 the accounts and transactions of the Kansas lottery and the Kansas lottery  
11 commission, of the Kansas public employees retirement system and of any  
12 other state agency as may be required by law. The auditor to conduct this  
13 audit work shall be specified in accordance with section 16, and  
14 amendments thereto. If the state treasurer specifies under such statute that  
15 a firm is to perform all or part of such audit work, such firm shall be  
16 selected and shall perform such audit work as provided in sections 17  
17 through 20, and amendments thereto. The audits required pursuant to this  
18 subsection shall be conducted in accordance with generally accepted  
19 governmental auditing standards, and shall be conducted as soon after the  
20 close of the fiscal year as practicable, but shall be completed no later than  
21 six months after the close of the fiscal year.

22 (2) The financial-compliance audit of the Kansas public employees  
23 retirement system shall include, but not be limited to, a review of  
24 alternative investments of the system with any estimates of permanent  
25 impairments to the value of such alternative investments reported by the  
26 system pursuant to K.S.A. 74-4907, and amendments thereto, and a review  
27 of any internal assessment or examination of alternative investments of the  
28 system performed and reported pursuant to K.S.A. 74-4921(12)(a), and  
29 amendments thereto. The financial-compliance audit may include one or  
30 more performance audit subjects as directed by the state treasurer. In  
31 considering performance audit subjects to be included in any such  
32 financial-compliance audit, the state treasurer shall consider  
33 recommendations and requests for performance audits, relating to the  
34 system or the management thereof, by the joint committee on pensions,  
35 investment and benefits or by any other committee or individual member  
36 of the legislature. The state treasurer shall specify if one or more  
37 performance audit subjects shall be included in such financial-compliance  
38 audit, in addition to such other subjects as may be directed to be included  
39 in such financial-compliance audit by the state treasurer. Except as  
40 otherwise determined by the state treasurer, one or more performance audit  
41 subjects specified by the state treasurer shall be included at least once  
42 every two fiscal years in such financial-compliance audit. The state  
43 treasurer may direct that one or more performance audit subjects are to be

1 included in such financial-compliance audit not more than once during a  
2 specific period of three fiscal years, in lieu of once every two fiscal years.

3 (d) Books and accounts of the state treasurer and the director of  
4 accounts and reports, including the bond register of the state treasurer, may  
5 be examined monthly if the state treasurer so determines, and such  
6 examination may include detailed checking of every transaction or test  
7 checking.

8 (e) Copies of the reports of audits conducted pursuant to subsection  
9 (a) or (b) shall be furnished to the governor, director of accounts and  
10 reports, director of the budget, the joint post audit committee, each state  
11 agency and other persons or agencies as may be required by law or by the  
12 specifications of the audit.

13 (f) Any person receiving tax information under the provisions of this  
14 section shall be subject to the same duty of confidentiality imposed by law  
15 upon the personnel of the department of revenue and shall be subject to  
16 any civil or criminal penalties imposed by law for violations of such duty  
17 of confidentiality.

18 New Sec. 7. Audits, in addition to financial-compliance audits or  
19 other financial-compliance audit work conducted pursuant to section 6,  
20 and amendments thereto, shall be performed by the director of post audit  
21 only on the direction of the state treasurer. The state treasurer may instruct  
22 the director of post audit to perform additional audit work described in  
23 section 6, and amendments thereto, of any state agencies, or may direct  
24 that any additional audit of a state agency shall be performed to  
25 accomplish other objectives than those specified pursuant to section 6, and  
26 amendments thereto. The state treasurer may direct that any such  
27 additional audits shall be conducted to determine:

28 (a) Whether any state agency is carrying out only those activities or  
29 programs authorized by the legislature;

30 (b) whether the programs and activities of a state agency, or a  
31 particular program or activity, are being efficiently and effectively  
32 operated;

33 (c) whether any new activity or program is being efficiently and  
34 effectively implemented in accordance with the intent of the legislature;

35 (d) whether there is a need for change in any authorized activity or  
36 program of a state agency;

37 (e) whether any reorganization of a state agency, or group of state  
38 agencies, is needed or justified to accomplish the results of programs or  
39 activities authorized by the legislature; or

40 (f) any combination of the purposes specified in this or any other  
41 section of the state post audit act.

42 New Sec. 8. (a) At least once every three years, there shall be  
43 conducted a security audit of the Kansas lottery. Any security audit

1 conducted pursuant to this section shall include a comprehensive study and  
2 evaluation of all aspects of security in the operation of such state agency.  
3 The auditor to conduct a security audit shall be specified in accordance  
4 with section 16, and amendments thereto. If the state treasurer specifies  
5 under such statute that a person other than the post audit division is to  
6 perform all or part of such audit work, such person shall be selected and  
7 shall perform such audit work as provided in sections 17 through 20, and  
8 amendments thereto. The person selected to perform a security audit shall  
9 be experienced in security procedures, including, but not limited to,  
10 computer and systems security. A contract to conduct a security audit  
11 required by this section shall not be awarded until a background  
12 investigation is conducted by the executive director of the Kansas lottery  
13 on the person or firm selected to perform the audit. Such background  
14 investigation shall include: (1) The vendor to whom the contract is to be  
15 awarded; (2) all persons who own a controlling interest in such vendor;  
16 and (3) all applicable staff having involvement with the audit.

17 (b) For the purpose of conducting a security audit under this section,  
18 a person or a firm selected to perform the security audit shall not be  
19 limited to a legal entity permitted by law to engage in practice as a  
20 certified public accountant.

21 New Sec. 9. (a) The post audit division shall conduct information  
22 technology audits as directed by the state treasurer. Audit work performed  
23 under this section may include:

24 (1) Assessment of security practices of information technology  
25 systems maintained or administered by any state agency or any entity  
26 subject to audit under the provisions of section 10(c), and amendments  
27 thereto; and

28 (2) continuous audits of ongoing information technology projects by  
29 any state agency or any entity subject to audit under the provisions of  
30 section 10(c), and amendments thereto, including systems development  
31 and implementation.

32 (b) Written reports on the results of such auditing shall be furnished  
33 to:

34 (1) The entity that is being audited;

35 (2) the chief information technology officer of the branch of  
36 government that the entity being audited is part of;

37 (3) (A) the governor, if the entity being audited is an executive branch  
38 entity;

39 (B) the legislative coordinating council, if the entity being audited is a  
40 legislative entity; or

41 (C) the chief justice of the Kansas supreme court, if the entity being  
42 audited is a judicial entity;

43 (4) the state treasurer;

1 (5) the joint committee on information technology;  
2 (6) the joint post audit committee; and  
3 (7) such other persons or agencies as may be required by law or by  
4 the specifications of the audit or as otherwise directed by the state  
5 treasurer.

6 (c) The provisions of section 24, and amendments thereto, shall apply  
7 to any audit or audit work conducted pursuant to this section.

8 New Sec. 10. (a) The state treasurer is hereby authorized to instruct  
9 the director of post audit and the post audit division to make an audit of the  
10 type described in sections 6 through 9, and amendments thereto, of any  
11 records or matters of any person specified in this section, and may direct  
12 the object in detail of any such audit.

13 (b) Upon receiving any such instruction, the director of post audit  
14 with the post audit division, shall make such audit and shall have access to  
15 all books, accounts, records, files, documents and correspondence,  
16 confidential or otherwise, to the same extent permitted under section 24,  
17 and amendments thereto, except that such access shall be subject to the  
18 limitations established under subsection (d).

19 (c) Audits authorized by this section are the following:

20 (1) Audit of any local subdivision of government or agency or  
21 instrumentality thereof that receives any distribution of moneys from or  
22 through the state.

23 (2) Audit of any person that receives any grant or gift from or through  
24 the state.

25 (3) Audit of the contract relationships and the fiscal records related  
26 thereto of any person that contracts with the state.

27 (4) Audit of any person that is regulated or licensed by any state  
28 agency or that operates or functions for the benefit of any state institution,  
29 except that any audit of any person regulated by the state corporation  
30 commission shall address only compliance with laws or regulations,  
31 collection or remittance of taxes or fees, or other matters related directly to  
32 state governmental programs or functions. Any such audit authorized  
33 under this subsection shall not address corporate governance or financial  
34 issues, except as they may relate directly to state governmental programs  
35 or functions. This subsection shall not apply to public utilities as described  
36 in K.S.A. 66-1,187(f), and amendments thereto.

37 (d) (1) Access to all books, accounts, records, files, documents and  
38 correspondence, confidential or otherwise, as authorized under subsection  
39 (b) of any nongovernmental person audited under authority of subsection  
40 (c)(2) shall be limited to those books, accounts, records, files, documents  
41 and correspondence, confidential or otherwise, of such person to which the  
42 state governmental agency that administers the grant or gift and provides  
43 for the disbursement thereof is authorized under law to have access.

1 (2) Access to all books, accounts, records, files, documents and  
2 correspondence, confidential or otherwise, as authorized under subsection  
3 (b) of any nongovernmental person audited under authority of subsection  
4 (c)(3) shall be limited to those books, accounts, records, files, documents  
5 and correspondence, confidential or otherwise, of such person to which the  
6 state governmental agency that contracts with such person is authorized  
7 under law to have access.

8 (3) Access to all books, accounts, records, files, documents and  
9 correspondence, confidential or otherwise, as authorized under subsection  
10 (b) of any nongovernmental person audited under authority of subsection  
11 (c)(4) shall be limited to those books, accounts, records, files, documents  
12 and correspondence, confidential or otherwise, of such person to which the  
13 state governmental agency that regulates or licenses such person or the  
14 state institution on whose behalf such person operates or functions is  
15 authorized under law to have access.

16 New Sec. 11. (a) Whenever any person fails to make any books,  
17 accounts, contracts or records, files, documents and correspondence,  
18 confidential or otherwise, related to any of the foregoing available to the  
19 director of post audit or to a firm performing a financial-compliance audit  
20 or to any officer or employee of the post audit division or of such firm  
21 within 30 days after a request by the director of post audit or of such firm,  
22 and such person is entitled under any other statute to receive state funds,  
23 such funds shall be withheld until such person has fully complied with  
24 such request. Whenever state funds are to be withheld under this section,  
25 the director of post audit shall give written notice to the director of  
26 accounts and reports, and the director of accounts and reports shall issue  
27 no warrant for payment of state funds to such person until the director of  
28 post audit has given the director of accounts and reports written notice that  
29 such person has acceded to the request. The provisions of this section shall  
30 not affect any contract entered into prior to the effective date of this act to  
31 the extent that any impairment of such contract occurs.

32 (b) Failure to make records available for the division of post audit is  
33 the intentional failure to make any books, accounts, contracts or records,  
34 files, documents and correspondence, confidential or otherwise, related to  
35 any of the foregoing available to the director of post audit or to a firm  
36 performing a financial-compliance audit or any officer or employee of the  
37 post audit division or of such firm upon request of the director of post  
38 audit or such firm or any such officer or employee for the purpose of post  
39 audit as directed by the state treasurer under authority of this act. Failure to  
40 make records available for post audit is a class A misdemeanor.

41 (c) Venue of actions for violations of this section shall be in Shawnee  
42 county, Kansas.

43 New Sec. 12. (a) There is hereby established the joint post audit

1 committee, which shall consist of five senators and five members of the  
2 house of representatives. The five senate members shall be appointed as  
3 follows: Three by the president and two by the minority leader. The five  
4 representative members shall be appointed as follows: Three by the  
5 speaker and two by the minority leader. Each senate member appointed  
6 and each representative member appointed shall serve on the post audit  
7 committee during such member's current term as a legislator and the  
8 officer so appointing shall notify promptly the director of post audit and  
9 such committee of the appointment. A quorum of the committee shall be  
10 six. Except as otherwise specifically provided by law, all actions of the  
11 committee may be taken by a majority of those present when there is a  
12 quorum. At the commencement of each regular session of the legislature,  
13 the joint post audit committee shall organize by electing a chairperson and  
14 a vice-chairperson who are not members of the same house of the  
15 legislature. The vice-chairperson shall exercise all of the powers of the  
16 chairperson in the absence of the chairperson. The joint post audit  
17 committee may meet at any time, and at any place in the state on the call  
18 of the chairperson. The committee may introduce such legislation as it  
19 deems necessary in performing its duties under the state post audit act.

20 (b) Members of the joint post audit committee shall receive  
21 compensation, travel expenses and subsistence expenses and allowances as  
22 provided in K.S.A. 75-3212, and amendments thereto. All compensation  
23 and expenses of members of the post audit committee shall be paid from  
24 appropriations made for the post audit division. All compensation and  
25 expenses of the director of post audit and employees of the post audit  
26 division shall be paid from appropriations made for the post audit division.  
27 All payrolls and vouchers for payment of amounts from appropriations  
28 made for the post audit division shall be approved by the director of post  
29 audit.

30 (c) (1) The legislative post audit committee is hereby abolished.  
31 Except as otherwise provided by the state post audit act, all of the powers,  
32 duties, functions, records and property of the legislative post audit  
33 committee are hereby transferred to and conferred and imposed upon the  
34 joint post audit committee. Except as otherwise provided by the state post  
35 audit act, the joint post audit committee shall be the successor in every  
36 way to the powers, duties and functions of the legislative post audit  
37 committee in which the same were vested prior to the effective date of this  
38 act.

39 (2) Whenever the legislative post audit committee, or words of like  
40 effect, is referred to or designated by a statute, contract or other document,  
41 such reference or designation shall be deemed to apply to the joint post  
42 audit committee created by this act.

43 (3) All orders or directives of the legislative post audit committee in

1 existence on the effective date of this act shall continue to be effective and  
2 shall be deemed to be the orders or directives of the joint post audit  
3 committee created by this act until revised, amended, repealed or nullified  
4 pursuant to law.

5 (4) Members appointed to the legislative post audit committee and  
6 serving on such committee on June 30, 2018, shall continue as members of  
7 the joint post audit committee.

8 New Sec. 13. (a) (1) Except as otherwise provided by statute,  
9 whenever the director of post audit performs any additional audit work for  
10 any state agency to satisfy federal governmental requirements, and incurs  
11 costs in addition to those attributable to the operations of the post audit  
12 division in performance of other duties and responsibilities, the director of  
13 post audit shall make charges for such additional costs.

14 (2) Except as otherwise provided by statute, whenever the director of  
15 post audit performs any audit work for any state agency to satisfy  
16 financial-compliance audit requirements prescribed by or pursuant to  
17 section 6(a)(1), and amendments thereto, and incurs costs in addition to  
18 those attributable to the operations of the post audit division in  
19 performance of other duties and responsibilities, the director of post audit  
20 shall make charges for such additional costs.

21 (3) The state treasurer may authorize the director of post audit to  
22 perform additional financial-related audit work at the request of a state  
23 agency. Upon the authorization and in accordance with the direction of the  
24 state treasurer, the director of post audit may make charges for costs  
25 incurred for the performance of such financial-related audit work.

26 (4) The director of post audit shall compute the reasonably  
27 anticipated cost of providing audits pursuant to section 8, and amendments  
28 thereto, subject to review and approval by the state treasurer. Upon such  
29 approval, the state agency that is receiving the audit services shall  
30 reimburse the post audit division for the amount approved by the state  
31 treasurer.

32 (5) The furnishing of any such audit services by the post audit  
33 division shall be a transaction between the director of post audit and the  
34 state agency receiving such services and such transaction shall be settled in  
35 accordance with the provisions of K.S.A. 75-5516, and amendments  
36 thereto.

37 (b) All moneys received for reimbursement of the post audit division  
38 under this section shall be remitted to the state treasurer in accordance  
39 with the provisions of K.S.A. 75-4215, and amendments thereto. Upon  
40 receipt of each such remittance, the state treasurer shall deposit the entire  
41 amount in the state treasury to the credit of the state post audit services  
42 fund, which fund is hereby created in the state treasury. All expenditures  
43 from the state post audit services fund shall be made in accordance with

1 appropriation acts upon warrants of the director of accounts and reports  
2 issued pursuant to vouchers approved by the post auditor or a person or  
3 persons designated by the post auditor.

4 New Sec. 14. On July 1, 2018, the director of accounts and reports  
5 shall transfer all moneys in the audit services fund to the state post audit  
6 services fund. On July 1, 2018, all liabilities of the audit services fund are  
7 hereby transferred to and imposed on the state post audit services fund,  
8 and the audit services fund is hereby abolished.

9 New Sec. 15. (a) Each state agency awarded a federal grant or other  
10 federal financial assistance that is subject to a financial-compliance audit  
11 as a condition of such grant or assistance shall notify the director of post  
12 audit immediately of the award of such grant or assistance. Based on the  
13 amount and nature of federal money received by the state agency, the  
14 director of post audit shall compute annually the amount of federal money  
15 reasonably anticipated to be required to provide audit coverage in  
16 accordance with federal requirements. The amounts determined for such  
17 audits shall be reviewed and approved by the state treasurer. Upon such  
18 approval, the state agency, in accordance with section 13, and amendments  
19 thereto, shall reimburse the post audit division for the amount approved by  
20 the state treasurer.

21 (b) The director of post audit shall compute the amount of money  
22 reasonably anticipated to be required to provide a financial-compliance  
23 audit as required pursuant to any statute. The amounts determined for such  
24 audits shall be reviewed and approved by the state treasurer. Upon such  
25 approval, the state agency, in accordance with section 13, and amendments  
26 thereto, shall reimburse the post audit division for the amount approved by  
27 the contract audit committee.

28 (c) The director of post audit shall remit all moneys received under  
29 this section to the state treasurer in accordance with the provisions of  
30 K.S.A. 75-4215, and amendments thereto. Upon receipt of each such  
31 remittance, the state treasurer shall deposit the entire amount in the state  
32 treasury to the credit of the state post audit services fund.

33 (d) In addition to expenditures that may be made from the state post  
34 audit services fund under section 13, and amendments thereto,  
35 expenditures shall be made from such fund, and from other available  
36 appropriations, to pay for the cost of financial-compliance audits  
37 performed to comply with federal governmental audit requirements.

38 New Sec. 16. The state treasurer shall specify whether a financial-  
39 compliance audit of or financial-compliance audit work at a state agency is  
40 to be conducted: (a) By a firm or firms qualified to perform such audit or  
41 audit work; or (b) by the post audit division. If the state treasurer specifies  
42 that a firm or firms are to perform such audit or audit work, such firm or  
43 firms shall be selected and shall perform such audit or audit work as

1 provided in sections 17 through 20, and amendments thereto. If the state  
2 treasurer specifies that the post audit division is to perform such audit or  
3 audit work, the division shall perform such audit or audit work as directed  
4 by the state treasurer pursuant to section 6, and amendments thereto, and,  
5 if the audit or audit work is performed to comply with federal  
6 governmental audit requirements, in accordance with specifications for the  
7 conduct of such audit or audit work established by the state treasurer.

8 New Sec. 17. (a) In the procurement of a firm or firms to perform a  
9 financial-compliance audit, the director of post audit shall encourage firms  
10 engaged in the lawful practice of their professions to place their names on  
11 the list maintained by the director of bidders to receive invitations for bid  
12 on post audit contracts.

13 (b) The director of post audit shall establish specifications, with the  
14 advice of the head of each state agency to be audited, for the conduct by a  
15 firm or firms of the financial-compliance audit. The specifications shall be  
16 used in preparing invitations for bid and evaluating the bids received.

17 (c) For all financial-compliance audits of state agencies to be  
18 performed by a firm or firms, the director of post audit shall issue an  
19 invitation for bid to all firms that have requested to be on the bidders' lists  
20 and others that request a copy after notice in the Kansas register. The  
21 invitation shall request information on the firm's qualifications, the  
22 qualifications of staff to be assigned to the job, the firm's technical  
23 approach to the audit and the fee. The director of post audit shall evaluate  
24 the bids received in response to the invitations and for each audit, shall  
25 prepare a list of at least three and not more than five firms that, in the  
26 opinion of the director of post audit, are qualified to perform such audit.  
27 Such list shall be submitted to the state treasurer.

28 (d) Two or more separate financial-compliance audits may be  
29 combined by the contract audit committee for the purpose of procuring  
30 audit services for all such audits from a single firm and, in each such case,  
31 such combined audits shall be construed to be a single audit for all  
32 purposes under this section and sections 18 through 20, and amendments  
33 thereto.

34 New Sec. 18. (a) The state treasurer may conduct discussions with  
35 each of the firms submitted by the director of post audit and then shall  
36 select a firm or firms from such listing to provide the financial-compliance  
37 audit in accordance with the state post audit act.

38 (b) The state treasurer shall consider in making a selection the  
39 qualifications of the firm and the staff, the technical proposal and the fee.

40 (c) If the state treasurer is unable to contract with any of the selected  
41 firms, the state treasurer shall request the director of post audit to provide  
42 another list of firms to be reviewed by the state treasurer and, upon receipt  
43 of such list, the state treasurer shall proceed in accordance with the

1 provisions of this section.

2 New Sec. 19. (a) Each contract for a financial-compliance audit of a  
3 state agency entered into under sections 17 and 18, and amendments  
4 thereto, shall be entered into between the state treasurer and the firm  
5 selected to perform the financial-compliance audit. Each such contract  
6 shall require the firm selected to perform the financial-compliance audit to  
7 submit evidence is satisfactory to the contract audit committee that the  
8 firm has general professional liability insurance or specific professional  
9 liability insurance is adequate for such audit.

10 (b) In addition to the requirements in subsection (a), each such  
11 contract for financial-compliance audit services shall specify the  
12 responsibilities undertaken by the firm selected to perform such audit and  
13 that such firm shall be responsible for all material errors and omissions in  
14 the performance of such contract.

15 (c) Such contracts shall not be subject to the provisions of K.S.A. 75-  
16 3739, and amendments thereto.

17 New Sec. 20. (a) The state treasurer shall monitor the performance of  
18 the firm or firms conducting a financial-compliance audit pursuant to a  
19 contract entered into under section 19, and amendments thereto, to insure  
20 that such audit is performed in accordance with the specifications  
21 developed for the conduct of such audit. The firm or firms selected to  
22 perform such audit shall submit a written audit report at the conclusion of  
23 the audit to the director of post audit who shall, distribute the complete  
24 audit report to members of the joint post audit committee, the governor,  
25 the director of accounts and reports, the director of the budget, the  
26 secretary of administration, the state agency that is audited and other  
27 persons or agencies as may be required by the specifications.

28 (b) In the performance of such audit, the officers and employees of  
29 the firm or firms performing the audit shall be subject to the same duty of  
30 confidentiality applicable to the post auditor and officers and employees of  
31 the post audit division under the state post audit act and shall have access  
32 to all books, accounts, records, files, documents and correspondence,  
33 confidential or otherwise, of any person or state agency subject to the  
34 financial-compliance audit.

35 New Sec. 21. (a) Except as provided by subsections (b), (c) and (d)  
36 and sections 23 and 24, and amendments thereto, each audit report  
37 prepared by the post audit division or by a firm under the state post audit  
38 act, and each finding, conclusion, opinion or recommendation contained in  
39 the audit report, shall be confidential and shall not be disclosed pursuant to  
40 the provisions of the open records act or under any other law until: (1) The  
41 time of the next scheduled meeting of the joint post audit committee held  
42 after distribution of the report to members of such committee; or (2) the  
43 time of the next scheduled meeting of another legislative committee held

1 after distribution of the report to the members of such committee as  
2 authorized by the joint post audit committee.

3 (b) The joint post audit committee may authorize a specific  
4 confidential distribution of any audit report, prior to any such presentation  
5 of the audit report, by motion adopted by the joint post audit committee or  
6 by rule adopted by the committee, in accordance with such motion or rule.  
7 Each person who receives an audit report pursuant to any such motion or  
8 rule authorizing a specific confidential distribution of the audit report shall  
9 keep the audit report and each finding, conclusion, opinion or  
10 recommendation contained in the audit report confidential until the audit  
11 report is presented to the joint post audit committee or another legislative  
12 committee at an open meeting of the committee.

13 (c) The director of post audit, or the director's designee may make a  
14 limited distribution of preliminary audit findings, conclusions or  
15 recommendations to any person affected by the audit as part of the process  
16 of conducting the audit. Such preliminary audit findings, conclusions,  
17 opinions or recommendations shall be confidential and shall not be subject  
18 to disclosure pursuant to the provisions of the open records act or any  
19 other law, except as provided in sections 23 and 24, and amendments  
20 thereto.

21 (d) The director of post audit may report in writing outside of a  
22 regularly scheduled meeting to the joint post audit committee, the joint  
23 committee on information technology and the chief information  
24 technology officers of the executive, legislative and judicial branches,  
25 when, in the opinion of the post auditor, it appears that an information  
26 technology project being audited under section 9, and amendments thereto,  
27 is at risk due to a failure to meet key milestones, or failure to receive  
28 sufficient deliverables after a contract payment, significant cost overruns,  
29 or when the director of post audit finds the project is not being efficiently  
30 and effectively implemented in accordance with its original stated purpose  
31 and goals.

32 (e) As used in this section, "audit report" means the written report of  
33 any financial-compliance audit, performance audit, or any other audit or  
34 audit work conducted under the state post audit act by the post audit  
35 division or by a firm under the state post audit act, and any other words  
36 and phrases used in this section shall have the meanings respectively  
37 ascribed thereto by section 2, and amendments thereto.

38 New Sec. 22. (a) As used in this section:

39 (1) "Audit" means any financial-compliance audit, performance audit  
40 or any other audit or audit work conducted by the post audit division or by  
41 a firm under the state post audit act;

42 (2) "survey" means any questionnaire or other survey instrument  
43 administered by the post audit division or by a firm under the state post

1 audit act for the purposes and in the course of an audit, regardless of form  
2 or characteristics; and

3 (3) any other words and phrases used in this section shall have the  
4 meanings respectively ascribed thereto by section 2, and amendments  
5 thereto.

6 (b) A response to any survey administered for the purposes and in the  
7 course of an audit approved by the state treasurer shall be confidential and  
8 shall not be disclosed pursuant to the provisions of the open records act or  
9 under any other law, except as required pursuant to the state post audit act.  
10 Nothing in this section shall limit the use of any information contained in  
11 responses to any survey by the post audit division for the purposes of any  
12 audit or for any other purpose authorized or required under the state post  
13 audit act.

14 New Sec. 23. (a) The director of post audit shall immediately report  
15 in writing to the state treasurer, governor and attorney general whenever it  
16 appears, in the opinion of the director of post audit, that there may have  
17 occurred any violation of penal statutes or any instances of misfeasance,  
18 malfeasance or nonfeasance by a public officer or employee disclosed by  
19 any audit or audit work conducted under the state post audit act. The  
20 director of post audit shall furnish the attorney general all information in  
21 the possession of the director of post audit relative to any report referred to  
22 the attorney general. The attorney general shall institute and prosecute  
23 civil proceedings against any such delinquent officer or employee, or upon  
24 such officer or employee's official bond, or both, as may be needed to  
25 recover for the state any funds or other assets misappropriated. The  
26 attorney general shall also prosecute such ouster and criminal proceedings  
27 as the evidence in the case warrants. Any person receiving tax information  
28 under the provisions of this subsection shall be subject to the same duty of  
29 confidentiality imposed by law upon the personnel of the department of  
30 revenue and shall be subject to any civil or criminal penalties imposed by  
31 law for violations of such duty of confidentiality.

32 (b) The director of post audit shall immediately report to the  
33 committee on surety bonds and insurance when any audit or audit work  
34 conducted under the state post audit act discloses a shortage in the  
35 accounts of any state agency, officer or employee.

36 (c) Any firm or firms that develop information in the course of  
37 conducting a financial-compliance audit, or other audit work under the  
38 state post audit act that the director of post audit is required to report under  
39 subsection (a) or (b), shall immediately report such information to the  
40 director of post audit. The director of post audit shall then make the report  
41 required in subsection (a) or (b).

42 New Sec. 24. In the discharge of the duties imposed under the state  
43 post audit act, the director of post audit or the firm conducting a financial-

1 compliance audit or any other audit or audit work shall have access to all  
2 books, accounts, records, files, documents and correspondence,  
3 confidential or otherwise, of any person or state agency subject to the state  
4 post audit act or in the custody of any such person or state agency. Except  
5 as otherwise provided in this section, the director of post audit or the firm  
6 conducting a financial-compliance audit or other audit or audit work under  
7 the state post audit act and all employees and former employees of the post  
8 audit division or the firm performing a financial-compliance audit or other  
9 audit or audit work shall be subject to the same duty of confidentiality  
10 imposed by law on any such person or state agency with regard to any  
11 such books, accounts, records, files, documents and correspondence, and  
12 any information contained therein, and shall be subject to any civil or  
13 criminal penalties imposed by law for violations of such duty of  
14 confidentiality. The duty of confidentiality imposed on the director of post  
15 audit and on the firms conducting financial-compliance audits or any other  
16 audits or audit work under the state post audit act and all employees of the  
17 post audit division and all employees of such firms shall be subject to the  
18 provisions of section 23, and amendments thereto, and the director of post  
19 audit may furnish all such books, accounts, records, files, documents and  
20 correspondence, and any information contained therein to the attorney  
21 general pursuant to section 23, and amendments thereto. Upon receipt ,  
22 the attorney general and all assistant attorneys general and all other employees  
23 and former employees of the office of attorney general shall be subject to  
24 the same duty of confidentiality with the exceptions that any such  
25 information contained therein may be disclosed in civil proceedings,  
26 ouster proceedings and criminal proceedings that may be instituted and  
27 prosecuted by the attorney general in accordance with section 23, and  
28 amendments thereto, and any such books, accounts, records, files,  
29 documents and correspondence furnished to the attorney general in  
30 accordance with section 23, and amendments thereto, may be entered into  
31 evidence in any such proceedings. Nothing in this section shall be  
32 construed to supersede any requirement of federal law.

33 Sec. 25. K.S.A. 2017 Supp. 12-5377 is hereby amended to read as  
34 follows: 12-5377. (a) The receipts and disbursements of the LCPA shall be  
35 audited yearly by a licensed municipal accountant or certified public  
36 accountant.

37 (b) The LCPA may require an audit of any provider's books and  
38 records concerning the collection and remittance of fees pursuant to this  
39 act. The cost of any such audit shall be paid from the 911 state grant fund.

40 (c) On or before December 31, 2013, and at least once every three  
41 years thereafter, the ~~division of~~ post audit *division* shall conduct an audit of  
42 the 911 system to determine: (1) Whether the moneys received by PSAPs  
43 pursuant to this act are being used appropriately; (2) whether the amount

1 of moneys collected pursuant to this act is adequate; and (3) the status of  
2 911 service implementation. The auditor to conduct such audit shall be  
3 specified in accordance with ~~K.S.A. 46-1122~~ *section 16*, and amendments  
4 thereto. The ~~post auditor~~ *director of post audit* shall compute the  
5 reasonably anticipated cost of providing audits pursuant to this subsection,  
6 subject to review and approval by the ~~contract audit committee established~~  
7 ~~by K.S.A. 46-1120, and amendments thereto~~ *state treasurer*. Upon such  
8 approval, the 911 state grant fund shall reimburse the division of post audit  
9 for the amount approved by the contract audit committee. The audit report  
10 shall be submitted to the 911 coordinating council, the LCPA, the house  
11 committee on utilities and telecommunications and the senate committee  
12 on utilities.

13 (d) The legislature shall review this act at the regular 2014 legislative  
14 session and at the regular legislative session every five years thereafter.

15 (e) This section shall take effect on and after January 1, 2012.

16 Sec. 26. K.S.A. 19-5005 is hereby amended to read as follows: 19-  
17 5005. (a) All revenue received by the county treasurer pursuant to this act  
18 shall be appropriated by the county to the Johnson county education  
19 research triangle authority. The authority shall remit such funds for  
20 expenditure in equal shares by designated officials for the Edwards  
21 campus of the university of Kansas, the Johnson county location of Kansas  
22 state university and the university of Kansas medical center's Johnson  
23 county locations. All such funds shall be spent for building construction,  
24 academic and research program development and growth, faculty and staff  
25 recruitment and retention, and operations and maintenance in support of:  
26 (1) The undergraduate and graduate programs at the Edwards campus of  
27 the university of Kansas;

28 (2) the research and education programs in animal health and food  
29 safety and security at the Johnson county location of Kansas state  
30 university; and

31 (3) the medical education and life sciences and cancer research  
32 programs at the university of Kansas medical center's Johnson county  
33 locations.

34 (b) All such expenditures shall be in compliance with the purposes of  
35 this act and shall be certified as such to the authority and to the Kansas  
36 state board of regents by appropriate officials at the university of Kansas,  
37 Kansas state university and the university of Kansas medical center. Such  
38 expenditures shall also comply with the policies of the Kansas state board  
39 of regents and applicable state and federal laws.

40 (c) No more than two percent of funds so collected in any fiscal year  
41 shall be used for the administrative expenses of the authority or its board  
42 of directors.

43 (d) The authority shall have no authority to issue bonds or to exercise

1 the power of eminent domain.

2 (e) The authority shall issue an annual report to the board of regents,  
3 the legislature and the board of commissioners of Johnson county.

4 (f) The authority shall be subject to ~~legislative post audit~~ *the state*  
5 *post audit act* and audit by the board of commissioners of the Johnson  
6 county internal auditor.

7 (g) Meetings of the board of directors of the authority shall be subject  
8 to the Kansas open meetings act and records of the authority and the board  
9 shall be subject to the Kansas open records act.

10 (h) Unless state general fund appropriations for the university of  
11 Kansas, Kansas state university, and the university of Kansas medical  
12 center are reduced by action of the legislature or the governor, state  
13 general fund support of such institutions shall not be reduced below the  
14 level of support in effect on the effective date of this act.

15 (i) The Kansas board of regents shall remain responsible for the  
16 governance of these institutions, including approval of any academic  
17 programs and the regulation thereof, and shall be responsible to the  
18 authority for institutional compliance with the purposes of this act.

19 Sec. 27. K.S.A. 22-4514a is hereby amended to read as follows: 22-  
20 4514a. (a) Any nonprofit corporation, organized under the laws of the state  
21 of Kansas for the purpose of providing legal services to indigent inmates  
22 of Kansas correctional institutions may submit its annual operating budget  
23 for the next fiscal year of the state, including salaries and all other  
24 expenses of operation, to the state board of indigents' defense services.  
25 Such budget shall set forth the maximum obligation of financial aid and  
26 contributions proposed for payment by the state board of indigents'  
27 defense services and the availability of any additional funds from the  
28 federal government and other sources to meet such operating costs.

29 (b) If such budget is approved by the state board of indigents' defense  
30 services, on July 1 of the next fiscal year the amount of the maximum  
31 obligation of financial aid to be paid by the state board of indigents'  
32 defense services as set forth in the approved budget may then be paid in a  
33 lump sum to the corporation.

34 (c) After the end of the fiscal year any such nonprofit corporation  
35 shall furnish to the ~~post auditor~~ *director of post audit* and the director of  
36 the budget an audited statement of actual expenditures incurred. Any  
37 balance remaining unused shall be applied to the next budget for the  
38 purposes specified in this section.

39 Sec. 28. K.S.A. 2017 Supp. 38-151 is hereby amended to read as  
40 follows: 38-151. (a) The secretary for children and families shall establish  
41 a child welfare system task force to study the child welfare system in the  
42 state of Kansas. The Kansas department for children and families shall  
43 provide administrative assistance to facilitate organization and meetings of

1 any working group convened by the task force. The department shall  
2 provide assistance to working groups to prepare and publish meeting  
3 agendas, public notices, meeting minutes and any research, data or  
4 information requested by a working group.

5 (b) The child welfare system task force shall consist of the following  
6 members, each to be appointed by the respective appointing authority on  
7 or before July 15, 2017:

8 (1) The chairperson of the senate standing committee on public health  
9 and welfare;

10 (2) the vice-chairperson of the senate standing committee on public  
11 health and welfare;

12 (3) the ranking minority member of the senate standing committee on  
13 public health and welfare;

14 (4) the chairperson of the house standing committee on children and  
15 seniors;

16 (5) the vice-chairperson of the house standing committee on children  
17 and seniors;

18 (6) the ranking minority member of the house standing committee on  
19 children and seniors;

20 (7) the secretary for children and families or the secretary's designee,  
21 who shall be a non-voting member;

22 (8) the director of prevention and protection services for the Kansas  
23 department for children and families, who shall be a non-voting member;

24 (9) one representative from each entity that contracts with the Kansas  
25 department for children and families to provide foster care, family  
26 preservation, reintegration and permanency placement services, appointed  
27 by each such entity, each of whom shall be a non-voting member;

28 (10) one member appointed by the chief justice of the supreme court;

29 (11) one representative of Kansas court-appointed special advocates,  
30 appointed by the chief justice of the supreme court;

31 (12) one member of a citizen review board established pursuant to the  
32 revised Kansas code for care of children, appointed by the chief justice of  
33 the supreme court;

34 (13) one member representing a foster parent organization, appointed  
35 by the judicial council;

36 (14) one guardian ad litem with experience representing children in  
37 child in need of care cases, appointed by the judicial council;

38 (15) one family law attorney with experience providing legal services  
39 to parents and grandparents in child in need of care cases, appointed by the  
40 judicial council;

41 (16) one social worker licensed by the behavioral sciences regulatory  
42 board, appointed by the judicial council;

43 (17) one member of the state child death review board established by

1 K.S.A. 22a-243, and amendments thereto, appointed by the board;

2 (18) one county or district attorney with experience in child in need  
3 of care cases, appointed by the Kansas county and district attorneys  
4 association; and

5 (19) one law enforcement officer, appointed by the Kansas  
6 association of chiefs of police.

7 (c) (1) The chairperson of the house standing committee on children  
8 and seniors shall serve as the first chairperson of the child welfare system  
9 task force and the chairperson of the senate standing committee on public  
10 health and welfare shall serve as the first vice-chairperson of the task  
11 force. The position of chairperson and vice-chairperson shall alternate  
12 annually upon the first meeting of the task force in each calendar year.

13 (2) The child welfare system task force may meet in an open meeting  
14 at any time and at any place within the state of Kansas upon the call of the  
15 chairperson. The task force shall meet at least six times per calendar year.

16 (3) A majority of the voting members of the child welfare system task  
17 force constitute a quorum. Any action by the task force shall be by motion  
18 adopted by a majority of voting members present when there is a quorum.

19 (4) Any vacancy on the child welfare system task force shall be filled  
20 by appointment in the manner prescribed in this section for the original  
21 appointment.

22 (d) (1) The child welfare system task force shall convene working  
23 groups to study the following topics: The general administration of child  
24 welfare by the Kansas department for children and families; protective  
25 services; family preservation; reintegration; foster care; and permanency  
26 placement.

27 (2) On or before August 15, 2017, the chairperson and vice-  
28 chairperson of the child welfare system task force and the ranking minority  
29 members appointed under subsections (b)(3) and (b)(6) shall jointly  
30 appoint the chairperson and vice-chairperson of each working group from  
31 the members of the task force. The chairperson and vice-chairperson of  
32 each working group shall jointly appoint members to the working group,  
33 each working group consisting of not more than seven non-task force  
34 members and not fewer than two task force members. Any non-task force  
35 member appointed to a working group shall possess specific expertise  
36 related to the working group's assigned topic of study.

37 (e) The child welfare system task force and each working group  
38 convened by the task force shall study the following topics:

39 (1) The level of oversight and supervision by the Kansas department  
40 for children and families over each entity that contracts with the Kansas  
41 department for children and families to provide reintegration, foster care  
42 and adoption services;

43 (2) the duties, responsibilities and contributions of state agencies,

1 nongovernmental entities and service providers that provide child welfare  
2 services in the state of Kansas;

3 (3) the level of access to child welfare services, including, but not  
4 limited to, health and mental health services and community-based  
5 services, in the state of Kansas;

6 (4) the increasing number of children in the child welfare system and  
7 contributing factors;

8 (5) the licensing standards for case managers working in the child  
9 welfare system; and

10 (6) any other topic the child welfare system task force or working  
11 group deems necessary or appropriate.

12 (f) The child welfare system task force and each working group  
13 convened by the task force shall consider, at a minimum, United States  
14 department of health and human services child and family services reviews  
15 and child and family services plans and reports relating to foster care  
16 prepared by the ~~division of~~ post audit *division*, the 2015 special committee  
17 on foster care adequacy and the 2016 special committee on foster care  
18 adequacy.

19 (g) The child welfare system task force shall advise and consult with  
20 citizen review boards established pursuant to the revised Kansas code for  
21 care of children in conducting the study required by this section.

22 (h) The Kansas department for children and families shall, upon  
23 request by the child welfare system task force, provide data and  
24 information relating to the child welfare system in the state of Kansas that  
25 is not otherwise prohibited or restricted from disclosure by state or federal  
26 law, including conditions imposed by federal law or rules and regulations  
27 for participation in federal programs administered by the secretary for  
28 children and families.

29 (i) The child welfare system task force shall submit a preliminary  
30 progress report to the legislature detailing the task force's study under this  
31 section on or before January 8, 2018, and a final report to the legislature  
32 detailing the task force's study on or before January 14, 2019.

33 (j) The child welfare system task force's report shall include  
34 recommended improvements regarding the safety and well-being of  
35 children in the child welfare system in the state of Kansas, including  
36 recommended changes to current law, rules and regulations and child  
37 welfare system processes, whether an ongoing task force or similar  
38 advisory or oversight entity consisting of legislators, attorneys in the area  
39 of family law, judges, foster parents, parents with reintegrated children and  
40 other interested parties would aid in addressing child welfare system  
41 concerns and any other topics the child welfare system task force deems  
42 appropriate.

43 (k) Staff of the office of revisor of statutes, the legislative research

1 department and the division of legislative administrative services shall  
2 provide assistance as may be requested by the child welfare system task  
3 force, including assistance to a legislative task force member serving on a  
4 working group, subject to approval by the legislative coordinating council.

5 (l) (1) Subject to approval by the legislative coordinating council,  
6 members of the child welfare system task force attending meetings  
7 authorized by the task force shall be paid amounts provided in K.S.A. 75-  
8 3223(e), and amendments thereto, except that task force members who are  
9 employed by a state agency shall be reimbursed by such state agency.

10 (2) Non-task force members of working groups convened by the child  
11 welfare system task force attending meetings of such working groups shall  
12 be paid by the Kansas department for children and families amounts  
13 provided in K.S.A. 75-3223(e), and amendments thereto, except that non-  
14 task force members who are employed by a state agency shall be  
15 reimbursed by such state agency.

16 (m) The provisions of this section shall expire on June 30, 2019.

17 Sec. 29. K.S.A. 38-2103 is hereby amended to read as follows: 38-  
18 2103. (a) The Kansas children's cabinet established by K.S.A. 38-1901,  
19 and amendments thereto, shall advise the governor and the legislature  
20 regarding the uses of the moneys credited to the children's initiatives fund.

21 (b) The Kansas children's cabinet shall review, assess and evaluate all  
22 uses of the moneys in the children's initiatives fund. The Kansas children's  
23 cabinet shall study and shall initiate studies, assessments and evaluations,  
24 by contract or otherwise, through institutions of higher education and other  
25 appropriate research entities to identify best practices and to measure and  
26 otherwise determine the efficiency and efficacy of practices that are  
27 utilized in programs, projects, improvements, services and other purposes  
28 for which moneys are allocated or appropriated from the children's  
29 initiatives fund. The costs of such reviews, assessments and evaluations  
30 shall be paid from the children's initiatives accountability fund.

31 (c) There shall be conducted performance audits and other audit work  
32 by the ~~legislative post auditor~~ *post audit division* upon request by the  
33 Kansas children's cabinet and as directed by the ~~legislative post audit~~  
34 ~~committee~~ *state treasurer* in accordance with the provisions of the  
35 ~~legislative post audit act~~ *state post audit act, section 1 et seq., and*  
36 *amendments thereto*. The purpose of such performance audits and other  
37 audit work shall be to provide interested parties with the program  
38 evaluation and research needed to make informed decisions for the uses of  
39 moneys credited to the children's initiatives fund. The auditor to conduct  
40 such performance audit or other audit work shall be specified in  
41 accordance with ~~K.S.A. 46-1122~~ *section 16*, and amendments thereto, and  
42 if the ~~legislative post audit committee~~ *state treasurer* specifies under such  
43 statute that a firm, as defined by ~~K.S.A. 46-1112~~ *section 2*, and

1 amendments thereto, is to perform all or part of the audit work of such  
2 audit, such firm shall be selected and shall perform such audit work as  
3 provided in ~~K.S.A. 46-1123, and amendments thereto, and K.S.A. 46-1125~~  
4 ~~through 46-1127 sections 17 through 20, and amendments thereto.~~ The  
5 audit work required pursuant to this subsection shall be conducted in  
6 accordance with generally accepted governmental auditing standards. The  
7 ~~post auditor~~ *director of post audit* shall compute the reasonably anticipated  
8 cost of the audit work performed by a firm for such performance audit or  
9 other audit work pursuant to this subsection, subject to review and  
10 approval by the ~~contract audit committee established by K.S.A. 46-1120,~~  
11 ~~and amendments thereto,~~ *state treasurer* and the Kansas children's cabinet  
12 shall pay such cost from the children's initiatives accountability fund. If all  
13 or part of the audit work for such performance audit or other audit work is  
14 performed by the ~~division of post audit~~ *division* and the ~~division of post~~  
15 ~~audit~~ incurs costs in addition to those attributable to the operations of the  
16 ~~division of post audit~~ in the performance of other duties and  
17 responsibilities, the ~~post auditor~~ *director of post audit* shall charge the  
18 Kansas children's cabinet for such additional costs and the Kansas  
19 children's cabinet shall pay such charges from the children's initiatives  
20 accountability fund. The payment of any such costs and any such charges  
21 shall be a transaction between the ~~division of post audit~~ *division* and the  
22 Kansas children's cabinet and such transaction shall be settled in  
23 accordance with the provisions of K.S.A. 75-5516, and amendments  
24 thereto. All moneys received by the ~~division of post audit~~ *division* for such  
25 costs and charges shall be credited to the *state post audit services fund*.

26 (d) There is hereby established in the state treasury the children's  
27 initiatives accountability fund which shall be administered in accordance  
28 with this section and the provisions of appropriation acts. The governor  
29 shall recommend and the legislature shall provide for moneys to be  
30 credited annually to the children's initiatives accountability fund by  
31 transfers or other provisions of appropriation acts.

32 (e) All moneys credited to the children's initiatives accountability  
33 fund shall be used for the purposes of providing funding for assessment  
34 and evaluation of programs, projects, improvements, services and other  
35 purposes for which moneys are allocated or appropriated from the  
36 children's initiatives fund. All expenditures from the children's initiatives  
37 accountability fund shall be made in accordance with appropriation acts  
38 upon warrants of the director of accounts and reports issued pursuant to  
39 vouchers approved in the manner prescribed by law.

40 (f) On or before the 10<sup>th</sup> day of each month, the director of accounts  
41 and reports shall transfer from the state general fund to the Kansas  
42 endowment for youth fund interest earnings based on: (1) The average  
43 daily balance of moneys in the children's initiatives accountability fund for

1 the preceding month; and (2) the net earnings rate of the pooled money  
2 investment portfolio for the preceding month.

3 Sec. 30. K.S.A. 2017 Supp. 38-2212 is hereby amended to read as  
4 follows: 38-2212. (a) *Principle of appropriate access.* Information  
5 contained in confidential agency records concerning a child alleged or  
6 adjudicated to be in need of care may be disclosed as provided in this  
7 section. Disclosure shall in all cases be guided by the principle of  
8 providing access only to persons or entities with a need for information  
9 that is directly related to achieving the purposes of this code.

10 (b) *Free exchange of information.* Pursuant to K.S.A. 2017 Supp. 38-  
11 2210, and amendments thereto, the secretary and juvenile intake and  
12 assessment agencies shall participate in the free exchange of information  
13 concerning a child who is alleged or adjudicated to be in need of care.

14 (c) *Necessary access.* The following persons or entities shall have  
15 access to information from agency records. Access shall be limited to  
16 information reasonably necessary to carry out their lawful responsibilities,  
17 to maintain their personal safety and the personal safety of individuals in  
18 their care, or to educate, diagnose, treat, care for or protect a child alleged  
19 to be in need of care. Information authorized to be disclosed pursuant to  
20 this subsection shall not contain information which identifies a reporter of  
21 a child who is alleged or adjudicated to be a child in need of care.

22 (1) A child named in the report or records, a guardian ad litem  
23 appointed for the child and the child's attorney.

24 (2) A parent or other person responsible for the welfare of a child, or  
25 such person's legal representative.

26 (3) A court-appointed special advocate for a child, a citizen review  
27 board or other advocate which reports to the court.

28 (4) A person licensed to practice the healing arts or mental health  
29 profession in order to diagnose, care for, treat or supervise: (A) A child  
30 whom such service provider reasonably suspects may be in need of care;  
31 (B) a member of the child's family; or (C) a person who allegedly abused  
32 or neglected the child.

33 (5) A person or entity licensed or registered by the secretary of health  
34 and environment or approved by the secretary of social and rehabilitation  
35 services to care for, treat or supervise a child in need of care.

36 (6) A coroner or medical examiner when such person is determining  
37 the cause of death of a child.

38 (7) The state child death review board established under K.S.A. 22a-  
39 243, and amendments thereto.

40 (8) An attorney for a private party who files a petition pursuant to  
41 ~~subsection (b) of~~ K.S.A. 2017 Supp. 38-2233(b), and amendments thereto.

42 (9) A foster parent, prospective foster parent, permanent custodian,  
43 prospective permanent custodian, adoptive parent or prospective adoptive

1 parent. In order to assist such persons in making an informed decision  
2 regarding acceptance of a particular child, to help the family anticipate  
3 problems which may occur during the child's placement, and to help the  
4 family meet the needs of the child in a constructive manner, the secretary  
5 shall seek and shall provide the following information to such person's as  
6 the information becomes available to the secretary:

7 (A) Strengths, needs and general behavior of the child;

8 (B) circumstances which necessitated placement;

9 (C) information about the child's family and the child's relationship to  
10 the family which may affect the placement;

11 (D) important life experiences and relationships which may affect the  
12 child's feelings, behavior, attitudes or adjustment;

13 (E) medical history of the child, including third-party coverage which  
14 may be available to the child; and

15 (F) education history, to include present grade placement, special  
16 strengths and weaknesses.

17 (10) The state protection and advocacy agency as provided by  
18 ~~subsection (a)(10) of K.S.A. 65-5603(a)(10) or subsection (a)(2)(A) and~~  
19 ~~(B) of K.S.A. 74-5515(a)(2)(A) and (B)~~, and amendments thereto.

20 (11) Any educational institution to the extent necessary to enable the  
21 educational institution to provide the safest possible environment for its  
22 pupils and employees.

23 (12) Any educator to the extent necessary to enable the educator to  
24 protect the personal safety of the educator and the educator's pupils.

25 (13) Any other federal, state or local government executive branch  
26 entity or any agent of such entity, having a need for such information in  
27 order to carry out such entity's responsibilities under the law to protect  
28 children from abuse and neglect.

29 (d) *Specified access*. The following persons or entities shall have  
30 access to information contained in agency records as specified.  
31 Information authorized to be disclosed pursuant to this subsection shall not  
32 contain information which identifies a reporter of a child who is alleged or  
33 adjudicated to be a child in need of care.

34 (1) Information from confidential agency records of the department  
35 of social and rehabilitation services, a law enforcement agency or any  
36 juvenile intake and assessment worker of a child alleged or adjudicated  
37 to be in need of care shall be available to members of the standing house or  
38 senate committee on judiciary, house committee on corrections and  
39 juvenile justice, house committee on appropriations, senate committee on  
40 ways and means, ~~legislative joint~~ post audit committee and any joint  
41 committee with authority to consider children's and families' issues, when  
42 carrying out such member's or committee's official functions in accordance  
43 with K.S.A. 75-4319, and amendments thereto, in a closed or executive

1 meeting. Except in limited conditions established by  $\frac{2}{3}$  of the members of  
2 such committee, records and reports received by the committee shall not  
3 be further disclosed. Unauthorized disclosure may subject such member to  
4 discipline or censure from the house of representatives or senate. The  
5 secretary of social and rehabilitation services shall not summarize the  
6 outcome of department actions regarding a child alleged to be a child in  
7 need of care in information available to members of such committees.

8 (2) The secretary of social and rehabilitation services may summarize  
9 the outcome of department actions regarding a child alleged to be a child  
10 in need of care to a person having made such report.

11 (3) Information from confidential reports or records of a child alleged  
12 or adjudicated to be a child in need of care may be disclosed to the public  
13 when:

14 (A) The individuals involved or their representatives have given  
15 express written consent; or

16 (B) the investigation of the abuse or neglect of the child or the filing  
17 of a petition alleging a child to be in need of care has become public  
18 knowledge, provided, however, that the agency shall limit disclosure to  
19 confirmation of procedural details relating to the handling of the case by  
20 professionals.

21 (e) *Court order.* Notwithstanding the provisions of this section, a  
22 court of competent jurisdiction, after in camera inspection, may order  
23 disclosure of confidential agency records pursuant to a determination that  
24 the disclosure is in the best interests of the child who is the subject of the  
25 reports or that the records are necessary for the proceedings of the court  
26 and otherwise admissible as evidence. The court shall specify the terms of  
27 disclosure and impose appropriate limitations.

28 (f) (1) Notwithstanding any other provision of law to the contrary,  
29 except as provided in paragraph (4), in the event that child abuse or  
30 neglect results in a child fatality or near fatality, reports or records of a  
31 child alleged or adjudicated to be in need of care received by the secretary,  
32 a law enforcement agency or any juvenile intake and assessment worker  
33 shall become a public record and subject to disclosure pursuant to K.S.A.  
34 45-215, and amendments thereto.

35 (2) Within seven days of receipt of a request in accordance with the  
36 procedures adopted under K.S.A. 45-220, and amendments thereto, the  
37 secretary shall notify any affected individual that an open records request  
38 has been made concerning such records. The secretary or any affected  
39 individual may file a motion requesting the court to prevent disclosure of  
40 such record or report, or any select portion thereof. If the affected  
41 individual does not file such motion within seven days of notification, and  
42 the secretary has not filed a motion, the secretary shall release the reports  
43 or records. If such motion is filed, the court shall consider the effect such

1 disclosure may have upon an ongoing criminal investigation, a pending  
2 prosecution, or the privacy of the child, if living, or the child's siblings,  
3 parents or guardians. The court shall make written findings on the record  
4 justifying the closing of the records and shall provide a copy of the journal  
5 entry to the affected parties and the individual requesting disclosure  
6 pursuant to the Kansas open records act, K.S.A. 45-215 et seq., and  
7 amendments thereto.

8 (3) For reports or records requested pursuant to this subsection, the  
9 time limitations specified in this subsection shall control to the extent of  
10 any inconsistency between this subsection and K.S.A. 45-218, and  
11 amendments thereto. As used in this section, "near fatality" means an act  
12 that, as certified by a person licensed to practice medicine and surgery,  
13 places the child in serious or critical condition.

14 (4) Nothing in this subsection shall allow the disclosure of reports,  
15 records or documents concerning the child and such child's biological  
16 parents which were created prior to such child's adoption. Nothing herein  
17 is intended to require that an otherwise privileged communication lose its  
18 privileged character.

19 Sec. 31. K.S.A. 2017 Supp. 38-2213 is hereby amended to read as  
20 follows: 38-2213. (a) *Principle of limited disclosure.* Information  
21 contained in confidential law enforcement records concerning a child  
22 alleged or adjudicated to be in need of care may be disclosed as provided  
23 in this section. Disclosure shall in all cases be guided by the principle of  
24 providing access only to persons or entities with a need for information  
25 that is directly related to achieving the purposes of this code.

26 (b) *Free exchange of information.* Pursuant to K.S.A. 2017 Supp. 38-  
27 2210, and amendments thereto, a law enforcement agency shall participate  
28 in the free exchange of information concerning a child who is alleged or  
29 adjudicated to be in need of care.

30 (c) *Access to information in law enforcement records.* In order to  
31 discharge their official duties, the following persons or entities shall have  
32 access to confidential law enforcement records concerning a child alleged  
33 or adjudicated to be in need of care.

34 (1) The court having jurisdiction over the proceedings, including the  
35 presiding judge and any court personnel designated by the judge.

36 (2) The secretary.

37 (3) The commissioner of juvenile justice.

38 (4) Law enforcement officers or county or district attorneys or their  
39 staff.

40 (5) Any juvenile intake and assessment worker.

41 (6) Members of a court-appointed multidisciplinary team.

42 (7) Any other federal, state or local government executive branch  
43 entity, or any agent of such entity, having a need for such information in

1 order to carry out such entity's responsibilities under law to protect  
2 children from abuse and neglect.

3 (8) Persons or entities allowed access pursuant to ~~subsection (f) of~~  
4 K.S.A. 2017 Supp. 38-2212(f), and amendments thereto.

5 (d) *Necessary access.* The following persons or entities shall have  
6 access to information from law enforcement records when reasonably  
7 necessary to carry out their lawful responsibilities, to maintain their  
8 personal safety and the personal safety of individuals in their care, or to  
9 educate, diagnose, treat, care for or protect a child alleged or adjudicated  
10 to be in need of care. Information authorized to be disclosed in this  
11 subsection shall not contain information which identifies a reporter of a  
12 child alleged or adjudicated to be a child in need of care.

13 (1) Any individual, or public or private agency authorized by a  
14 properly constituted authority to diagnose, care for, treat or supervise a  
15 child who is the subject of a report or record of child abuse or neglect,  
16 including physicians, psychiatrists, nurses, nurse practitioners,  
17 psychologists, licensed social workers, child development specialists,  
18 physician assistants, community mental health workers, alcohol and drug  
19 abuse counselors, and licensed or registered child care providers.

20 (2) School administrators shall have access to but shall not copy law  
21 enforcement records and may disclose information to teachers,  
22 paraprofessionals and other school personnel as necessary to meet the  
23 educational needs of the child or to protect the safety of students and  
24 school employees.

25 (3) The department of health and environment or persons authorized  
26 by the department of health and environment pursuant to K.S.A. 65-512,  
27 and amendments thereto, for the purposes of carrying out responsibilities  
28 relating to licensure or registration of child care providers as required by  
29 article 5 of chapter 65 of the Kansas Statutes Annotated, and amendments  
30 thereto.

31 (e) *Legislative access.* Information from law enforcement records of a  
32 child alleged or adjudicated to be in need of care shall be available to  
33 members of the standing house or senate committee on judiciary, house  
34 committee on corrections and juvenile justice, house committee on  
35 appropriations, senate committee on ways and means, ~~legislative joint~~ post  
36 audit committee and any joint committee with authority to consider  
37 children's and families' issues, when carrying out such member's or  
38 committee's official functions in accordance with K.S.A. 75-4319, and  
39 amendments thereto, in a closed or executive meeting. Except in limited  
40 conditions established by  $\frac{2}{3}$  of the members of such committee, records  
41 and reports received by the committee shall not be further disclosed.  
42 Unauthorized disclosure may subject such member to discipline or censure  
43 from the house of representatives or senate.

1 (f) *Court order*. Notwithstanding the provisions of this section, a  
2 court of competent jurisdiction, after in camera inspection, may order  
3 disclosure of confidential law enforcement records pursuant to a  
4 determination that the disclosure is in the best interests of the child who is  
5 the subject of the reports or that the records are necessary for the  
6 proceedings of the court and otherwise admissible as evidence. The court  
7 shall specify the terms of disclosure and impose appropriate limitations.

8 Sec. 32. K.S.A. 2017 Supp. 39-709b is hereby amended to read as  
9 follows: 39-709b. (a) Information concerning applicants for and recipients  
10 of assistance from the secretary shall be confidential and privileged and  
11 shall only be available to the secretary and the officers and employees of  
12 the secretary except as set forth in this section. Unless otherwise  
13 prohibited by law, such information shall be disclosed to an applicant,  
14 recipient or outside source under the following conditions:

15 (1) Information shall be disclosed to the ~~post-auditor~~ *director of post*  
16 *audit* in accordance with and subject to the provisions of ~~K.S.A. 46-~~  
17 ~~1106(g)~~ *section 24*, and amendments thereto;

18 (2) information shall be disclosed to an applicant or recipient in  
19 accordance with and subject to rules and regulations adopted by the  
20 secretary; and

21 (3) information may be disclosed to an outside source if such  
22 disclosure:

23 (A) Has been consented to in writing by the applicant or recipient and  
24 the applicant or recipient has been granted access by the secretary to the  
25 information to be disclosed, except that in an emergency information may  
26 be disclosed without a written consent if such disclosure is deemed by the  
27 secretary to be in the best interests of the applicant or recipient;

28 (B) is directly connected to the administration of the secretary's  
29 program;

30 (C) is directly connected to an investigation, prosecution, or criminal  
31 or civil proceeding conducted in connection with the administration of the  
32 secretary's program;

33 (D) is authorized by a state plan developed by the secretary pursuant  
34 to the federal social security act or any other federal program providing  
35 federal financial assistance and services in the field of social welfare; or

36 (E) concerns the intent of an applicant or recipient to commit a crime  
37 and in this case such information and the information necessary to prevent  
38 the crime shall be disclosed to the appropriate authorities.

39 (b) Nothing in this section shall be construed to prohibit the  
40 publication of aggregate non-identifying statistics which are so classified  
41 as to prevent the identification of specific applicants or recipients.

42 Sec. 33. K.S.A. 45-106 is hereby amended to read as follows: 45-106.  
43 The secretary of state shall dispose of the laws passed at each session of

1 the legislature, immediately after their publication, as follows:

2 *First.* Deposit in the state library such numbers of copies as are needed  
3 for use in the state library, for the purposes of the publication collection  
4 and depository system established under K.S.A. 75-2566, and amendments  
5 thereto, and for the purpose of making exchanges with the libraries of the  
6 several states and territories.

7 *Second.* Distribute (a) one copy to the governor, lieutenant governor,  
8 each member of the state legislature, attorney general, secretary of state,  
9 and state historical society library; (b) to each organized city of the first,  
10 second and third classes in this state requesting the same; (c) one copy  
11 each to the clerk of the United States court of appeals for the 10th circuit,  
12 to the clerk of the United States district court for Kansas and to the United  
13 States marshal for the district of Kansas, upon request therefor; (d) to the  
14 law department of the university of Kansas, not more than 10 copies and to  
15 the Washburn university school of law, not more than 10 copies, upon  
16 request therefor; (e) to the director of legislative administrative services  
17 such number of copies as such director shall request for use by the  
18 legislature; (f) to the office of revisor of statutes such number of copies as  
19 the revisor of statutes shall request for use in such office; (g) to the  
20 legislative research department such number of copies as the director of  
21 legislative research shall request for use in such office; (h) to the ~~division~~  
22 ~~of post audit~~ *division* such number of copies as the ~~post auditor~~ *director of*  
23 *post audit* shall request for use in such office; (i) to the several offices of  
24 the judicial branch of state government such number of copies as the chief  
25 justice of the supreme court shall request for use in such offices; and (j) to  
26 the supreme court law library such number of copies as the state law  
27 librarian shall request for use in the law library and for the purpose of  
28 maintaining exchanges for books, documents and publications of a legal  
29 nature for use in the law library.

30 *Third.* To the clerk of the board of county commissioners of each  
31 county, upon request therefor, a sufficient number of copies of the laws to  
32 be distributed by such clerk to each of the following officers in such  
33 county, allowing one for each: The district attorney or county attorney,  
34 register of deeds, county clerk, county treasurer, sheriff, and the board of  
35 county commissioners.

36 *Fourth.* Copies of the laws passed at each session of the legislature  
37 shall be deposited with the state librarian and such librarian is hereby  
38 authorized to furnish one copy to each high school, college, university, and  
39 public library in the state of Kansas, upon written application of its  
40 managing officer to the state librarian.

41 Sec. 34. K.S.A. 46-1001 is hereby amended to read as follows: 46-  
42 1001. As used in this act, unless the context otherwise requires,  
43 "investigating committee" means any of the following:

1 (a) A standing, special or select committee of either the house of  
2 representatives or the senate, a joint committee of both houses of the  
3 legislature, or an authorized subcommittee of any such committee; or

4 (b) The legislative coordinating council, the legislative budget  
5 committee, the joint committee on special claims against the state, the joint  
6 committee on administrative rules and regulations, the ~~legislative joint~~  
7 post audit committee, any special or select committee appointed by the  
8 legislative coordinating council, or any authorized subcommittee of any  
9 such committee or said council; or

10 (c) Any committee, commission or board created by the legislature by  
11 concurrent resolution or enactment when, as one or all of its duties, it is to  
12 perform an inquiry, study or investigation for the legislature, except that an  
13 advisory committee is not an investigating committee; or

14 (d) Any committee heretofore or hereafter created by law or  
15 resolution of either house of the legislature or by concurrent resolution,  
16 when all of the members of such committee, who are authorized to vote on  
17 actions of the committee, are legislators.

18 Sec. 35. K.S.A. 46-1006 is hereby amended to read as follows: 46-  
19 1006. (a) Every investigating committee which is authorized to exercise  
20 compulsory process may, by majority vote of all of the members of such  
21 committee, issue subpoenas and subpoenas-duces tecum with reference to  
22 any matter pertinent to any subject under inquiry, study or investigation by  
23 such committee.

24 (b) A person subpoenaed to attend a hearing of an investigating  
25 committee shall receive the same fees and allowances as a person  
26 subpoenaed to give testimony in an action pending in a district court. Such  
27 fees and allowances shall be paid from funds appropriated for the use of  
28 the investigating committee issuing the subpoena or from funds  
29 appropriated for legislative expense. Appropriations to the ~~division of~~ post  
30 audit *division* may be used for payment of such fees and allowances or  
31 other expenses of compulsory process.

32 Sec. 36. K.S.A. 46-1212a is hereby amended to read as follows: 46-  
33 1212a. (a) There is hereby established the division of legislative  
34 administrative services whose head shall be the director of legislative  
35 administrative services and who shall be appointed by the legislative  
36 coordinating council to serve under its direction. The director of legislative  
37 administrative services may be removed from office by a vote of five ~~(5)~~  
38 members of the legislative coordinating council taken at any regular  
39 meeting of such council. The director of legislative administrative services  
40 shall receive such compensation as is determined by the legislative  
41 coordinating council. Such director, and any of such director's assistants  
42 specified by the legislative coordinating council, shall receive expenses  
43 and allowances for in-state and out-of-state travel as is provided by law for

1 members of the legislature. Such director shall appoint such assistants and  
2 employees of the division of legislative administrative services as are  
3 authorized by the legislative coordinating council and shall set their  
4 compensation subject to the approval of such council. Such director and all  
5 assistants and employees of the division of legislative administrative  
6 services shall be in the unclassified service.

7 (b) The division of legislative administrative services shall provide  
8 administrative staff services to and for the elected officers and the majority  
9 and minority leaders of the house of representatives and the senate and for  
10 the legislative branch, as directed by the legislative coordinating council,  
11 by performing the following functions:

12 (1) Acquiring legislative equipment, facilities and supplies.

13 (2) Administering the personnel documents and records of members  
14 of the legislature and employees of the legislative branch, except officers  
15 and employees of the legislative research department, office of revisor of  
16 statutes, ~~division of post-audit~~ and such other legislative commissions as  
17 may be specifically excepted herefrom by law.

18 (3) Recruiting and supervising personnel for administrative and  
19 secretarial duties as specified by the legislative coordinating council.

20 (4) Working with the legislative research department to provide  
21 notices in appropriate detail of legislative study committee meetings and  
22 such other matters as are directed by the legislative coordinating council.

23 (5) Performing such other duties as directed by the legislative  
24 coordinating council.

25 Sec. 37. K.S.A. 2017 Supp. 60-3334 is hereby amended to read as  
26 follows: 60-3334. (a) The privilege recognized in K.S.A. 60-3333, and  
27 amendments thereto, does not apply to the extent that the privilege is  
28 expressly waived in writing by the person who owns or operates the  
29 facility at which the environmental audit was conducted and who prepared  
30 or caused to be prepared the environmental audit report.

31 (b) The environmental audit report and information generated by the  
32 audit may be disclosed to any person employed by the owner or operator  
33 of the audited facility, any legal representative of the owner or operator or  
34 any independent contractor retained by the owner or operator to address an  
35 issue or issues raised by the audit, without waiving the privilege  
36 recognized in K.S.A. 60-3333, and amendments thereto.

37 (c) Disclosure of the environmental audit report or any information  
38 generated by the audit under the following circumstances shall not waive  
39 the privilege recognized in K.S.A. 60-3333, and amendments thereto:

40 (1) Disclosure under the terms of an agreement which expressly  
41 provides that the information provided be kept confidential between the  
42 owner or operator of the facility audited and a potential purchaser of the  
43 operation or facility; or

1 (2) disclosure under the terms of a confidentiality agreement between  
2 governmental officials and the owner or operator of the facility audited,  
3 which expressly provides that the information provided be kept  
4 confidential. Nothing in this act shall prohibit the ~~division of post audit~~  
5 ~~division~~ from having access during an audit approved by the ~~legislative~~  
6 ~~post-audit-committee~~ *state treasurer* to all environmental audit report  
7 documents in the custody of a governmental agency.

8 (d) In a civil or administrative proceeding, a court or administrative  
9 tribunal of record shall require disclosure of material for which the  
10 privilege recognized in K.S.A. 60-3333, and amendments thereto, is  
11 asserted, after in camera review consistent with the code of civil  
12 procedure, if such court or administrative tribunal determines that:

13 (1) The privilege is asserted for a fraudulent purpose;

14 (2) the party asserting the privilege has not implemented a  
15 management system to assure compliance with environmental laws.  
16 Depending on the nature of the facility including its size, its financial  
17 resources and assets and the environmental risks posed by its operations,  
18 and based on a qualitative assessment of the totality of circumstances, a  
19 management system shall be deemed to satisfy the requirements of this act  
20 if it contains the following primary characteristics:

21 (A) A system that covers all parts of the facility's operations regulated  
22 under one or more environmental laws;

23 (B) a system that regularly takes steps to prevent and remedy  
24 noncompliance;

25 (C) a system that has the support of senior management;

26 (D) the facility owner or operator implements a system that has  
27 policies, standards and procedures that highlight the importance of  
28 assuring compliance with all environmental laws;

29 (E) the facility owner or operator's policies, standards and procedures  
30 are communicated effectively to all in the facility whose activities could  
31 affect compliance achievement;

32 (F) specific individuals within both high-level and plant- or  
33 operation-level management are assigned responsibility to oversee  
34 compliance with such standards and procedures;

35 (G) the facility owner or operator undertakes regular review of the  
36 status of compliance, including routine evaluation and periodic auditing of  
37 day-to-day monitoring efforts, to evaluate, detect, prevent and remedy  
38 noncompliance;

39 (H) the facility owner or operator has a reporting system which  
40 employees can use to report unlawful conduct within the organization  
41 without fear of retribution; and

42 (I) the facility's standards and procedures to ensure compliance are  
43 enforced through appropriate employee performance, evaluation and

1 disciplinary mechanisms;

2 (3) the material is not subject to the privilege as provided in K.S.A.  
3 60-3336, and amendments thereto;

4 (4) even if subject to the privilege, the material shows evidence of  
5 noncompliance with the environmental laws, and appropriate efforts to  
6 achieve compliance with such laws were not promptly initiated and  
7 pursued with reasonable diligence upon discovery of noncompliance;

8 (5) the environmental audit report was prepared to avoid disclosure of  
9 information in an investigative, administrative, criminal or civil  
10 proceeding that was underway or imminent or for which the facility owner  
11 or operator had been provided written notification that an investigation  
12 into a specific violation had been initiated;

13 (6) all or part of the environmental audit report shows evidence of  
14 substantial actual personal injury, which information is not otherwise  
15 available; or

16 (7) all or part of the environmental audit report shows an imminent  
17 and substantial endangerment to the public health or the environment.

18 (e) A person seeking disclosure of an environmental audit report has  
19 the burden of proving that the privilege does not exist under this section.

20 (f) A person seeking disclosure of an environmental audit report may  
21 review the report, but such review does not waive or make the  
22 administrative or civil evidentiary privilege inapplicable to the report.

23 (g) Environmental audit reports shall be returned to the facility's  
24 owner or operator upon completion of the review of the report.

25 Sec. 38. K.S.A. 2017 Supp. 72-5172 is hereby amended to read as  
26 follows: 72-5172. (a) On or before July 1, 2021, the legislature shall:

27 (1) Consider the information reviewed pursuant to subsection (b), and  
28 determine if any provisions of this act are not reasonably calculated to  
29 provide adequate educational opportunities to every K-12 public education  
30 student in Kansas.

31 (2) (A) Review the school year 2020-2021 BASE aid amount and  
32 evaluate whether such BASE aid amount is reasonably calculated to have  
33 all students meet or exceed the educational goal set forth in K.S.A. 2017  
34 Supp. 72-3218(c), and amendments thereto.

35 (B) Such evaluation shall be based on a successful school model that  
36 identifies successful school districts based on the percentage of at-risk  
37 students in such districts in relation to the following outcomes:

38 (i) The percentage of students at grade level on state math and  
39 English/language arts assessments;

40 (ii) the percentage of students that are college and career ready on  
41 state math and English/language arts assessments;

42 (iii) the average composite ACT score; and

43 (iv) the four-year graduation rate.

1 (C) Such evaluation shall identify school districts that exceed  
2 expected outcomes and shall also identify school districts that have an  
3 average scaled difference on the outcome measures greater than or equal to  
4 one standard deviation from the average scaled difference of all districts.  
5 Those school districts that are identified as successful school districts in  
6 relation to other similarly situated districts may be used to evaluate  
7 whether the BASE aid amount is reasonably calculated to ensure that  
8 students will continue to meet or exceed the educational goal set forth in  
9 K.S.A. 2017 Supp. 72-3218(c), and amendments thereto.

10 (b) (1) On or before July 1, 2018, the house and senate standing  
11 committees on education shall review the low enrollment weighting and  
12 the high enrollment weighting, as such terms are defined in K.S.A. 2017  
13 Supp. 72-5132, and amendments thereto, and alternatives to such  
14 weightings, including, but not limited to, a sparsity weighting. Such  
15 review shall be to ensure that the weightings are reasonably calculated to  
16 have students meet or exceed the educational goal set forth in K.S.A. 2017  
17 Supp. 72-3218(c), and amendments thereto.

18 (2) On or before July 1, 2019, the house and senate standing  
19 committees on education shall review the following:

20 (A) Reports submitted to the legislature pursuant to K.S.A. 2017  
21 Supp. 72-5170, 72-5171 and 72-296, and amendments thereto; and

22 (B) the ~~legislative~~ post audit *division* reports conducted pursuant to  
23 K.S.A. 2017 Supp. 72-5173, and amendments thereto, that were completed  
24 prior to July 1, 2019.

25 (3) On or before July 1, 2020, the house and senate standing  
26 committees on education shall review virtual school programs and the  
27 virtual school state aid calculation as described in K.S.A. 2017 Supp. 72-  
28 3715, and amendments thereto.

29 (4) On or before July 1, 2021, the house and senate standing  
30 committees on education shall review the at-risk student weighting, as  
31 such term is defined in K.S.A. 2017 Supp. 72-5132, and amendments  
32 thereto, to ensure that such weighting is reasonably calculated to have  
33 students meet or exceed the educational goal set forth in K.S.A. 2017  
34 Supp. 72-3218(c), and amendments thereto.

35 (5) On or before July 1, 2023, and on or before July 1, 2026, the  
36 house and senate standing committees on education shall review the  
37 successful school model described in this subsection (a) to review whether  
38 it is an effective model in determining successful schools and to ensure the  
39 BASE aid amount is reasonably calculated to meet or exceed the  
40 educational goal set forth in K.S.A. 2017 Supp. 72-3218(c), and  
41 amendments thereto.

42 (6) On or before July 1, 2024, the house and senate standing  
43 committees on education shall review the bilingual student weighting, as

1 such term is defined in K.S.A. 2017 Supp. 72-5132, and amendments  
2 thereto, to ensure that such weighting is reasonably calculated to have  
3 students meet or exceed the educational goal set forth in K.S.A. 2017  
4 Supp. 72-3218(c), and amendments thereto.

5 Sec. 39. K.S.A. 2017 Supp. 72-5173 is hereby amended to read as  
6 follows: 72-5173. ~~The legislative post audit committee~~ *state treasurer* shall  
7 direct the ~~legislative division~~ of post audit *division* to conduct the  
8 following performance audits in the fiscal year specified:

9 (a) A performance audit of transportation services funding. The audit  
10 should include a comparison of the amount of transportation services  
11 funding school districts receive to the cost of providing transportation  
12 services. This performance audit shall be conducted during fiscal year  
13 2018, and the final audit report shall be submitted to the legislature on or  
14 before January 15, 2018.

15 (b) A performance audit of at-risk education funding. The audit  
16 should evaluate the method of counting students for at-risk education  
17 funding, the level of the at-risk student weighting and high-density at-risk  
18 student weighting under the act and how school districts are expending  
19 moneys provided for at-risk education. This performance audit shall be  
20 conducted during fiscal year 2020, and the final audit report shall be  
21 submitted to the legislature on or before January 15, 2020.

22 (c) A performance audit of bilingual education funding. The audit  
23 should evaluate the method of counting students for bilingual education  
24 funding, the level of the bilingual weighting under the act and how school  
25 districts are expending moneys provided for bilingual education. This  
26 performance audit shall be conducted during fiscal year 2023, and the final  
27 audit report shall be submitted to the legislature on or before January 15,  
28 2023.

29 (d) A study of statewide virtual school programs administered in  
30 other states. The study shall include, but not be limited to, the following:

31 (1) The aggregate cost incurred by each state administering a virtual  
32 school program, and the cost incurred by individual school districts or  
33 schools within each state;

34 (2) the resources necessary for the implementation of each virtual  
35 school program, including, but not limited to, personnel, equipment,  
36 software and facility usage;

37 (3) the scope of each virtual school program; and

38 (4) the effectiveness of each virtual school program with respect to  
39 student performance and outcomes.

40 The audit shall be conducted during fiscal year 2024, and the final audit  
41 report shall be submitted to the legislature on or before January 15, 2024.

42 (e) (1) A performance audit to provide a reasonable estimate of the  
43 cost of providing educational opportunities for every public school student

1 in Kansas to achieve the performance outcome standards adopted by the  
2 state board of education. This performance audit shall be conducted three  
3 times as follows:

4 (A) During fiscal year 2019, and the final report submitted to the  
5 legislature on or before January 15, 2019;

6 (B) during fiscal year 2022, and the final report submitted to the  
7 legislature on or before January 15, 2022; and

8 (C) during fiscal year 2025, and the final report submitted to the  
9 legislature on or before January 15, 2025.

10 (2) Each performance audit required under this subsection shall:

11 (A) Include reasonable estimates of the costs of providing specialized  
12 education services as required by law, including, but not limited to, special  
13 education and related services, bilingual education and at-risk programs;  
14 and

15 (B) account for other factors which may contribute to variations in  
16 costs incurred by school districts, including, but not limited to, total  
17 district enrollment and geographic location within the state.

18 (3) In conducting each performance audit required under this  
19 subsection:

20 (A) Any examination of historical data and expenditures shall correct  
21 any recognized inadequacy of such data or expenditure through a  
22 statistically valid method of extrapolation; and

23 (B) subject to the limitations of the ~~division of legislative post audit~~  
24 ~~division~~ budget and appropriations therefor, the ~~legislative post auditor~~  
25 ~~director of post audit~~ may enter into contracts with consultants as the ~~post~~  
26 ~~auditor~~ director deems necessary.

27 (f) A performance audit to identify best practices in successful  
28 schools. The audit should include a comparison of the educational methods  
29 and other practices of demographically similar school districts that achieve  
30 significantly different student outcomes based on performance outcome  
31 standards adopted by the state board of education. This performance audit  
32 shall be conducted during fiscal year 2021, and the final audit report shall  
33 be submitted to the legislature on or before January 15, 2021. The audit  
34 shall be conducted a second time during fiscal year 2026, and the final  
35 audit report shall be submitted to the legislature on or before January 15,  
36 2026.

37 Sec. 40. K.S.A. 2017 Supp. 73-1209 is hereby amended to read as  
38 follows: 73-1209. The director of the Kansas commission on veterans  
39 affairs office, in accordance with general policies directed by the governor,  
40 shall:

41 (a) Collect data and information as to the facilities, benefits and  
42 services now or hereafter available to veterans, and relatives and  
43 dependents of such veterans, and furnish such information to veterans, and

1 relatives and dependents of such veterans, and local service officers of  
2 veterans' organizations.

3 (b) Prepare plans for a comprehensive statewide veterans' service  
4 program.

5 (c) Coordinate the program of state agencies which may properly be  
6 utilized in the administration of various aspects of the problems of  
7 veterans, and relatives and dependents of veterans, such as the Kansas  
8 department for children and families, the department of labor, the state  
9 board of education, the board of regents and any other state office,  
10 department or board furnishing service to veterans or relatives or  
11 dependents of such veterans.

12 (d) Provide a central contact between federal and state agencies  
13 dealing with the problems of veterans and relatives and dependents of such  
14 veterans.

15 (e) Maintain records of cases handled by the director which shall  
16 show at least the following information: (1) The name of the veteran; (2)  
17 the claim or case number of the veteran; and (3) the amount of monthly  
18 benefit received by the veteran, so as to facilitate the necessary  
19 interchange of case histories among state administrative agencies and  
20 provide a clearinghouse of information.

21 (f) Provide such services to veterans and relatives and dependents of  
22 such veterans as are not otherwise offered by federal agencies.

23 (g) Provide a central agency to which veterans, and relatives and  
24 dependents of such veterans, may turn for information and assistance.

25 (h) Provide and maintain such field services as shall be necessary to  
26 properly care for the needs of veterans, and relatives and dependents of  
27 such veterans, which shall not be operated in connection with the Kansas  
28 department for children and families.

29 (i) Provide certification of service of a veteran of the armed forces of  
30 the United States of America in a combat zone to any sentencing judge  
31 requesting such certification pursuant to K.S.A. 2017 Supp. 21-6630, and  
32 amendments thereto.

33 (j) Adopt, amend or revoke any rules and regulations necessary to  
34 carry out the provisions of article 12 of chapter 73 and article 19 of chapter  
35 76 of the Kansas Statutes Annotated, and amendments thereto.

36 (k) Appoint and oversee the superintendents of the Kansas soldiers'  
37 home and Kansas veterans' home.

38 (l) Designate persons who shall be in charge of the member funds at  
39 the Kansas soldiers' home under K.S.A. 76-1935, and amendments thereto,  
40 and the Kansas veterans' home under K.S.A. 76-1956, and amendments  
41 thereto.

42 (m) Appoint and oversee the deputy director of veterans services  
43 pursuant to K.S.A. 73-1234, and amendments thereto.

1 (n) (1) Annually prepare and submit a written report to the house  
2 committee on veterans, military and homeland security and to the  
3 governor, providing the following:

4 (A) Any progress made by the Kansas commission on veterans affairs  
5 office and its director in response to any recommendations provided to  
6 such office in the preceding fiscal year by the ~~legislative division~~ of post  
7 audit *division*;

8 (B) information on the current financial control practices  
9 implemented by the Kansas commission on veterans affairs office for the  
10 Kansas soldiers' home and the Kansas veterans' home, including, but not  
11 limited to, the current policies and procedures at both facilities;

12 (C) information on the current residential care services provided for  
13 veterans in the Kansas soldiers' home and the Kansas veterans' home;

14 (D) recommendations for legislation necessary to ensure that the  
15 needs of the veterans in Kansas are met; and

16 (E) any other information deemed necessary.

17 (2) The director of the Kansas commission on veterans affairs office  
18 shall submit the report on or before the first day of the legislative session  
19 in 2015, and each year thereafter.

20 Sec. 41. K.S.A. 74-2424 is hereby amended to read as follows: 74-  
21 2424. (a) The secretary of revenue may make available or furnish to the  
22 taxing officials of any other state or the commissioner of internal revenue  
23 of the United States or other taxing officials of the federal government, or  
24 their authorized representatives, or the director of property valuation,  
25 information contained in tax reports, renditions or returns or any audit  
26 thereof or the report of any investigation made with respect thereto, filed  
27 pursuant to the tax laws. Such information shall not be used for any other  
28 purpose than that of the administration of the tax laws of this or another  
29 state or of the United States, except that the ~~post-auditor~~ *director of post*  
30 *audit* shall have access to all such information in accordance with and  
31 subject to the provisions of ~~subsection (g) of K.S.A. 46-1106~~ *section 24*,  
32 and amendments thereto.

33 (b) Notwithstanding the provisions of this section, the secretary of  
34 revenue may:

35 (1) Communicate to the executive director of the Kansas lottery  
36 information as to whether a person, partnership or corporation is current in  
37 the filing of all applicable tax returns and in the payment of all taxes,  
38 interest and penalties to the state of Kansas, excluding items under formal  
39 appeal, for the purpose of determining whether such person, partnership or  
40 corporation is eligible to be selected as a lottery retailer; and

41 (2) communicate to the executive director of the Kansas racing  
42 commission information as to whether a person, partnership or corporation  
43 has failed to meet any tax obligation to the state of Kansas for the purpose

1 of determining whether such person, partnership or corporation is eligible  
2 for a facility owner license or facility manager license pursuant to the  
3 Kansas parimutuel racing act.

4 Sec. 42. K.S.A. 74-2912 is hereby amended to read as follows: 74-  
5 2912. (a) The board of trustees may make expenditures for contracts  
6 entered into with private entities, for the maintenance and operating  
7 expenditures of the state of Kansas sports hall of fame and the board of  
8 trustees, for the expenses of state of Kansas sports hall of fame induction  
9 ceremonies, including the actual and necessary expenses of speakers and  
10 persons being inducted into the state of Kansas sports hall of fame for their  
11 attendance at such induction ceremonies, for official hospitality, for capital  
12 improvement projects for remodeling of or for additions or repairs to the  
13 state of Kansas sports hall of fame and for such other purposes as may be  
14 authorized by law.

15 (b) All expenditures by the board of trustees of the state of Kansas  
16 sports hall of fame shall be exempt from competitive bid procedures under  
17 K.S.A. 75-3739, and amendments thereto.

18 (c) On July 1, 1997, the director of accounts and reports shall transfer  
19 all moneys in the state of Kansas sports hall of fame fund to the bank  
20 account established under this section in accordance with the procedures  
21 prescribed by this section therefor. On July 1, 1997, all liabilities of the  
22 state of Kansas sports hall of fame fund are hereby transferred to and  
23 imposed upon such bank account. On July 1, 1997, the state of Kansas  
24 sports hall of fame fund is hereby abolished.

25 (d) The state of Kansas sports hall of fame board of trustees shall  
26 deposit all moneys of the state of Kansas sports hall of fame in a bank to  
27 the account of the state of Kansas sports hall of fame. Such bank account  
28 shall be awarded to a bank located in the county in which the state of  
29 Kansas sports hall of fame is located by the pooled money investment  
30 board under a written agreement in accordance with procedures for state  
31 bank accounts under K.S.A. 75-4217, and amendments thereto, and shall  
32 be secured by pledge of securities in the manner prescribed for state bank  
33 accounts under K.S.A. 75-4218, and amendments thereto, and in the  
34 amount prescribed for fee agency accounts under that statute. All moneys  
35 in such bank account shall be used by the board of trustees of the state of  
36 Kansas sports hall of fame in operating and conducting the activities of the  
37 state of Kansas sports hall of fame. The board of trustees of the state of  
38 Kansas sports hall of fame shall keep and maintain accounting records of  
39 receipts, expenditures and other disbursements in accordance with  
40 procedures and guidelines approved by the director of accounts and reports  
41 therefor. All receipts, accounts, expenditures and other disbursements from  
42 the moneys of the state of Kansas sports hall of fame shall be subject to  
43 audit in accordance with the ~~legislative~~ *state* post audit act.

1       Sec. 43. K.S.A. 74-4907 is hereby amended to read as follows: 74-  
2 4907. (1) The principal office of the system shall be in quarters at Topeka,  
3 Kansas.

4       (2) The board shall keep a complete record of all proceedings which  
5 shall be open at all reasonable hours to inspection. Any agreement in  
6 settlement of litigation involving the system and the investment of moneys  
7 of the fund shall be open for inspection by any person and suitable  
8 facilities shall be made available by the system for this purpose as  
9 provided by the provisions of K.S.A. 45-215 et seq. and amendments  
10 thereto. A report covering the operation of the system for the past fiscal  
11 year, including income and disbursements, and of the financial condition  
12 of the system at the end of such fiscal year, showing the valuation of assets  
13 and investments and liabilities of the system, shall be delivered after the  
14 end of each fiscal year and prior to January 1 of the next fiscal year to the  
15 governor and to the chairperson of the legislative coordinating council, to  
16 the secretary of the senate and to the chief clerk of the house of  
17 representatives and shall be made readily available to the members and  
18 participating employers of the system. Such report shall include the  
19 financial statements of the system and supporting schedules, presented in  
20 accordance with generally accepted accounting principles. Such  
21 supporting schedules presented in the annual report shall include a listing  
22 which reports the cost and the fiscal year end lower amount of cost or  
23 market value for each individual alternative investment of the system  
24 which was initiated on or after July 1, 1991, and reports, in aggregate, the  
25 cost and the fiscal year end lower amount of cost or market value for those  
26 alternative investments of the system initiated prior to July 1, 1991. The  
27 retirement system shall maintain a listing which reports the cost and the  
28 fiscal year end lower amount of cost or market value for each individual  
29 alternative investment of the system which was initiated prior to July 1,  
30 1991, and such listing shall be available for review in camera by the joint  
31 committee on pensions, investments and benefits and as may be required  
32 under the provisions of the ~~legislative~~ state post audit act.

33       Sec. 44. K.S.A. 2017 Supp. 74-4921 is hereby amended to read as  
34 follows: 74-4921. (1) There is hereby created in the state treasury the  
35 Kansas public employees retirement fund. All employee and employer  
36 contributions shall be deposited in the state treasury to be credited to the  
37 Kansas public employees retirement fund. The fund is a trust fund and  
38 shall be used solely for the exclusive purpose of providing benefits to  
39 members and member beneficiaries and defraying reasonable expenses of  
40 administering the fund. Investment income of the fund shall be added or  
41 credited to the fund as provided by law. All benefits payable under the  
42 system, refund of contributions and overpayments, purchases or  
43 investments under the law and expenses in connection with the system

1 unless otherwise provided by law shall be paid from the fund. The director  
2 of accounts and reports is authorized to draw warrants on the state  
3 treasurer and against such fund upon the filing in the director's office of  
4 proper vouchers executed by the chairperson or the executive director of  
5 the board. As an alternative, payments from the fund may be made by  
6 credits to the accounts of recipients of payments in banks, savings and loan  
7 associations and credit unions. A payment shall be so made only upon the  
8 written authorization and direction of the recipient of payment and upon  
9 receipt of such authorization such payments shall be made in accordance  
10 therewith. Orders for payment of such claims may be contained on: (a) A  
11 letter, memorandum, telegram, computer printout or similar writing;; or  
12 (b) any form of communication, other than voice, which is registered upon  
13 magnetic tape, disc or any other medium designed to capture and contain  
14 in durable form conventional signals used for the electronic  
15 communication of messages.

16 (2) The board shall have the responsibility for the management of the  
17 fund and shall discharge the board's duties with respect to the fund solely  
18 in the interests of the members and beneficiaries of the system for the  
19 exclusive purpose of providing benefits to members and such member's  
20 beneficiaries and defraying reasonable expenses of administering the fund  
21 and shall invest and reinvest moneys in the fund and acquire, retain,  
22 manage, including the exercise of any voting rights and disposal of  
23 investments of the fund within the limitations and according to the powers,  
24 duties and purposes as prescribed by this section.

25 (3) Moneys in the fund shall be invested and reinvested to achieve the  
26 investment objective which is preservation of the fund to provide benefits  
27 to members and member beneficiaries, as provided by law and accordingly  
28 providing that the moneys are as productive as possible, subject to the  
29 standards set forth in this act. No moneys in the fund shall be invested or  
30 reinvested if the sole or primary investment objective is for economic  
31 development or social purposes or objectives.

32 (4) In investing and reinvesting moneys in the fund and in acquiring,  
33 retaining, managing and disposing of investments of the fund, the board  
34 shall exercise the judgment, care, skill, prudence and diligence under the  
35 circumstances then prevailing, which persons of prudence, discretion and  
36 intelligence acting in a like capacity and familiar with such matters would  
37 use in the conduct of an enterprise of like character and with like aims by  
38 diversifying the investments of the fund so as to minimize the risk of large  
39 losses, unless under the circumstances it is clearly prudent not to do so,  
40 and not in regard to speculation but in regard to the permanent disposition  
41 of similar funds, considering the probable income as well as the probable  
42 safety of their capital.

43 (5) Notwithstanding subsection (4): (a) Total investments in common

1 stock may be made in the amount of up to 60% of the total book value of  
2 the fund;

3 (b) the board may invest or reinvest moneys of the fund in alternative  
4 investments if the following conditions are satisfied:

5 (i) The total of the annual net commitment to alternative investments  
6 does not exceed 5% of the total market value of investment assets of the  
7 fund as measured from the end of the preceding calendar year;

8 (ii) if in addition to the system, there are at least two other qualified  
9 institutional buyers, as defined by section (a)(1)(i) of rule 144A, securities  
10 act of 1933;

11 (iii) the system's share in any individual alternative investment is  
12 limited to an investment representing not more than 20% of any such  
13 individual alternative investment;

14 (iv) the system has received a favorable and appropriate  
15 recommendation from a qualified, independent expert in investment  
16 management or analysis in that particular type of alternative investment;

17 (v) the alternative investment is consistent with the system's  
18 investment policies and objectives as provided in subsection (6);

19 (vi) the individual alternative investment does not exceed more than  
20 2.5% of the total alternative investments made under this subsection. If the  
21 alternative investment is made pursuant to participation by the system in a  
22 multi-investor pool, the 2.5% limitation contained in this subsection is  
23 applied to the underlying individual assets of such pool and not to  
24 investment in the pool itself. The total of such alternative investments  
25 made pursuant to participation by the system in any one individual multi-  
26 investor pool shall not exceed more than 20% of the total of alternative  
27 investments made by the system pursuant to this subsection. Nothing in  
28 this subsection requires the board to liquidate or sell the system's holdings  
29 in any alternative investments made pursuant to participation by the  
30 system in any one individual multi-investor pool held by the system on the  
31 effective date of this act, unless such liquidation or sale would be in the  
32 best interest of the members and beneficiaries of the system and be  
33 prudent under the standards contained in this section. The 20% limitation  
34 contained in this subsection shall not have been violated if the total of such  
35 investment in any one individual multi-investor pool exceeds 20% of the  
36 total alternative investments of the fund as a result of market forces acting  
37 to increase the value of such a multi-investor pool relative to the rest of the  
38 system's alternative investments; however, the board shall not invest or  
39 reinvest any moneys of the fund in any such individual multi-investor pool  
40 until the value of such individual multi-investor pool is less than 20% of  
41 the total alternative investments of the fund;

42 (vii) the board has received and considered the investment manager's  
43 due diligence findings submitted to the board as required by subsection (6)

1 (c);

2 (viii) prior to the time the alternative investment is made, the system  
3 has in place procedures and systems to ensure that the investment is  
4 properly monitored and investment performance is accurately measured;  
5 and

6 (ix) the total of alternative investments does not exceed 15% of the  
7 total investment assets of the fund. The 15% limitation contained in this  
8 subsection shall not have been violated if the total of such alternative  
9 investments exceeds 15% of the total investment assets of the fund, based  
10 on the fund total market value, as a result of market forces acting to  
11 increase the value of such alternative investments relative to the rest of the  
12 system's investments. However, the board shall not invest or reinvest any  
13 moneys of the fund in alternative investments until the total value of such  
14 alternative investments is less than 15% of the total investment assets of  
15 the fund based on the market value. If the total value of the alternative  
16 investments exceeds 15% of the total investment assets of the fund, the  
17 board shall not be required to liquidate or sell the system's holdings in any  
18 alternative investment held by the system, unless such liquidation or sale  
19 would be in the best interest of the members and beneficiaries of the  
20 system and is prudent under the standards contained in this section.

21 For purposes of this act, "alternative investment" includes a broad  
22 group of investments that are not one of the traditional asset types of  
23 public equities, fixed income, cash or real estate. Alternative investments  
24 are generally made through limited partnership or similar structures, are  
25 not regularly traded on nationally recognized exchanges and thus are  
26 relatively illiquid, and exhibit lower correlations with more liquid asset  
27 types such as stocks and bonds. Alternative investments generally include,  
28 but are not limited to, private equity, private credit, hedge funds,  
29 infrastructure, commodities and other investments which have the  
30 characteristics described in this paragraph; and

31 (c) except as otherwise provided, the board may invest or reinvest  
32 moneys of the fund in real estate investments if the following conditions  
33 are satisfied:

34 (i) The system has received a favorable and appropriate  
35 recommendation from a qualified, independent expert in investment  
36 management or analysis in that particular type of real estate investment;

37 (ii) the real estate investment is consistent with the system's  
38 investment policies and objectives as provided in subsection (6); and

39 (iii) the system has received and considered the investment manager's  
40 due diligence findings.

41 (6) Subject to the objective set forth in subsection (3) and the  
42 standards set forth in subsections (4) and (5) the board shall formulate  
43 policies and objectives for the investment and reinvestment of moneys in

1 the fund and the acquisition, retention, management and disposition of  
2 investments of the fund. Such policies and objectives shall include:

3 (a) Specific asset allocation standards and objectives;

4 (b) establishment of criteria for evaluating the risk versus the  
5 potential return on a particular investment;

6 (c) a requirement that all investment managers submit such manager's  
7 due diligence findings on each investment to the board or investment  
8 advisory committee for approval or rejection prior to making any  
9 alternative investment;

10 (d) a requirement that all investment managers shall immediately  
11 report all instances of default on investments to the board and provide the  
12 board with recommendations and options, including, but not limited to,  
13 curing the default or withdrawal from the investment; and

14 (e) establishment of criteria that would be used as a guideline for  
15 determining when no additional add-on investments or reinvestments  
16 would be made and when the investment would be liquidated.

17 The board shall review such policies and objectives, make changes  
18 considered necessary or desirable and readopt such policies and objectives  
19 on an annual basis.

20 (7) The board may enter into contracts with one or more persons  
21 whom the board determines to be qualified, whereby the persons undertake  
22 to perform the functions specified in subsection (2) to the extent provided  
23 in the contract. Performance of functions under contract so entered into  
24 shall be paid pursuant to rates fixed by the board subject to provisions of  
25 appropriation acts and shall be based on specific contractual fee  
26 arrangements. The system shall not pay or reimburse any expenses of  
27 persons contracted with pursuant to this subsection, except that after  
28 approval of the board, the system may pay approved investment related  
29 expenses subject to provisions of appropriation acts. The board shall  
30 require that a person contracted with to obtain commercial insurance  
31 which provides for errors and omissions coverage for such person in an  
32 amount to be specified by the board, provided that such coverage shall be  
33 at least the greater of \$500,000 or 1% of the funds entrusted to such person  
34 up to a maximum of \$10,000,000. The board shall require a person  
35 contracted with to give a fidelity bond in a penal sum as may be fixed by  
36 law or, if not so fixed, as may be fixed by the board, with corporate surety  
37 authorized to do business in this state. Such persons contracted with the  
38 board pursuant to this subsection and any persons contracted with such  
39 persons to perform the functions specified in subsection (2) shall be  
40 deemed to be agents of the board and the system in the performance of  
41 contractual obligations.

42 (8) (a) In the acquisition or disposition of securities, the board may  
43 rely on the written legal opinion of a reputable bond attorney or attorneys,

1 the written opinion of the attorney of the investment counselor or  
2 managers, or the written opinion of the attorney general certifying the  
3 legality of the securities.

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

7 (9) (a) Except as provided in subsection (7) and this subsection, the  
8 custody of money and securities of the fund shall remain in the custody of  
9 the state treasurer, except that the board may arrange for the custody of  
10 such money and securities as it considers advisable with one or more  
11 member banks or trust companies of the federal reserve system or with one  
12 or more banks in the state of Kansas, or both, to be held in safekeeping by  
13 the banks or trust companies for the collection of the principal and interest  
14 or other income or of the proceeds of sale. The services provided by the  
15 banks or trust companies shall be paid pursuant to rates fixed by the board  
16 subject to provisions of appropriation acts.

17 (b) The state treasurer and the board shall collect the principal and  
18 interest or other income of investments or the proceeds of sale of securities  
19 in the custody of the state treasurer and pay same when so collected into  
20 the fund.

21 (c) The principal and interest or other income or the proceeds of sale  
22 of securities as provided in ~~clause (a) of this subsection (9)(a)~~ shall be  
23 reported to the state treasurer and the board and credited to the fund.

24 (10) The board shall with the advice of the director of accounts and  
25 reports establish the requirements and procedure for reporting any and all  
26 activity relating to investment functions provided for in this act in order to  
27 prepare a record monthly of the investment income and changes made  
28 during the preceding month. The record will reflect a detailed summary of  
29 investment, reinvestment, purchase, sale and exchange transactions and  
30 such other information as the board may consider advisable to reflect a  
31 true accounting of the investment activity of the fund.

32 (11) The board shall provide for an examination of the investment  
33 program annually. The examination shall include an evaluation of current  
34 investment policies and practices and of specific investments of the fund in  
35 relation to the objective set forth in subsection (3), the standard set forth in  
36 subsection (4) and other criteria as may be appropriate, and  
37 recommendations relating to the fund investment policies and practices  
38 and to specific investments of the fund as are considered necessary or  
39 desirable. The board shall include in its annual report to the governor as  
40 provided in K.S.A. 74-4907, and amendments thereto, a report or a  
41 summary thereof covering the investments of the fund.

42 (12) (a) Any internal assessment or examination of alternative  
43 investments of the system performed by any person or entity employed or

1 retained by the board which evaluates or monitors the performance of  
2 alternative investments shall be reported to the ~~legislative post auditor~~  
3 *director of post audit* so that such report may be reviewed in accordance  
4 with the annual financial-compliance audits conducted pursuant to ~~K.S.A.~~  
5 ~~46-1106~~ *section 6*, and amendments thereto.

6 (b) The board shall prepare and submit an alternative investment  
7 report to the joint committee on pensions, investments and benefits prior to  
8 January 1, 2016. Such report shall include a review of alternative  
9 investments of the system with an emphasis on the effects of changes in  
10 law pursuant to this act and includes specific investment cost and market  
11 value information of each individual alternative investment.

12 Sec. 45. K.S.A. 2017 Supp. 74-50,131 is hereby amended to read as  
13 follows: 74-50,131. Commencing after December 31, 1999: (a) As used in  
14 this act: "Qualified firm" means a for-profit business establishment,  
15 subject to state income, sales or property taxes, identified under the North  
16 American industry classification system (NAICS) subsectors 221, 311 to  
17 339, 423 to 425, 481 to 519, 521 to 721 and 811 to 928 or is identified as a  
18 corporate or regional headquarters or back-office operation of a national or  
19 multi-national corporation regardless of NAICS designation. The secretary  
20 of commerce shall determine eligibility when a difference exists between a  
21 firm's primary business activity and NAICS designation. A business  
22 establishment may be assigned a NAICS designation according to the  
23 primary business activity at a single physical location in the state.

24 (b) In the case of firms in NAICS subsectors 221, 423 to 425, 481 to  
25 519, 521 to 721 and 811 to 928, the business establishment must also  
26 demonstrate the following:

27 (1) More than  $\frac{1}{2}$  of its gross revenues are a result of sales to  
28 commercial or governmental customers outside the state of Kansas; or

29 (2) more than  $\frac{1}{2}$  of its gross revenues are a result of sales to Kansas  
30 manufacturing firms within NAICS subsectors 311 to 339; or

31 (3) more than  $\frac{1}{2}$  of its gross revenues are a result of a combination of  
32 sales described in (1) and (2).

33 (c) For purposes of determining whether one of the average wage  
34 options described in subsection (d) below is satisfied, business  
35 establishments located within a metropolitan county, as defined in K.S.A.  
36 74-50,114, and amendments thereto, will be compared only to other  
37 businesses within that metropolitan county, and business establishments  
38 located outside of a metropolitan county will be compared to businesses  
39 within an aggregation of counties representing the business establishment's  
40 region of the state, which regional aggregation will exclude metropolitan  
41 counties. Such aggregation shall be determined by the department of  
42 commerce.

43 (d) Additionally, a business establishment having met the criteria as

1 established in subsection (a) or (b), and using the comparison method  
2 described in subsection (c), must meet one of the following criteria:

3 (1) The establishment with 500 or fewer full-time equivalent  
4 employees will provide an average wage that is above the average wage  
5 paid by all firms with 500 or fewer full-time equivalent employees which  
6 share the appropriate NAICS designation.

7 (2) The establishment with 500 or fewer full-time equivalent  
8 employees is the sole firm within its appropriate NAICS designation  
9 which has 500 or fewer full-time equivalent employees.

10 (3) The establishment with more than 500 full-time equivalent  
11 employees will provide an average wage that is above the average wage  
12 paid by firms with more than 500 full-time equivalent employees which  
13 share the appropriate NAICS designation.

14 (4) The establishment with more than 500 full-time equivalent  
15 employees is the sole firm within its appropriate NAICS designation  
16 which has more than 500 full-time equivalent employees, in which event it  
17 shall either provide an average wage that is above the average wage paid  
18 by all firms with 500 or fewer full-time equivalent employees which share  
19 the appropriate NAICS designation, or be the sole firm within its  
20 appropriate NAICS designation.

21 (e) As an alternative to the requirements of subsections (c) and (d), a  
22 firm having met the requirements of subsections (a) or (b), may qualify, if  
23 excluding taxable disbursements to company owners, the business  
24 establishment's annual average wage must be greater than or equal to 1.5  
25 times the aggregate average wage paid by industries covered by the  
26 employment security law based on data maintained by the secretary of  
27 labor.

28 (f) For the purposes of this section, the number of full-time  
29 equivalent employees shall be determined by dividing the number of hours  
30 worked by part-time employees during the pertinent measurement interval  
31 by an amount equal to the corresponding multiple of a 40-hour work week  
32 and adding the quotient to the number of full-time employees.

33 (g) The secretary of commerce shall certify annually to the secretary  
34 of revenue that a firm meets the criteria for a qualified firm and that the  
35 firm is eligible for the benefits and assistance provided under this act. The  
36 secretary of commerce is hereby authorized to obtain any and all  
37 information necessary to determine such eligibility. Information obtained  
38 under this section shall not be subject to disclosure pursuant to K.S.A. 45-  
39 215 et seq., and amendments thereto, but shall upon request be made  
40 available to the ~~legislative~~ post audit division. The secretary of commerce  
41 shall publish rules and regulations for the implementation of this act. Such  
42 rules and regulations shall include, but not be limited to:

43 (1) A definition of "training and education" for purposes of K.S.A.

1 74-50,132, and amendments thereto.

2 (2) Establishment of eligibility requirements and application  
3 procedures for expenditures from the high performance incentive fund  
4 created in K.S.A. 74-50,133, and amendments thereto.

5 (3) Establishment of approval guidelines for private consultants  
6 authorized pursuant to K.S.A. 74-50,133, and amendments thereto.

7 (4) Establishment of guidelines for prioritizing business assistance  
8 programs pursuant to K.S.A. 74-50,133, and amendments thereto.

9 (5) A definition of "commercial customer" for the purpose of K.S.A.  
10 74-50,133, and amendments thereto.

11 (6) A definition of "headquarters" for the purpose of K.S.A. 74-  
12 50,133, and amendments thereto.

13 (7) Establishment of guidelines concerning the use and disclosure of  
14 any information obtained to determine the eligibility of a firm for the  
15 assistance and benefits provided for by this act.

16 Sec. 46. K.S.A. 2017 Supp. 74-50,136 is hereby amended to read as  
17 follows: 74-50,136. (a) The provisions of this section shall be known and  
18 may be cited as the "economic revitalization and reinvestment act."

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

22 (c) As used in this act:

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

25 (2) "Eligible aviation business" means a person, corporation,  
26 partnership or other entity engaged in the aviation manufacturing or  
27 service industry and doing business in Kansas that satisfies conditions  
28 imposed by the secretary, which may include, among other conditions, that  
29 the person, corporation, partnership or other entity:

30 (A) Paid at least \$150,000,000 in average annual gross Kansas  
31 compensation, according to reports filed with the secretary of labor, during  
32 the base eligibility period;

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

35 (C) has invested at least \$500,000,000 in real and tangible personal  
36 property located within and currently used in the operation of a business in  
37 Kansas; and

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

40 (3) "Eligible aviation project" means a research, development,  
41 engineering or manufacturing project: (A) Undertaken by an eligible  
42 aviation business relating to the development of a new or improved  
43 business component or product and may include, but not be limited to,

1 product development and design, applied research, manufacturing,  
2 improvement, replacement or acquisition of real or personal property and  
3 modernization and retooling of existing property in Kansas; (B) for which  
4 the eligible aviation business proposes to invest not less than \$500,000,000  
5 in Kansas in direct connection with the eligible aviation project of not less  
6 than \$500,000,000 in Kansas; and (C) for which the eligible aviation  
7 business proposes to employ up to 4,000 full-time employees in Kansas, as  
8 defined in K.S.A. 74-50,114, and amendments thereto.

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

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

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

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

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

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

34 (6) "Eligible wind or solar energy business" means a person,  
35 corporation, partnership or other entity engaged in the wind or solar energy  
36 manufacturing industry and doing business in Kansas that satisfies  
37 conditions imposed by the secretary, which may include among other  
38 conditions, that the person, corporation, partnership or other entity:

39 (A) Pay at least \$32,500 of average annual compensation per Kansas  
40 employee; and

41 (B) is described by the North American industrial classification  
42 system as being in the manufacturing sector.

43 (7) "Eligible wind or solar energy project" means a research,

1 development, engineering or manufacturing project: (A) Undertaken by an  
2 eligible wind or solar energy business relating to the production of a  
3 business component or product and may include, but not be limited to,  
4 product development and design, applied research, manufacturing,  
5 improvement, replacement or acquisition of real or personal property and  
6 modernization and retooling of existing property in Kansas; (B) for which  
7 the eligible wind or solar energy business proposes to invest not less than  
8 \$30,000,000 in Kansas in direct connection with the eligible wind or solar  
9 energy project of not less than \$30,000,000 in Kansas; and (C) for which  
10 the eligible wind or solar energy business proposes to employ at least 200  
11 full-time employees in Kansas within five years, as defined in K.S.A. 74-  
12 50,114, and amendments thereto.

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

15 (9) "Secretary" means the secretary of commerce.

16 (d) A person, corporation, partnership or other entity proposing to  
17 undertake an eligible project, eligible aviation project or eligible wind or  
18 solar energy project may apply to the secretary to enter into an agreement  
19 for benefits under this act. The application shall include: (1) Evidence that  
20 the applicant is an "eligible business," "eligible aviation business" or  
21 "eligible wind or solar energy business" as defined in subsection (c); and  
22 (2) a detailed description of the eligible project, eligible aviation project or  
23 eligible wind or solar energy project.

24 (e) Upon receipt of an application described in subsection (d), if the  
25 secretary finds that the application is from an eligible business, eligible  
26 aviation business or eligible wind or solar energy business and that the  
27 project constitutes an eligible project, eligible aviation project or eligible  
28 wind or solar energy project, the secretary may enter into an agreement  
29 with the eligible business, eligible aviation business or eligible wind or  
30 solar energy business for benefits under this act. Such agreement for  
31 benefits shall be subject to review and approval of the state finance council  
32 created by K.S.A. 75-3708, and amendments thereto, acting on this matter  
33 which is hereby characterized as a matter of legislative delegation and  
34 subject to the guidelines prescribed in ~~subsection (e) of~~ K.S.A. 75-  
35 3711c(c), and amendments thereto. The agreement shall commit the  
36 secretary to request that the Kansas development finance authority issue  
37 bonds pursuant to the Kansas development finance authority act, K.S.A.  
38 74-8901 et seq., and amendments thereto, to finance the eligible project for  
39 the benefit of the eligible business in an aggregate principal amount not to  
40 exceed \$500,000,000, plus costs of issuance, costs of credit enhancement,  
41 reserve funds and capitalized interest, or in the case of an eligible aviation  
42 project in a principal amount not to exceed \$33,000,000 for a single  
43 eligible aviation project or in the case of an eligible wind or solar energy

1 project in a principal amount not to exceed \$5,000,000 for a single eligible  
2 wind or solar energy project and in an aggregate principal amount not to  
3 exceed \$150,000,000 for all eligible aviation, wind or solar energy  
4 projects, plus costs of issuance, costs of credit enhancement, reserve funds  
5 and capitalized interest, and shall commit the eligible business, eligible  
6 aviation business or eligible wind or solar energy business to pay the  
7 principal of and interest on such obligations, except that during the period  
8 from the issuance of such bonds through the maturity of such obligations  
9 but not to exceed 20 years revenue realized from withholding upon Kansas  
10 wages paid by the eligible business, eligible aviation business or eligible  
11 wind or solar energy business pursuant to K.S.A. 79-3294 et seq., and  
12 amendments thereto, which is necessary to pay the principal and interest  
13 on such obligations shall be credited to the special economic revitalization  
14 fund created in subsection (h), and shall be transferred by the state  
15 treasurer to pay principal and interest on such obligations as provided by  
16 law. The agreement shall further specifically provide that if the revenue  
17 from the withholding upon Kansas wages is insufficient to pay principal  
18 and interest on the bonds, the eligible business, eligible aviation business  
19 or eligible wind or solar energy business shall remain obligated to make  
20 such payments. The terms and conditions with respect to the obligations  
21 shall be set forth in the agreement or in the financing documents relating to  
22 the issuance of the bonds. In the event the eligible business, eligible  
23 aviation business or eligible wind or solar energy business terminates,  
24 cancels or reduces the scope of the eligible project, eligible aviation  
25 project or eligible wind or solar energy project approved by the secretary,  
26 the agreement shall provide that with respect to debt service, the eligible  
27 business, eligible aviation business or eligible wind or solar energy  
28 business shall remain responsible for payment of the entire outstanding  
29 principal as well as any interest still outstanding, and no moneys  
30 remaining in the special economic revitalization fund shall be made  
31 available for the purpose of paying the remaining principal and interest  
32 portion of the eligible business', eligible aviation business' or eligible wind  
33 or solar energy business' debt service obligation.

34 (f) Income tax refunds and balances due resulting from withholding  
35 upon Kansas wages paid by the eligible business, eligible aviation business  
36 or eligible wind or solar energy business pursuant to K.S.A. 79-3294 et  
37 seq., and amendments thereto, shall be reconciled on at least an annual  
38 basis by a method defined in the agreement described in subsection (e).

39 (g) The Kansas development finance authority is hereby authorized to  
40 issue obligations, for the purpose of financing the eligible project, eligible  
41 aviation project or eligible wind or solar energy project provided in  
42 subsection (e), in a principal amount not to exceed the amount specified in  
43 subsection (e). The maximum maturity of bonds issued pursuant to this act

1 shall be 20 years, unless the secretary shall find and determine that a  
2 maturity greater than 20 years, but in no event greater than 30 years, is  
3 necessary for economic feasibility of the eligible project, eligible aviation  
4 project or eligible wind or solar energy *project* of the eligible business,  
5 eligible aviation business or eligible wind or solar energy business.

6 (h) The state treasurer shall credit all revenue collected or received  
7 from withholding upon Kansas wages paid by a taxpayer which is an  
8 eligible business, eligible aviation business or eligible wind or solar energy  
9 business with respect to an eligible project, eligible aviation project or  
10 eligible wind or solar energy project, as certified by the secretary, to the  
11 special economic revitalization fund, which fund is hereby created in the  
12 custody of the state treasurer but shall not be a part of the state general  
13 fund. Distributions from the special economic revitalization fund shall be  
14 used to pay principal and interest on the bonds as authorized pursuant to  
15 this act and shall not be subject to appropriation. On or before the 10<sup>th</sup> day  
16 of each month, the director of accounts and reports shall transfer from the  
17 state general fund to the special economic revitalization fund interest  
18 earnings based on: (1) The average daily balance of moneys in the special  
19 economic revitalization fund for the preceding month; and (2) the net  
20 earnings rate of the pooled money investment portfolio for the preceding  
21 month. The provisions of this section shall expire when all principal and  
22 interest on obligations issued for the purpose of financing all or a portion  
23 of the costs of an eligible project, eligible aviation project or eligible wind  
24 or solar energy project has been paid. Moneys credited to the special  
25 economic revitalization fund in accordance with the foregoing provisions  
26 shall be distributed to or on the order of the Kansas development finance  
27 authority to pay principal and interest on bonds issued to finance an  
28 eligible project, eligible aviation project or eligible wind or solar energy  
29 project. The state treasurer shall make such distributions on such dates as  
30 mutually agreed to by the Kansas development finance authority, the  
31 paying agent for such obligations and the state treasurer. The total of all  
32 distributions under this section shall not exceed an amount determined to  
33 be sufficient to pay the principal and interest on such bonds.

34 (i) The eligible business, eligible aviation business or eligible wind or  
35 solar energy business shall not be allowed to participate in the IMPACT  
36 act or program pursuant to K.S.A. 74-50,102 et seq., and amendments  
37 thereto, with respect to the eligible project, eligible aviation project or  
38 eligible wind or solar energy project. The secretary may include provisions  
39 in the agreement described in subsection (e) to limit or reduce the amount  
40 of eligible credits, including but not limited to those allowed pursuant to  
41 K.S.A. 79-32,160a, 79-32,182b or 79-32,206, and amendments thereto, on  
42 the investment of the proceeds of the bonds issued under this act. Nothing  
43 in this subsection shall be construed to prohibit the eligible business,

1 eligible aviation business or eligible wind or solar energy business from  
2 receiving credits allowed by law for any investment not related to bonds  
3 issued pursuant to this section.

4 (j) All hiring and use of the employees described in subsection (c)(5)  
5 (C) by an eligible business in connection with an eligible project, or  
6 described in subsection (c)(3)(C) by an eligible aviation business in  
7 connection with an eligible aviation project or an eligible wind or solar  
8 energy business, as described in subsection (c)(7), shall be subject to post  
9 audit under the ~~legislative state~~ post audit act, ~~and amendments thereto~~. All  
10 audit expenses incurred shall be charged to and paid by such eligible  
11 business or eligible aviation business. All moneys received for such audit  
12 expenses shall be deposited in the state treasury and credited to the *state*  
13 *post* audit services fund of the ~~division~~ of post audit *division*. The ~~division~~  
14 ~~of~~ post audit *division* is hereby authorized to conduct the audit work  
15 authorized by this section in accordance with the provisions of the  
16 ~~legislative state~~ post audit act, and amendments thereto.

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

22 (l) The agreement described in subsection (e) shall include a  
23 provision requiring the eligible business, eligible aviation business or  
24 eligible wind or solar energy business to agree that: (1) The eligible  
25 business, eligible aviation business or eligible wind or solar energy  
26 business shall be subject to post audit under the ~~legislative state~~ post audit  
27 act, and amendments thereto; (2) the eligible business, eligible aviation  
28 business or eligible wind or solar energy business shall pay audit  
29 expenses; and (3) the eligible business, eligible aviation business or  
30 eligible wind or solar energy business shall not limit access to information  
31 required under the ~~legislative state~~ post audit act, and amendments thereto.

32 (m) The secretary shall report to the state finance council on any new  
33 agreements entered into between the secretary and an eligible business,  
34 eligible aviation business or eligible wind or solar energy business  
35 pursuant to this section.

36 (n) No new eligible project, eligible aviation project or eligible wind  
37 or solar energy project shall be approved for financing under the  
38 provisions of this section on or after July 1, 2013.

39 Sec. 47. K.S.A. 2017 Supp. 74-7285 is hereby amended to read as  
40 follows: 74-7285. (a) Each state agency or program shall be subject to  
41 audit, review and evaluation under the Kansas governmental operations  
42 accountability law as determined by the ~~legislative post audit committee~~  
43 *state treasurer*. The ~~legislative post audit committee~~ *state treasurer* shall

1 direct the ~~post-auditor~~ *post audit division* to conduct not fewer than four  
2 performance audits each year under the Kansas governmental operations  
3 accountability law. The agencies or programs to be audited each year and  
4 the scope of such audits shall be selected from a listing provided to the  
5 ~~committee~~ *state treasurer* by the ~~legislative post-auditor~~ *director of post*  
6 *audit*. The legislative post auditor shall solicit ideas for performance audit  
7 topics from a broad range of interested parties, including the general  
8 public. Each performance audit conducted pursuant to the requirements of  
9 this subsection shall be completed on or before December 1 for review by  
10 the legislature during the next regular session of the legislature.

11 (b) Any performance audit directed to be conducted by the ~~post-~~  
12 ~~auditor and the division~~ of post audit *division* under the provisions of  
13 subsection (a) may include a determination of the following factors, as  
14 applied to the state agency or program being evaluated:

15 (1) Whether the primary function of the agency or program is needed.  
16 If applicable to the scope of the audit selected for the agency or program  
17 being reviewed, this determination may include, but not be limited to, an  
18 assessment of one or more of the following:

19 (A) Whether the purpose, problem or need that the agency or  
20 program was established to address still exists.

21 (B) Whether the agency or program provides a significant public  
22 benefit or essential public service.

23 (C) Whether abolishing the agency or program significantly harms  
24 the public's health or welfare.

25 (D) Whether there would be possible savings from abolishing the  
26 agency or program.

27 (E) Whether federal funding would be jeopardized if the agency or  
28 program were abolished.

29 (2) Whether another federal, state, local or private entity exists that  
30 could effectively perform the functions of the agency or program. If  
31 applicable to the scope of the audit selected for the agency or program  
32 being reviewed, this determination may include, but not be limited to, an  
33 assessment of one or more of the following:

34 (A) Whether the function is needed, and if so, whether it is addressed  
35 in other states.

36 (B) Whether other organizational structures would work better in  
37 Kansas.

38 (C) Whether efficiencies and potential cost savings might be achieved  
39 from transferring or consolidating the function.

40 (3) Whether the agency or program could be operated more  
41 efficiently and still fulfill its intended purpose. If applicable to the scope of  
42 the audit selected for the agency or program being reviewed, this  
43 determination may include, but not be limited to, an assessment of one or

1 more of the following:

2 (A) Whether the agency or program is doing more than is necessary  
3 or authorized.

4 (B) Whether the agency's or program's statutory authority, rules and  
5 regulations, mission and technology, reflect the current environment in  
6 which the agency or program is operating.

7 (C) Whether the agency or program is responsive to the public's  
8 needs.

9 (D) Whether efficiencies and potential savings might be achieved by  
10 making changes to the way the agency or program operates.

11 (E) Whether the agency's or program's functions or operations could  
12 be less burdensome or restrictive and still adequately protect and serve the  
13 public.

14 (F) Whether the agency or program has sufficient authority related to  
15 fees, inspections, enforcement and penalties.

16 (G) Whether the agency or program promptly and effectively address  
17 complaints and take appropriate enforcement actions.

18 (H) Whether any fees are set at a level that fully supports agency or  
19 program costs.

20 (4) Whether there are any other factors, as determined by the  
21 ~~legislative post auditor~~ *director of post audit* or directed by the ~~legislative~~  
22 ~~post audit committee~~ *state treasurer*, that would need to be determined for  
23 the audit.

24 (c) The scope of the audits conducted under this section may address  
25 all operations of the state agency, or may be restricted to a particular  
26 operation of the state agency, as directed by the ~~legislative post audit~~  
27 ~~committee~~ *state treasurer*, with the advice of the ~~legislative post auditor~~  
28 *director of post audit*.

29 (d) Upon completion of the performance audit, the ~~legislative post~~  
30 ~~audit committee~~ *state treasurer* shall review and accept the audit report. A  
31 copy of the audit report shall be made available to each member of the  
32 legislature in accordance with the provisions of K.S.A. 46-1212c, and  
33 amendments thereto.

34 Sec. 48. K.S.A. 2017 Supp. 74-7287 is hereby amended to read as  
35 follows: 74-7287. The senate committee on ways and means, the house of  
36 representatives committee on appropriations, the legislative budget  
37 committee or the appropriate legislative standing committee or  
38 committees, as determined by the legislative coordinating council, shall  
39 review and evaluate the operations of the state agency or program subject  
40 to audit and evaluation under K-GOAL. The committee shall familiarize  
41 itself with the provisions of law by which the state agency or program  
42 acquired existence, the manner in which the state agency or program is  
43 supposed to be organized and how the state agency or program actually is

1 organized, the powers granted to and the operations authorized to be  
 2 performed by the state agency or program, what powers are being  
 3 exercised and what operations are being performed by the state agency or  
 4 program, and the manner in which the state agency or program is  
 5 exercising its powers and performing its operations. The committee shall  
 6 consider any performance audit conducted by the ~~post auditor and the~~  
 7 ~~division of post audit~~ *division* under the direction of the ~~legislative post~~  
 8 ~~audit committee~~ *state treasurer* pursuant to the provisions of K.S.A. 74-  
 9 7285, and amendments thereto. During the course of the review and  
 10 evaluation of the state agency or program and its operations, the  
 11 committee shall hold a public hearing for the purpose of receiving  
 12 testimony from the public, the involved state agency or program and its  
 13 officers and employees, and other appropriate state officers and  
 14 employees. In all such hearings, the involved state agency or program shall  
 15 be held accountable for the legality and propriety of the operations under  
 16 review and be responsible for producing evidence of the necessity for and  
 17 extent of any changes in the organization, powers or operations of the state  
 18 agency or program or in its enabling laws which would increase efficiency  
 19 or effectiveness.

20 Sec. 49. K.S.A. 2017 Supp. 74-72,124 is hereby amended to read as  
 21 follows: 74-72,124. (a) There is hereby established the public finance  
 22 transparency board for the purpose of advising and consulting with the  
 23 secretary of administration on the content, format and reports to be  
 24 produced on the website established in K.S.A. 2017 Supp. 74-72,123, and  
 25 amendments thereto.

26 (b) The board shall consist of members as follows:

27 (1) The secretary of administration or the secretary's designee, who  
 28 shall serve as chairperson of the board;

29 (2) the director of accounts and reports or the director's designee;

30 (3) two members who are chief executive officers of agencies of the  
 31 executive branch or such officer's designees, appointed by the governor,  
 32 who shall serve at the pleasure of the governor;

33 (4) four members of the general public, two appointed by the  
 34 governor, one appointed by the president of the senate and one appointed  
 35 by the speaker of the house;

36 (5) four members of the legislature, one appointed by the president of  
 37 the senate, one appointed by the minority leader of the senate, one  
 38 appointed by the speaker of the house, and one appointed by the minority  
 39 leader of the house, all of whom shall serve at the pleasure of the  
 40 appointing official;

41 (6) ~~the legislative post auditor~~ *director of post audit* or ~~such auditor's~~  
 42 *the director's* designee;

43 (7) the state archivist or such archivist's designee; and

1 (8) the director of legislative research or such director's designee.

2 (c) The board shall annually elect one member from the board as  
3 vice-chairperson and another as secretary.

4 (d) Eight members of the board shall constitute a quorum and the  
5 affirmative vote of eight members shall be necessary for any action taken  
6 by the board. No vacancy in the membership of the board shall impair the  
7 right of a quorum to exercise all the rights and perform all the duties of the  
8 board.

9 (e) General public members and legislative members of the board  
10 attending meetings of the board, or attending subcommittee meetings  
11 thereof authorized by the board, shall be paid compensation, subsistence  
12 allowances, mileage and other expenses as provided in K.S.A. 75-3223,  
13 and amendments thereto.

14 (f) In order to achieve its purpose as provided in this act, the board  
15 shall:

16 (1) Advise the secretary of administration, after implementation of  
17 the initial website, on incorporating additional information described by  
18 this act from any other source of information available to the secretary of  
19 administration including information submitted by state agencies pursuant  
20 to ~~subsection (d) of~~ K.S.A. 2017 Supp. 74-72,123(d), and amendments  
21 thereto;

22 (2) serve in an advisory capacity to the secretary of administration,  
23 who shall from time to time consult with and seek the advice of the board  
24 on matters related to the further development of the website, expansion of  
25 the content of information for the website, and new reports to be generated  
26 on the website to assist the public in accessing public information;

27 (3) seek advice from the general public, professional associations,  
28 academic groups and institutions and individuals with knowledge of and  
29 interest in areas of public information access, gateway services, add-on  
30 services and electronic information; and

31 (4) meet at least twice during each fiscal year on the call of the  
32 secretary of administration who shall set the agenda for such meetings,  
33 which shall include a report on the progress in implementing and  
34 developing the website, proposed enhancements to the website in terms of  
35 content, format, policies and procedures and reports, and other matters as  
36 deemed appropriate by the secretary of administration.

37 (g) All state agencies shall cooperate with the board in providing such  
38 assistance as may be requested for the achievement of its purpose.

39 Sec. 50. K.S.A. 2017 Supp. 74-8111 is hereby amended to read as  
40 follows: 74-8111. (a) The secretary shall publish an annual report which  
41 shall include an audit in accordance with generally accepted accounting  
42 principles as of June 30 of each year, and present the report to the governor  
43 and the legislature setting forth in detail the operations and transactions

1 conducted by the secretary of commerce pursuant to K.S.A. 74-8102  
2 through 74-8104 and 74-8107 through 74-8111, and amendments thereto,  
3 or to other legislation. The annual report shall specifically account for the  
4 ways in which the purposes and the programs described in K.S.A. 74-8102  
5 through 74-8104 and 74-8107 through 74-8111, and amendments thereto,  
6 have been carried out, and the recommendations shall specifically note  
7 what changes in the activities of the department and the programs it  
8 administers, and of state government are necessary to better address the  
9 purposes described in K.S.A. 74-8102 through 74-8104 and 74-8107  
10 through 74-8111, and amendments thereto. The secretary shall distribute  
11 its annual report by such means that will make it widely available to those  
12 innovative enterprises of special importance to the Kansas economy.

13 (b) The secretary shall annually review and prepare a report showing  
14 how and at what level other states fund the programs provided for under  
15 K.S.A. 74-8102 through 74-8104 and 74-8107 through 74-8111, and  
16 amendments thereto. The secretary shall recommend an appropriate  
17 funding level for Kansas which will make these programs nationally  
18 competitive with those of other states. The secretary's findings and  
19 recommendations shall be submitted to the governor and the legislature.

20 (c) The secretary shall adopt a threshold funding level for each of the  
21 programs provided for under K.S.A. 74-8102 through 74-8104 and 74-  
22 8107 through 74-8111, and amendments thereto. The threshold amount  
23 shall provide for funding that is great enough to have a significant impact  
24 and carry out the intent of K.S.A. 74-8102 through 74-8104 and 74-8107  
25 through 74-8111, and amendments thereto. If the appropriation to fund  
26 these programs falls below the threshold, then no funding shall be  
27 provided by the department to the program funded below threshold level.

28 (d) The secretary and the department shall be subject to an audit by  
29 ~~the legislative division of~~ post audit *division*.

30 Sec. 51. K.S.A. 74-8209 is hereby amended to read as follows: 74-  
31 8209. Kansas venture capital, inc. shall be subject to an audit by the  
32 ~~legislative division of~~ post audit *division*.

33 Sec. 52. K.S.A. 2017 Supp. 74-99b34 is hereby amended to read as  
34 follows: 74-99b34. (a) The bioscience development and investment fund is  
35 hereby created. The bioscience development and investment fund shall not  
36 be a part of the state treasury and the funds in the bioscience development  
37 and investment fund shall belong exclusively to the authority.

38 (b) Distributions from the bioscience development and investment  
39 fund shall be for the exclusive benefit of the authority, under the control of  
40 the board and used to fulfill the purpose, powers and duties of the  
41 authority pursuant to the provisions of K.S.A. 2017 Supp. 74-99b01 et  
42 seq., and amendments thereto.

43 (c) The secretary of revenue and the authority shall establish the base

1 year taxation for all bioscience companies and state universities. The  
2 secretary of revenue, the authority and the board of regents shall establish  
3 the number of bioscience employees associated with state universities and  
4 report annually and determine the increase from the taxation base annually.  
5 The secretary of revenue and the authority may consider any verifiable  
6 evidence, including, but not limited to, the NAICS code assigned or  
7 recorded by the department of labor for companies with employees in  
8 Kansas, when determining which companies should be classified as  
9 bioscience companies.

10 (d) (1) Except as provided in subsection (d)(2), (d)(3) or (h), for a  
11 period of 15 years from the effective date of this act, the state treasurer  
12 shall pay annually 95% of withholding above the base, as certified by the  
13 secretary of revenue, upon Kansas wages paid by bioscience employees to  
14 the bioscience development and investment fund. Such payments shall be  
15 reconciled annually. On or before the 10<sup>th</sup> day of each month, the director  
16 of accounts and reports shall transfer from the state general fund to the  
17 bioscience development and investment fund interest earnings based on:

18 (A) The average daily balance of moneys in the bioscience  
19 development and investment fund for the preceding month; and

20 (B) the net earnings rate of the pooled money investment portfolio for  
21 the preceding month.

22 (2) (A) For fiscal year 2018, the first \$1,000,000 that the secretary of  
23 revenue certifies to the state treasurer of the annual 95% of withholding  
24 above the base, upon Kansas wages paid by bioscience employees, shall be  
25 transferred by the director of accounts and reports from the state general  
26 fund to the following: The center of innovation for biomaterials in  
27 orthopaedic research – Wichita state university fund.

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

38 (3) (A) For fiscal year 2018, the next \$5,000,000 that the secretary of  
39 revenue certifies to the state treasurer of the annual 95% of withholding  
40 above the base, upon Kansas wages paid by bioscience employees above  
41 the first \$1,000,000 certified pursuant to subsection (d)(2)(A), shall be  
42 transferred by the director of accounts and reports from the state general  
43 fund to the following: The national bio agro-defense facility fund at

1 Kansas state university.

2 (B) There is hereby established in the state treasury the national bio  
3 agro-defense facility fund which shall be administered by Kansas state  
4 university in accordance with the strategic plan adopted by the governor's  
5 national bio agro-defense facility steering committee. All moneys credited  
6 to the fund shall be used in accordance with the governor's national bio  
7 agro-defense facility steering committee's plan with the approval of the  
8 president of Kansas state university. All expenditures from the national bio  
9 agro-defense facility fund shall be made in accordance with appropriation  
10 acts and upon warrants of the director of accounts and reports issued  
11 pursuant to expenditures approved by the steering committee and the  
12 president of Kansas state university or by the person or persons designated  
13 by the president of Kansas state university.

14 (e) The cumulative amounts of funds paid by the state treasurer to the  
15 bioscience development and investment fund shall not exceed  
16 \$581,800,000.

17 (f) ~~The division of post audit~~ *division* is hereby authorized to conduct  
18 a post audit in accordance with the provisions of the ~~legislative state~~ post  
19 audit act, ~~K.S.A. 46-1106~~ *section 1* et seq., and amendments thereto.

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

24 (h) During the fiscal year ending June 30, 2018, the aggregate amount  
25 that is directed to be transferred from the state general fund to the  
26 bioscience development and investment fund pursuant to subsection (d)(1)  
27 plus interest earnings pursuant to subsection (d)(1) shall not exceed  
28 \$6,000,000 for such fiscal year.

29 (i) During fiscal years 2019 and 2020, no moneys shall be transferred  
30 from the state general fund to the bioscience development and investment  
31 fund pursuant to subsection (d)(1).

32 Sec. 53. K.S.A. 2017 Supp. 74-99c07 is hereby amended to read as  
33 follows: 74-99c07. (a) The Kansas center for entrepreneurship shall  
34 transmit annually to the governor, the secretary, the standing committee on  
35 commerce in the senate and the standing committee on commerce, labor  
36 and economic development in the house of representatives a report stating  
37 what tax credits have been issued during the preceding year and based on  
38 information provided by the regional or local community seed capital fund  
39 or economic development agency, describing the following: (1) The  
40 manner in which the purpose, as described in this act, has been carried out;  
41 (2) the total grants given to community seed capital funds or economic  
42 development agencies during the preceding year and cumulatively since  
43 the inception of this act; (3) the number of companies and jobs created or

1 preserved by the grants given under this act and their location; and (4) an  
2 estimate of the multiplier effect on the Kansas economy of the grants made  
3 pursuant to this act.

4 (b) The center shall be subject to an audit by the ~~legislative division~~  
5 ~~of post audit~~ *division*.

6 Sec. 54. K.S.A. 2017 Supp. 74-99c09 is hereby amended to read as  
7 follows: 74-99c09. (a) Any money received by the center from any source  
8 shall be maintained in interest-bearing accounts in Kansas banks or Kansas  
9 savings and loan associations. Any accounts so maintained shall be  
10 administered by the center for entrepreneurship under guidelines  
11 developed and implemented by the center and approved by the secretary of  
12 commerce.

13 (b) The Kansas center for entrepreneurship shall be subject to audit  
14 by the ~~legislative division~~ of post audit *division* in accordance with the  
15 provisions of the ~~legislative~~ *state* post audit act.

16 (c) A credit against the tax imposed by the article 32, chapter 79 of  
17 the Kansas Statutes Annotated on the Kansas taxable income of a  
18 contributor and against the tax imposed by K.S.A. 40-252, and  
19 amendments thereto, shall be allowed for a contribution to the Kansas  
20 center for entrepreneurship. The credit shall be a total maximum amount  
21 equal to 75% of a contributor's donation to the Kansas center for  
22 entrepreneurship, subject to the limitation set forth. This tax credit may be  
23 used in its entirety in the taxable year in which the contribution is made.  
24 The provisions of this section shall be applicable to all taxable years  
25 beginning after December 31, 2004. If the amount by which that portion of  
26 the credit allowed by this section exceeds the contributor's liability in any  
27 one taxable year, the remaining portion of the credit may be carried  
28 forward until the total amount of the credit is used. If the contributor is a  
29 corporation having an election in effect under subchapter S of the federal  
30 internal revenue code or a partnership, the credit provided by this section  
31 shall be claimed by the shareholders of these corporations or the partners  
32 of a partnership in the same manner as these shareholders or partners  
33 account for their proportionate shares of the income or loss of these  
34 corporations or partnerships.

35 (d) The secretary of revenue shall not allow tax credits of more than  
36 \$50,000 that are attributable to an individual contributor in the Kansas  
37 center for entrepreneurship each year. In no event shall the total amount of  
38 tax credits allowed under this section exceed \$2,000,000 for any one fiscal  
39 year, except that for fiscal year 2011, the total amount of credits allowed  
40 under this section shall not exceed \$1,800,000.

41 (e) The Kansas center for entrepreneurship, along with the  
42 department, shall develop a system for application for registration of an  
43 authorization of tax credits authorized pursuant to this act and shall control

1 distribution of all tax credits to contributors pursuant to this act. The  
2 Kansas center for entrepreneurship, along with the department, shall also  
3 develop rules for the administration of and disbursements from its  
4 accounts.

5 (f) The Kansas center for entrepreneurship shall distribute funds to  
6 regional or local community seed capital funds or economic development  
7 agencies based on the following criteria: (1) The organization can provide  
8 a 40% match; (2) the organization provides a plan that assures funds will  
9 be used as seed capital for qualified entrepreneurs; (3) the funds will be  
10 used in a distressed or rural community; or (4) other criteria as deemed  
11 necessary by the Kansas center for entrepreneurship.

12 Sec. 55. K.S.A. 75-104 is hereby amended to read as follows: 75-104.

13 (a) The governor shall keep and maintain a full and complete record of the  
14 following applications or petitions made to the governor:

15 (1) Applications or petitions for executive pardon, commutation of  
16 sentence or clemency;

17 (2) applications or petitions for the appointment of a named  
18 individual to public office when a vacancy occurs and when the governor  
19 is restricted to the appointment of nominees so submitted;

20 (3) applications or petitions for the appointment of a person from a  
21 list of persons submitted by an association, agency or committee where the  
22 governor is limited to make an appointment only from that list;

23 (4) applications for the approval of grants where the governor's  
24 approval is a condition precedent to the making of such grants either by a  
25 state agency or by the federal government;

26 (5) applications or petitions for declarations of emergency;

27 (6) petitions for the calling of a special session of the legislature  
28 pursuant to section 5 of article 1 of the constitution of the state of Kansas;  
29 and

30 (7) applications or petitions directed to the governor and requesting  
31 that the governor take action in accordance with ~~subsection (e) of K.S.A.~~  
32 75-3711(c), and amendments thereto, and exercise a function otherwise  
33 specified by statute for the state finance council.

34 (b) The record required to be kept under subsection (a) and all  
35 records of the financial affairs and transactions regarding the receipt and  
36 expenditure of state moneys shall remain on file in the office of each  
37 governor during the governor's term of office and for a period of three  
38 years following the expiration of such term.

39 (c) Following the three-year period prescribed in subsection (b), all  
40 records kept and maintained pursuant to subsection (a) shall be transferred  
41 to the custody of the state historical society and the records of the financial  
42 affairs and transactions kept and maintained pursuant to subsection (b)  
43 shall be kept in the office of the governor, subject to disposal as may be

1 authorized by the state records board.

2 (d) Records, correspondence and other papers of the governor which  
3 are not required to be kept and maintained under subsections (a) or (b)  
4 shall not be subject to review or audit by the ~~legislative post auditor~~ *post*  
5 *audit division* under the ~~legislative~~ *state* post audit act.

6 (e) Upon completion of the term of office as governor, all records,  
7 correspondence and other papers of the former governor not required to be  
8 kept and maintained under subsections (a) or (b) which relate to the former  
9 governor's public duties while governor shall be transferred to the custody  
10 of the state historical society. During the lifetime of the former governor,  
11 no person shall have access to any such records, correspondence or other  
12 papers which are not required to be disclosed under K.S.A. 45-221, and  
13 amendments thereto, except upon consent of the former governor, and the  
14 former governor shall be considered the official custodian of such records,  
15 correspondence and other papers which are not required to be disclosed.

16 (f) Upon the death of a governor while in office, all records,  
17 correspondence and other papers of such deceased governor not required  
18 to be kept and maintained under subsections (a) or (b) which relate to such  
19 governor's duties while governor shall be transferred to the custody of the  
20 state historical society.

21 (g) A person elected or succeeding to the office of governor shall be  
22 governed by the provisions of this section as it existed at the time such  
23 person was elected or succeeded to such office.

24 Sec. 56. K.S.A. 2017 Supp. 75-2935 is hereby amended to read as  
25 follows: 75-2935. The civil service of the state of Kansas is hereby divided  
26 into the unclassified and the classified services.

27 (1) The unclassified service comprises positions held by state officers  
28 or employees who are:

29 (a) Chosen by election or appointment to fill an elective office;

30 (b) members of boards and commissions, heads of departments  
31 required by law to be appointed by the governor or by other elective  
32 officers, and the executive or administrative heads of offices, departments,  
33 divisions and institutions specifically established by law;

34 (c) except as otherwise provided under this section, one personal  
35 secretary to each elective officer of this state, and in addition thereto, 10  
36 deputies, clerks or employees designated by such elective officer;

37 (d) all employees in the office of the governor;

38 (e) officers and employees of the senate and house of representatives  
39 of the legislature and of the legislative coordinating council and all officers  
40 and employees of the office of revisor of statutes, of the legislative  
41 research department, of the division of legislative administrative services,  
42 ~~of the division of post audit~~ and the legislative counsel;

43 (f) chancellor, president, deans, administrative officers, student health

1 service physicians, pharmacists, teaching and research personnel, health  
2 care employees and student employees in the institutions under the state  
3 board of regents, the executive officer of the board of regents and the  
4 executive officer's employees other than clerical employees, and, at the  
5 discretion of the state board of regents, directors or administrative officers  
6 of departments and divisions of the institution and county extension  
7 agents, except that this subsection (1)(f) shall not be construed to include  
8 the custodial, clerical or maintenance employees, or any employees  
9 performing duties in connection with the business operations of any such  
10 institution, except administrative officers and directors; as used in this  
11 subsection (1)(f), "health care employees" means employees of the  
12 university of Kansas medical center who provide health care services at  
13 the university of Kansas medical center and who are medical technicians  
14 or technologists or respiratory therapists, who are licensed professional  
15 nurses or licensed practical nurses, or who are in job classes which are  
16 designated for this purpose by the chancellor of the university of Kansas  
17 upon a finding by the chancellor that such designation is required for the  
18 university of Kansas medical center to recruit or retain personnel for  
19 positions in the designated job classes; and employees of any institution  
20 under the state board of regents who are medical technologists;

21 (g) operations, maintenance and security personnel employed to  
22 implement agreements entered into by the adjutant general and the federal  
23 national guard bureau, and officers and enlisted persons in the national  
24 guard and the naval militia;

25 (h) persons engaged in public work for the state but employed by  
26 contractors when the performance of such contract is authorized by the  
27 legislature or other competent authority;

28 (i) persons temporarily employed or designated by the legislature or  
29 by a legislative committee or commission or other competent authority to  
30 make or conduct a special inquiry, investigation, examination or  
31 installation;

32 (j) officers and employees in the office of the attorney general and  
33 special counsel to state departments appointed by the attorney general,  
34 except that officers and employees of the division of the Kansas bureau of  
35 investigation shall be in the classified or unclassified service as provided  
36 in K.S.A. 75-711, and amendments thereto;

37 (k) all employees of courts;

38 (l) client, patient and inmate help in any state facility or institution;

39 (m) all attorneys for boards, commissions and departments;

40 (n) the secretary and assistant secretary of the Kansas state historical  
41 society;

42 (o) physician specialists, dentists, dental hygienists, pharmacists,  
43 medical technologists and long term care workers employed by the Kansas

1 department for aging and disability services;

2 (p) physician specialists, dentists and medical technologists employed  
3 by any board, commission or department or by any institution under the  
4 jurisdiction thereof;

5 (q) student employees enrolled in public institutions of higher  
6 learning;

7 (r) administrative officers, directors and teaching personnel of the  
8 state board of education and the state department of education and of any  
9 institution under the supervision and control of the state board of  
10 education, except that this subsection (1)(r) shall not be construed to  
11 include the custodial, clerical or maintenance employees, or any  
12 employees performing duties in connection with the business operations of  
13 any such institution, except administrative officers and directors;

14 (s) all officers and employees in the office of the secretary of state;

15 (t) one personal secretary and one special assistant to the following:  
16 The secretary of administration, the secretary for aging and disability  
17 services, the secretary of agriculture, the secretary of commerce, the  
18 secretary of corrections, the secretary of health and environment, the  
19 superintendent of the Kansas highway patrol, the secretary of labor, the  
20 secretary of revenue, the secretary for children and families, the secretary  
21 of transportation, the secretary of wildlife, parks and tourism and the  
22 commissioner of juvenile justice;

23 (u) one personal secretary and one special assistant to the chancellor  
24 and presidents of institutions under the state board of regents;

25 (v) one personal secretary and one special assistant to the executive  
26 vice chancellor of the university of Kansas medical center;

27 (w) one public information officer and one chief attorney for the  
28 following: The department of administration, the Kansas department for  
29 aging and disability services, the department of agriculture, the department  
30 of commerce, the department of corrections, the department of health and  
31 environment, the department of labor, the department of revenue, the  
32 Kansas department for children and families, the department of  
33 transportation, the Kansas department of wildlife, parks and tourism and  
34 the commissioner of juvenile justice;

35 (x) if designated by the appointing authority, persons in newly hired  
36 positions, including any employee who is rehired into such position and  
37 any current state employee who voluntarily transfers into, or is voluntarily  
38 promoted or demoted into such position, on and after July 1, 2015, in any  
39 state agency;

40 (y) one executive director, one general counsel and one director of  
41 public affairs and consumer protection in the office of the state corporation  
42 commission;

43 (z) specifically designated by law as being in the unclassified service;

1 (aa) any position that is classified as a position in the information  
2 resource manager job class series, that is the chief position responsible for  
3 all information resources management for a state agency, and that becomes  
4 vacant on or after the effective date of this act. Nothing in this section shall  
5 affect the classified status of any employee in the classified service who is  
6 employed on the date immediately preceding the effective date of this act  
7 in any position that is a classified position in the information resource  
8 manager job class series and the unclassified status as prescribed by this  
9 subsection shall apply only to a person appointed to any such position on  
10 or after the effective date of this act that is the chief position responsible  
11 for all information resources management for a state agency;

12 (bb) positions at state institutions of higher education that have been  
13 converted to unclassified positions pursuant to K.S.A. 2017 Supp. 76-  
14 715a, and amendments thereto; and

15 (cc) notwithstanding the provisions of K.S.A. 22-4524, 32-802, 44-  
16 510g, 44-551, 44-552, 48-205, 48-919, 49-402e, 58-4105, 58-4503, 65-  
17 2878, 65-6103, 73-1210a, 73-1234, 74-515b, 74-561, 74-569, 74-631, 74-  
18 1106, 74-1704, 74-1806, 74-2435, 74-2614, 74-2702, 74-2906a, 74-5014,  
19 74-5210, 74-6707, 74-6901, 74-6904, 74-7008, 74-7501, 74-8704, 74-  
20 8805, 74-9804, 75-118, 75-1202d, 75-2537, 75-2944, 75-3148, 75-3702c,  
21 75-4222, 75-5005, 75-5015, 75-5016, 75-5122, 75-5157, 75-5309, 75-  
22 5310, 75-5378, 75-5610, 75-5702, 75-5708, 75-5733, 75-5910, 75-7028,  
23 75-7054, 75-7304, 76-1002a, 76-1116, 76-12a04, 76-12a05, 76-12a08, 76-  
24 12a16, 76-3202 and 82a-1205 and K.S.A. 2017 Supp. 39-1911, and  
25 amendments thereto, any vacant position within the classified service may  
26 be converted by the appointing authority to an unclassified position.

27 (2) The classified service comprises all positions now existing or  
28 hereafter created which are not included in the unclassified service.  
29 Appointments in the classified service shall be made according to merit  
30 and fitness from eligible pools which so far as practicable shall be  
31 competitive. No person shall be appointed, promoted, reduced or  
32 discharged as an officer, clerk, employee or laborer in the classified  
33 service in any manner or by any means other than those prescribed in the  
34 Kansas civil service act and the rules adopted in accordance therewith.

35 (3) For positions involving unskilled, or semiskilled duties, the  
36 secretary of administration, as provided by law, shall establish rules and  
37 regulations concerning certifications, appointments, layoffs and  
38 reemployment which may be different from the rules and regulations  
39 established concerning these processes for other positions in the classified  
40 service.

41 (4) Officers authorized by law to make appointments to positions in  
42 the unclassified service, and appointing officers of departments or  
43 institutions whose employees are exempt from the provisions of the

1 Kansas civil service act because of the constitutional status of such  
2 departments or institutions shall be permitted to make appointments from  
3 appropriate pools of eligibles maintained by the division of personnel  
4 services.

5 (5) On and after the effective date of this act, any state agency that  
6 has positions in the classified service within the Kansas civil service act to  
7 satisfy any requirement of maintaining personnel standards on a merit  
8 basis pursuant to federal law or the rules and regulations promulgated  
9 thereunder by the federal government or any agency thereof, shall adopt a  
10 binding statement of agency policy pursuant to K.S.A. 77-415, and  
11 amendments thereto, to satisfy such requirements if the appointing  
12 authority has made any such position unclassified.

13 Sec. 57. K.S.A. 2017 Supp. 75-2973 is hereby amended to read as  
14 follows: 75-2973. (a) This section shall be known and may be cited as the  
15 Kansas whistleblower act.

16 (b) As used in this section:

17 (1) "Auditing agency" means the: (A) ~~legislative post auditor,~~  
18 *Director of post audit*; (B) any employee of the ~~division of post audit,~~  
19 *division*; (C) any firm performing audit services pursuant to a contract  
20 with the ~~post auditor,~~ *state treasurer*; (D) any state agency or federal  
21 agency or authority performing auditing or other oversight activities under  
22 authority of any provision of law authorizing such activities; or (E) the  
23 inspector general created under K.S.A. 2017 Supp. 75-7427, and  
24 amendments thereto.

25 (2) "Disciplinary action" means any dismissal, demotion, transfer,  
26 reassignment, suspension, reprimand, warning of possible dismissal or  
27 withholding of work.

28 (3) "State agency" and "firm" have the meanings provided by ~~K.S.A.~~  
29 ~~46-1112~~ *section 2*, and amendments thereto.

30 (c) No supervisor or appointing authority of any state agency shall  
31 prohibit any employee of the state agency from discussing the operations  
32 of the state agency or other matters of public concern, including matters  
33 relating to the public health, safety and welfare either specifically or  
34 generally, with any member of the legislature or any auditing agency.

35 (d) No supervisor or appointing authority of any state agency shall:

36 (1) Prohibit any employee of the state agency from reporting any  
37 violation of state or federal law or rules and regulations to any person,  
38 agency or organization; or

39 (2) require any such employee to give notice to the supervisor or  
40 appointing authority prior to making any such report.

41 (e) This section shall not be construed as:

42 (1) Prohibiting a supervisor or appointing authority from requiring  
43 that an employee inform the supervisor or appointing authority as to

1 legislative or auditing agency requests for information to the state agency  
2 or the substance of testimony made, or to be made, by the employee to  
3 legislators or the auditing agency, as the case may be, on behalf of the state  
4 agency;

5 (2) permitting an employee to leave the employee's assigned work  
6 areas during normal work hours without following applicable rules and  
7 regulations and policies pertaining to leaves, unless the employee is  
8 requested by a legislator or legislative committee to appear before a  
9 legislative committee or by an auditing agency to appear at a meeting with  
10 officials of the auditing agency;

11 (3) authorizing an employee to represent the employee's personal  
12 opinions as the opinions of a state agency; or

13 (4) prohibiting disciplinary action of an employee who discloses  
14 information which: (A) The employee knows to be false or which the  
15 employee discloses with reckless disregard for its truth or falsity; (B) the  
16 employee knows to be exempt from required disclosure under the open  
17 records act; or (C) is confidential or privileged under statute or court rule.

18 (f) Any officer or employee of a state agency who is in the classified  
19 service and has permanent status under the Kansas civil service act may  
20 appeal to the state civil service board whenever the officer or employee  
21 alleges that disciplinary action was taken against the officer or employee  
22 in violation of this act. The appeal shall be filed within 90 days after the  
23 alleged disciplinary action. Procedures governing the appeal shall be in  
24 accordance with ~~subsections (f) and (g) of K.S.A. 75-2949(f) and (g), and~~  
25 amendments thereto, and K.S.A. 75-2929d through 75-2929g, and  
26 amendments thereto. If the board finds that disciplinary action taken was  
27 unreasonable, the board shall modify or reverse the agency's action and  
28 order such relief for the employee as the board considers appropriate. If  
29 the board finds a violation of this act, it may require as a penalty that the  
30 violator be suspended on leave without pay for not more than 30 days or,  
31 in cases of willful or repeated violations, may require that the violator  
32 forfeit the violator's position as a state officer or employee and disqualify  
33 the violator for appointment to or employment as a state officer or  
34 employee for a period of not more than two years. The board may award  
35 the prevailing party all or a portion of the costs of the proceedings before  
36 the board, including reasonable attorney fees and witness fees. The  
37 decision of the board pursuant to this subsection may be appealed by any  
38 party pursuant to law. On appeal, the court may award the prevailing party  
39 all or a portion of the costs of the appeal, including reasonable attorney  
40 fees and witness fees.

41 (g) Each state agency shall prominently post a copy of this act in  
42 locations where it can reasonably be expected to come to the attention of  
43 all employees of the state agency.

1 (h) Any officer or employee who is in the unclassified service under  
2 the Kansas civil service act who alleges that disciplinary action has been  
3 taken against such officer or employee in violation of this section may  
4 bring an action pursuant to the Kansas judicial review act within 90 days  
5 after the occurrence of the alleged violation. The court may award the  
6 prevailing party in the action all or a portion of the costs of the action,  
7 including reasonable attorney fees and witness fees.

8 (i) Nothing in this section shall be construed to authorize disclosure  
9 of any information or communication that is confidential or privileged  
10 under statute or court rule.

11 Sec. 58. K.S.A. 75-3080 is hereby amended to read as follows: 75-  
12 3080. Any state agency may apply to the director of accounts and reports  
13 for the establishment of an employee use fund, which shall not be a part of  
14 the state treasury. The director shall prescribe the accounting procedures  
15 applicable to profits, losses and the handling of employee use fund  
16 moneys. Subject to procedures or limitations that the secretary of  
17 administration may prescribe, amounts deposited in an employee use fund  
18 may be expended for employee activities and benefits approved by the  
19 head of the state agency. Moneys in an employee use fund may be  
20 maintained in cash or in a financial institution approved by the agency  
21 head. Employee use funds shall not be subject to appropriation acts but  
22 shall be subject to audit as prescribed by the ~~legislative post audit~~  
23 ~~committee~~ *state treasurer*.

24 Sec. 59. K.S.A. 2017 Supp. 75-3354 is hereby amended to read as  
25 follows: 75-3354. (a) As used in this section, "ward" means any child  
26 committed to or in the custody of the secretary for children and families.

27 (b) There is hereby established the wards' trust fund. The secretary for  
28 children and families shall designate one or more employees to manage  
29 and be in charge of the wards' trust fund and subsidiary accounts thereof.  
30 All moneys in the possession of the secretary belonging to wards shall be  
31 within the wards' trust fund. The persons in charge of the wards' trust fund  
32 shall maintain a separate subsidiary account for each ward having any  
33 money in the wards' trust fund.

34 (c) All moneys received that are within the wards' trust fund shall be  
35 deposited in a bank account in a bank designated by the pooled money  
36 investment board. The persons in charge of the wards' trust fund shall be  
37 the persons authorized to write checks on such bank account.

38 (d) The persons in charge of the wards' trust fund may withdraw  
39 money from such bank account and deposit amounts in savings accounts  
40 of a bank or savings and loan association which is insured by the federal  
41 government or agency thereof and designated by the pooled money  
42 investment board for this purpose. Interest earned on money deposited in  
43 savings accounts under this subsection shall be distributed proportionately

1 to each subsidiary account of the wards' trust fund.

2 (e) Moneys in the wards' trust fund and in all subsidiary accounts  
3 thereof shall not be in or a part of the state treasury but shall be subject to  
4 post audit under the ~~legislative~~ *state* post audit act.

5 (f) The wards' account established by former K.S.A. 38-828a is  
6 hereby continued in existence as the wards' trust fund established by this  
7 section. ~~The use and management of the wards' account and subsidiary~~  
8 ~~accounts thereof in the manner prescribed by former K.S.A. 38-828a~~  
9 ~~during the period from January 1, 1983, until the effective date of this act~~  
10 ~~is hereby ratified but shall be subject to post audit under the legislative~~  
11 ~~post audit act.~~ Whenever the wards' account established by former K.S.A.  
12 38-828a or any subsidiary account thereof is mentioned by statute, contract  
13 or other document, the reference shall be deemed to apply to the wards'  
14 trust fund or the appropriate subsidiary account thereof, respectively.

15 Sec. 60. K.S.A. 75-3728c is hereby amended to read as follows: 75-  
16 3728c. (a) Thirty ~~(30)~~ days from the date the director of accounts and  
17 reports authorizes the write-off of any accounts receivable or taxes  
18 receivable, the director shall certify to the ~~legislative post audit committee~~  
19 *state treasurer* a summary of all such receivables which are written off.

20 (b) The secretary of administration shall adopt rules and regulations  
21 as provided in K.S.A. 75-3706, *and amendments thereto*, specifying the  
22 conditions which shall apply to the write-off of accounts receivable and  
23 taxes receivable. Any such rule and regulation may apply generally or be  
24 limited to receivables of certain state agencies or institutions or to certain  
25 classes of receivables.

26 Sec. 61. K.S.A. 2017 Supp. 75-5133 is hereby amended to read as  
27 follows: 75-5133. (a) Except as otherwise more specifically provided by  
28 law, all information received by the secretary of revenue, the director of  
29 taxation or the director of alcoholic beverage control from returns, reports,  
30 license applications or registration documents made or filed under the  
31 provisions of any law imposing any sales, use or other excise tax  
32 administered by the secretary of revenue, the director of taxation, or the  
33 director of alcoholic beverage control, or from any investigation conducted  
34 under such provisions, shall be confidential, and it shall be unlawful for  
35 any officer or employee of the department of revenue to divulge any such  
36 information except in accordance with other provisions of law respecting  
37 the enforcement and collection of such tax, in accordance with proper  
38 judicial order or as provided in K.S.A. 74-2424, and amendments thereto.

39 (b) The secretary of revenue or the secretary's designee may:

40 (1) Publish statistics, so classified as to prevent identification of  
41 particular reports or returns and the items thereof;

42 (2) allow the inspection of returns by the attorney general or the  
43 attorney general's designee;

1 (3) provide the ~~post-auditor~~ *director of post audit* access to all such  
2 excise tax reports or returns in accordance with and subject to the  
3 provisions of ~~K.S.A. 46-1106(g)~~ *section 24*, and amendments thereto;

4 (4) disclose taxpayer information from excise tax returns to persons  
5 or entities contracting with the secretary of revenue where the secretary  
6 has determined disclosure of such information is essential for completion  
7 of the contract and has taken appropriate steps to preserve confidentiality;

8 (5) provide information from returns and reports filed under article 42  
9 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto,  
10 to county appraisers as is necessary to ensure proper valuations of  
11 property. Information from such returns and reports may also be  
12 exchanged with any other state agency administering and collecting  
13 conservation or other taxes and fees imposed on or measured by mineral  
14 production;

15 (6) provide, upon request by a city or county clerk or treasurer or  
16 finance officer of any city or county receiving distributions from a local  
17 excise tax, monthly reports identifying each retailer doing business in such  
18 city or county or making taxable sales sourced to such city or county,  
19 setting forth the tax liability and the amount of such tax remitted by each  
20 retailer during the preceding month, and identifying each business location  
21 maintained by the retailer and such retailer's sales or use tax registration or  
22 account number;

23 (7) provide information from returns and applications for registration  
24 filed pursuant to K.S.A. 12-187, and amendments thereto, and K.S.A. 79-  
25 3601, and amendments thereto, to a city or county treasurer or clerk or  
26 finance officer to explain the basis of statistics contained in reports  
27 provided by subsection (b)(6);

28 (8) disclose the following oil and gas production statistics received by  
29 the department of revenue in accordance with K.S.A. 79-4216 et seq., and  
30 amendments thereto: Volumes of production by well name, well number,  
31 operator's name and identification number assigned by the state  
32 corporation commission, lease name, leasehold property description,  
33 county of production or zone of production, name of purchaser and  
34 purchaser's tax identification number assigned by the department of  
35 revenue, name of transporter, field code number or lease code, tax period,  
36 exempt production volumes by well name or lease, or any combination of  
37 this information;

38 (9) release or publish liquor brand registration information provided  
39 by suppliers, farm wineries, microdistilleries and microbreweries in  
40 accordance with the liquor control act. The information to be released is  
41 limited to: Item number, universal numeric code, type status, product  
42 description, alcohol percentage, selling units, unit size, unit of  
43 measurement, supplier number, supplier name, distributor number and

1 distributor name;

2 (10) release or publish liquor license information provided by liquor  
3 licensees, distributors, suppliers, farm wineries, microdistilleries and  
4 microbreweries in accordance with the liquor control act. The information  
5 to be released is limited to: County name, owner, business name, address,  
6 license type, license number, license expiration date and the process agent  
7 contact information;

8 (11) release or publish cigarette and tobacco license information  
9 obtained from cigarette and tobacco licensees in accordance with the  
10 Kansas cigarette and tobacco products act. The information to be released  
11 is limited to: County name, owner, business name, address, license type  
12 and license number;

13 (12) provide environmental surcharge or solvent fee, or both,  
14 information from returns and applications for registration filed pursuant to  
15 K.S.A. 65-34,150 and 65-34,151, and amendments thereto, to the secretary  
16 of health and environment or the secretary's designee for the sole purpose  
17 of ensuring that retailers collect the environmental surcharge tax or solvent  
18 fee, or both;

19 (13) provide water protection fee information from returns and  
20 applications for registration filed pursuant to K.S.A. 82a-954, and  
21 amendments thereto, to the secretary of the state board of agriculture or the  
22 secretary's designee and the secretary of the Kansas water office or the  
23 secretary's designee for the sole purpose of verifying revenues deposited to  
24 the state water plan fund;

25 (14) provide to the secretary of commerce copies of applications for  
26 project exemption certificates sought by any taxpayer under the enterprise  
27 zone sales tax exemption pursuant to K.S.A. 79-3606(cc), and  
28 amendments thereto;

29 (15) disclose information received pursuant to the Kansas cigarette  
30 and tobacco act and subject to the confidentiality provisions of this act to  
31 any criminal justice agency, as defined in K.S.A. 22-4701(c), and  
32 amendments thereto, or to any law enforcement officer, as defined in  
33 K.S.A. 2017 Supp. 21-5111, and amendments thereto, on behalf of a  
34 criminal justice agency, when requested in writing in conjunction with a  
35 pending investigation;

36 (16) provide to retailers tax exemption information for the sole  
37 purpose of verifying the authenticity of tax exemption numbers issued by  
38 the department;

39 (17) provide information concerning remittance by sellers, as defined  
40 in K.S.A. 2017 Supp. 12-5363, and amendments thereto, of prepaid  
41 wireless 911 fees from returns to the local collection point administrator,  
42 as defined in K.S.A. 2017 Supp. 12-5363, and amendments thereto, for  
43 purposes of verifying seller compliance with collection and remittance of

1 such fees;

2 (18) release or publish charitable gaming information obtained in  
3 charitable gaming licensee and registration applications and renewals in  
4 accordance with the Kansas charitable gaming act, K.S.A. 2017 Supp. 75-  
5 5171 et seq., and amendments thereto. The information to be released is  
6 limited to: The name, address, phone number, license registration number  
7 and email address of the organization, distributor or of premises; and

8 (19) provide to the attorney general confidential information for  
9 purposes of determining compliance with or enforcing K.S.A. 50-6a01 et  
10 seq., and amendments thereto, the master settlement agreement referred to  
11 therein and all agreements regarding disputes under the master settlement  
12 agreement. The secretary and the attorney general may share the  
13 information specified under this subsection with any of the following:

14 (A) Federal, state or local agencies for the purposes of enforcement  
15 of corresponding laws of other states; and

16 (B) a court, arbitrator, data clearinghouse or similar entity for the  
17 purpose of assessing compliance with or making calculations required by  
18 the master settlement agreement or agreements regarding disputes under  
19 the master settlement agreement, and with counsel for the parties or expert  
20 witnesses in any such proceeding, if the information otherwise remains  
21 confidential.

22 (c) Any person receiving any information under the provisions of  
23 subsection (b) shall be subject to the confidentiality provisions of  
24 subsection (a) and to the penalty provisions of subsection (d).

25 (d) Any violation of this section shall be a class A, nonperson  
26 misdemeanor, and if the offender is an officer or employee of this state,  
27 such officer or employee shall be dismissed from office. Reports of  
28 violations of this paragraph shall be investigated by the attorney general.  
29 The district attorney or county attorney and the attorney general shall have  
30 authority to prosecute any violation of this section if the offender is a city  
31 or county clerk or treasurer or finance officer of a city or county.

32 Sec. 62. K.S.A. 2017 Supp. 75-5133c is hereby amended to read as  
33 follows: 75-5133c. (a) The secretary of revenue may require, as a  
34 qualification for initial or continuing employment or contracting with the  
35 department of revenue, all persons having access to federal tax information  
36 received directly from the internal revenue service to be fingerprinted and  
37 submit to a state and national criminal history record check. The  
38 fingerprints shall be used to identify the person and to determine whether  
39 the person has a record of criminal arrests and convictions in this state or  
40 other jurisdictions. The secretary is authorized to submit the fingerprints to  
41 the Kansas bureau of investigation and the federal bureau of investigation  
42 for a state and national criminal history record check. Local and state law  
43 enforcement officers and agencies shall assist the secretary in the taking

1 and processing of fingerprints of such persons and shall release all records  
2 of a person's arrests and convictions to the secretary.

3 (b) The secretary may use the information obtained from  
4 fingerprinting and a person's criminal history only for the purposes of  
5 verifying the identification of such person and in the official determination  
6 of the fitness of such person's qualification for initial or continuing  
7 employment. Disclosure or use of any information received by the  
8 secretary or a designee of the secretary for any purpose other than the  
9 purpose provided for in this section shall be a class A nonperson  
10 misdemeanor and shall constitute grounds for removal from office or  
11 termination of employment. Nothing in this section shall prevent  
12 disclosure of any information received by the secretary pursuant to this  
13 section to the ~~post-auditor~~ *director of post audit* in accordance with the  
14 provisions of the ~~legislative state~~ post audit act.

15 (c) Whenever the secretary requires fingerprinting, any associated  
16 costs shall be paid by the agency or contractor.

17 Sec. 63. K.S.A. 2017 Supp. 75-53,105 is hereby amended to read as  
18 follows: 75-53,105. (a) As used in this section, "secretary" means the  
19 secretary for children and families or the secretary for aging and disability  
20 services.

21 (b) The secretary shall upon request receive from the Kansas bureau  
22 of investigation such criminal history record information as necessary for  
23 the purpose of determining initial and continuing qualification for  
24 employment or for participation in any program administered by the  
25 secretary for the placement, safety, protection or treatment of vulnerable  
26 children or adults.

27 (c) The secretary shall have access to any court orders or  
28 adjudications of any court of record, any records of such orders,  
29 adjudications, arrests, nonconvictions, convictions, expungements,  
30 juvenile records, juvenile expungements, diversions and any criminal  
31 history record information in the possession of the Kansas bureau of  
32 investigation concerning such employee or individual.

33 (d) If a nationwide criminal records check of all records noted above  
34 is necessary, as determined by the secretary, the secretary's request will be  
35 based on the submission of fingerprints to the Kansas bureau of  
36 investigation and the federal bureau of investigation for the identification  
37 of the individual and to obtain criminal history record information,  
38 including arrest and nonconviction data.

39 (e) Fees for such records checks shall be assessed to the secretary.

40 (f) Disclosure or use of any such information received by the  
41 secretary or a designee of the secretary or of any record containing such  
42 information, for any purpose other than that provided by this act is a class  
43 A misdemeanor and shall constitute grounds for removal from office or

1 termination of employment. Nothing in this act shall be construed to make  
2 unlawful or prohibit the disclosure of any such information in a hearing or  
3 court proceeding involving programs administered by the secretary or  
4 prohibit the disclosure of any such information to the ~~post auditor~~ *director*  
5 *of post audit* in accordance with and subject to the provisions of the  
6 ~~legislative state~~ post audit act.

7 Sec. 64. K.S.A. 2017 Supp. 75-7427 is hereby amended to read as  
8 follows: 75-7427. (a) As used in this section:

9 (1) "Attorney general" means the attorney general of the state of  
10 Kansas, employees of the attorney general or authorized representatives of  
11 the attorney general.

12 (2) "Benefit" means the receipt of money, goods, items, facilities,  
13 accommodations or anything of pecuniary value.

14 (3) "Claim" means an electronic, electronic impulse, facsimile,  
15 magnetic, oral, telephonic or written communication that is utilized to  
16 identify any goods, service, item, facility or accommodation as  
17 reimbursable to the state medicaid program, or its fiscal agents, the state  
18 mediKan program or the state children's health insurance program or  
19 which states income or expense.

20 (4) "Client" means past or present beneficiaries or recipients of the  
21 state medicaid program, the state mediKan program or the state children's  
22 health insurance program.

23 (5) "Contractor" means any contractor, supplier, vendor or other  
24 person who, through a contract or other arrangement, has received, is to  
25 receive or is receiving public funds or in-kind contributions from the  
26 contracting agency as part of the state medicaid program, the state  
27 mediKan program or the state children's health insurance program, and  
28 shall include any subcontractor.

29 (6) "Contractor files" means those records of contractors which relate  
30 to the state medicaid program, the state mediKan program or the state  
31 children's health insurance program.

32 (7) "Fiscal agent" means any corporation, firm, individual,  
33 organization, partnership, professional association or other legal entity  
34 which, through a contractual relationship with the state of Kansas receives,  
35 processes and pays claims under the state medicaid program, the state  
36 mediKan program or the state children's health insurance program.

37 (8) "Health care provider" means a health care provider as defined  
38 under K.S.A. 65-4921, and amendments thereto, who has applied to  
39 participate in, who currently participates in, or who has previously  
40 participated in the state medicaid program, the state mediKan program or  
41 the state children's health insurance program.

42 (9) "Managed care program" means a program which provides  
43 coordination, direction and provision of health services to an identified

1 group of individuals by providers, agencies or organizations.

2 (10) "Medicaid program" means the Kansas program of medical  
3 assistance for which federal or state moneys, or any combination thereof,  
4 are expended, or any successor federal or state, or both, health insurance  
5 program or waiver granted thereunder.

6 (11) "Person" means any agency, association, corporation, firm,  
7 limited liability company, limited liability partnership, natural person,  
8 organization, partnership or other legal entity, the agents, employees,  
9 independent contractors, and subcontractors, thereof, and the legal  
10 successors thereto.

11 (12) "Provider" means a person who has applied to participate in,  
12 who currently participates in, who has previously participated in, who  
13 attempts or has attempted to participate in the state medicaid program, the  
14 state mediKan program or the state children's health insurance program, by  
15 providing or claiming to have provided goods, services, items, facilities or  
16 accommodations.

17 (13) "Recipient" means an individual, either real or fictitious, in[on]  
18 whose behalf any person claimed or received any payment or payments  
19 from the state medicaid program, or its fiscal agent, the state mediKan  
20 program or the state children's health insurance program, whether or not  
21 any such individual was eligible for benefits under the state medicaid  
22 program, the state mediKan program or the state children's health  
23 insurance program.

24 (14) "Records" means all written documents and electronic or  
25 magnetic data, including, but not limited to, medical records, x-rays,  
26 professional, financial or business records relating to the treatment or care  
27 of any recipient; goods, services, items, facilities or accommodations  
28 provided to any such recipient; rates paid for such goods, services, items,  
29 facilities or accommodations; and goods, services, items, facilities or  
30 accommodations provided to nonmedicaid recipients to verify rates or  
31 amounts of goods, services, items, facilities or accommodations provided  
32 to medicaid recipients, as well as any records that the state medicaid  
33 program, or its fiscal agents, the state mediKan program or the state  
34 children's health insurance program require providers to maintain.  
35 "Records" shall not include any report or record in any format which is  
36 made pursuant to K.S.A. 65-4922, 65-4923 or 65-4924, and amendments  
37 thereto, and which is privileged pursuant to K.S.A. 65-4915 or 65-4925,  
38 and amendments thereto.

39 (15) "State children's health insurance program" means the state  
40 children's health insurance program as provided in K.S.A. 38-2001 et seq.,  
41 and amendments thereto.

42 (b) (1) There is hereby established within the office of the attorney  
43 general the office of inspector general. All budgeting, purchasing, related

1 management functions and personnel of the office of inspector general  
2 shall be administered under the direction and supervision of the attorney  
3 general. The purpose of the office of inspector general is to establish a full-  
4 time program of audit, investigation and performance review to provide  
5 increased accountability, integrity and oversight of the state medicaid  
6 program, the state mediKan program and the state children's health  
7 insurance program and to assist in improving agency and program  
8 operations and in deterring and identifying fraud, waste, abuse and illegal  
9 acts. The office of inspector general shall be independent and free from  
10 political influence and in performing the duties of the office under this  
11 section shall conduct investigations, audits, evaluations, inspections and  
12 other reviews in accordance with professional standards that relate to the  
13 fields of investigation and auditing in government.

14 (2) (A) The inspector general shall be appointed by the attorney  
15 general with the advice and consent of the senate and subject to  
16 confirmation by the senate as provided in K.S.A. 75-4315b, and  
17 amendments thereto. Except as provided in K.S.A. 46-2601, and  
18 amendments thereto, no person appointed to the position of inspector  
19 general shall exercise any power, duty or function of the inspector general  
20 until confirmed by the senate. The inspector general shall be selected  
21 without regard to political affiliation and on the basis of integrity and  
22 capacity for effectively carrying out the duties of the office of inspector  
23 general. The inspector general shall possess demonstrated knowledge,  
24 skills, abilities and experience in conducting audits or investigations and  
25 shall be familiar with the programs subject to oversight by the office of  
26 inspector general.

27 (B) No former or current executive or manager of any program or  
28 agency subject to oversight by the office of inspector general may be  
29 appointed inspector general within two years of that individual's period of  
30 service with such program or agency. The inspector general shall hold at  
31 time of appointment, or shall obtain within one year after appointment,  
32 certification as a certified inspector general from a national organization  
33 that provides training to inspectors general.

34 (C) A person appointed to the position of inspector general shall serve  
35 for a term which shall expire on January 15 of each year in which the  
36 whole senate is sworn in for a new term.

37 (D) The inspector general shall be in the unclassified service and  
38 shall receive an annual salary in an amount equal to the annual salary paid  
39 by the state to a district court judge, except that such compensation may be  
40 increased but not diminished during the term of office of the inspector  
41 general. The inspector general may be removed from office prior to the  
42 expiration of the inspector general's term of office by the attorney general  
43 for cause. The inspector general shall exercise independent judgment in

1 carrying out the duties of the office of inspector general under subsection  
2 (b). Appropriations for the office of inspector general shall be made to the  
3 attorney general by separate line item appropriations for the office of  
4 inspector general. The inspector general shall report to the attorney  
5 general.

6 (E) Subject to subsection (b)(1), the inspector general shall have  
7 general managerial control over the office of the inspector general and  
8 shall establish the organization structure of the office as the inspector  
9 general deems appropriate to carry out the responsibilities and functions of  
10 the office.

11 (3) Within the limits of appropriations therefor, the attorney general  
12 may hire such employees in the unclassified service as are necessary to  
13 administer the office of the inspector general. Such employees shall serve  
14 at the pleasure of the attorney general. Subject to appropriations and to  
15 subsection (b)(1), the inspector general may obtain the services of certified  
16 public accountants, qualified management consultants, professional  
17 auditors, or other professionals necessary to independently perform the  
18 functions of the office.

19 (c) (1) In accordance with the provisions of this section, the duties of  
20 the office of inspector general shall be to oversee, audit, investigate and  
21 make performance reviews of the state medicaid program, the state  
22 mediKan program and the state children's health insurance program or  
23 their successor programs.

24 (2) In order to carry out the duties of the office, the inspector general  
25 shall conduct independent and ongoing evaluation of such programs or  
26 their successor programs, which oversight includes, but is not limited to,  
27 the following:

28 (A) Investigation of fraud, waste, abuse and illegal acts directly  
29 relating to such programs.

30 (B) Audits of state programs, contractors, vendors and health care  
31 providers related to ensuring that appropriate payments are made for  
32 services rendered and to the recovery of overpayments.

33 (C) Investigations of fraud, waste, abuse or illegal acts committed by  
34 clients of the programs or by consumers of services of such programs.

35 (D) Monitoring adherence to the terms of any contract between a  
36 state agency and an organization, if any, with which the state agency has  
37 entered into a contract to make claims payments.

38 (3) Upon finding credible evidence of fraud, waste, abuse or illegal  
39 acts, the inspector general shall report its findings to the attorney general.

40 (d) The inspector general shall have access to all pertinent  
41 information, confidential or otherwise, and to all personnel and facilities of  
42 a state agency, state vendors, contractors and health care providers and any  
43 federal, state or local governmental agency that are necessary to perform

1 the duties of the office as directly related to such programs. Access to  
2 contractor or health care provider files shall be limited to those files  
3 necessary to verify the accuracy of the contractor's or health care  
4 provider's invoices or their compliance with the contract provisions or  
5 program requirements. No health care provider shall be compelled under  
6 the provisions of this section to provide individual medical records of  
7 patients who are not clients of the state medicaid program, the state  
8 mediKan program or the state children's health insurance program. State  
9 and local governmental agencies are authorized and directed to provide to  
10 the inspector general requested information, assistance or cooperation.

11 (e) Except as otherwise provided in this section, the inspector general  
12 and all employees and former employees of the office of inspector general  
13 shall be subject to the same duty of confidentiality imposed by law on any  
14 such person or agency with regard to any such information, and shall be  
15 subject to any civil or criminal penalties imposed by law for violations of  
16 such duty of confidentiality. The duty of confidentiality imposed on the  
17 inspector general and all employees and former employees of the office of  
18 inspector general shall be subject to the provisions of subsection (f), and  
19 the inspector general may furnish all such information to the attorney  
20 general, Kansas bureau of investigation or office of the United States  
21 attorney in Kansas pursuant to subsection (f). Upon receipt thereof, the  
22 attorney general, Kansas bureau of investigation or office of the United  
23 States attorney in Kansas and all assistants and all other employees and  
24 former employees of such offices shall be subject to the same duty of  
25 confidentiality with the exceptions that any such information may be  
26 disclosed in criminal or other proceedings which may be instituted and  
27 prosecuted by the attorney general or the United States attorney in Kansas,  
28 and any such information furnished to the attorney general, the Kansas  
29 bureau of investigation or the United States attorney in Kansas under  
30 subsection (f) may be entered into evidence in any such proceedings.

31 (f) All investigations conducted by the inspector general shall be  
32 conducted in a manner that ensures the preservation of evidence for use in  
33 criminal prosecutions, civil actions or agency administrative actions. If the  
34 inspector general determines that a possible criminal act or false claim  
35 relating to fraud in the provision or administration of such programs has  
36 been committed, the inspector general shall immediately notify the  
37 attorney general. If the inspector general determines that a possible  
38 criminal act has been committed within the jurisdiction of the office, the  
39 inspector general may request the special expertise of the Kansas bureau of  
40 investigation. The inspector general may present for prosecution the  
41 findings of any criminal investigation to the office of the attorney general  
42 or the office of the United States attorney in Kansas.

43 (g) To carry out the duties as described in this section, the inspector

1 general and the inspector general's designees shall have the power to  
2 compel by subpoena the attendance and testimony of witnesses and the  
3 production of books, electronic records and papers as directly related to  
4 such programs. Access to contractor files shall be limited to those files  
5 necessary to verify the accuracy of the contractor's invoices or its  
6 compliance with the contract provisions. No health care provider shall be  
7 compelled to provide individual medical records of patients who are not  
8 clients of such a program or programs.

9 (h) The inspector general shall report all convictions, terminations  
10 and suspensions taken against vendors, contractors and health care  
11 providers to any agency contracting with or responsible for licensing or  
12 regulating those persons or entities. If the inspector general determines  
13 reasonable suspicion exists that an act relating to the violation of an  
14 agency licensure or regulatory standard has been committed by a vendor,  
15 contractor or health care provider who is licensed or regulated by an  
16 agency, the inspector general shall immediately notify such agency of the  
17 possible violation.

18 (i) The inspector general shall make annual reports, findings and  
19 recommendations regarding the office's investigations into reports of  
20 fraud, waste, abuse and illegal acts relating to any such programs to the  
21 appropriate state agency, the ~~legislative post auditor~~ *director of post audit*,  
22 the committee on ways and means of the senate, the committee on  
23 appropriations of the house of representatives, the attorney general and the  
24 governor. These reports shall include, but not be limited to, the following  
25 information:

- 26 (1) Aggregate provider billing and payment information;
- 27 (2) the number of audits of such programs administered by the  
28 department of health and environment and the dollar savings, if any,  
29 resulting from those audits;
- 30 (3) health care provider sanctions, in the aggregate, including  
31 terminations and suspensions; and
- 32 (4) a detailed summary of the investigations undertaken in the  
33 previous fiscal year, which summaries shall comply with all laws and rules  
34 and regulations regarding maintaining confidentiality in such programs.

35 (j) Based upon the inspector general's findings under subsection (c),  
36 the inspector general may make such recommendations to the state agency  
37 or agencies which administer such program or programs or the legislature  
38 for changes in law, rules and regulations, policy or procedures as the  
39 inspector general deems appropriate to carry out the provisions of law or  
40 to improve the efficiency of such programs. The inspector general shall not  
41 be required to obtain permission or approval from any other official or  
42 department prior to making any such recommendation.

43 (k) (1) The inspector general shall make provision to solicit and

1 receive reports of fraud, waste, abuse and illegal acts in such programs  
2 from any person or persons who shall possess such information. The  
3 inspector general shall not disclose or make public the identity of any  
4 person or persons who provide such reports pursuant to this subsection  
5 unless such person or persons consent in writing to the disclosure of such  
6 person's identity. Disclosure of the identity of any person who makes a  
7 report pursuant to this subsection shall not be ordered as part of any  
8 administrative or judicial proceeding. Any information received by the  
9 inspector general from any person concerning fraud, waste, abuse or  
10 illegal acts in such programs shall be confidential and shall not be  
11 disclosed or made public, upon subpoena or otherwise, except such  
12 information may be disclosed if: (A) Release of the information would not  
13 result in the identification of the person who provided the information; (B)  
14 the person or persons who provided the information to be disclosed  
15 consent in writing prior to its disclosure; (C) the disclosure is necessary to  
16 protect the public health; or (D) the information to be disclosed is required  
17 in an administrative proceeding or court proceeding and appropriate  
18 provision has been made to allow disclosure of the information without  
19 disclosing to the public the identity of the person or persons who reported  
20 such information to the inspector general.

21 (2) No person shall:

22 (A) Prohibit any agent, employee, contractor or subcontractor from  
23 reporting any information under subsection (k)(1); or

24 (B) require any such agent, employee, contractor or subcontractor to  
25 give notice to the person prior to making any such report.

26 (3) Subsection (k)(2) shall not be construed as:

27 (A) Prohibiting an employer from requiring that an employee inform  
28 the employer as to legislative or auditing agency requests for information  
29 or the substance of testimony made, or to be made, by the employee to  
30 legislators or the auditing agency, as the case may be, on behalf of the  
31 employer;

32 (B) permitting an employee to leave the employee's assigned work  
33 areas during normal work hours without following applicable rules and  
34 regulations and policies pertaining to leaves, unless the employee is  
35 requested by a legislator or legislative committee to appear before a  
36 legislative committee or by an auditing agency to appear at a meeting with  
37 officials of the auditing agency;

38 (C) authorizing an employee to represent the employee's personal  
39 opinions as the opinions of the employer; or

40 (D) prohibiting disciplinary action of an employee who discloses  
41 information which: (i) The employee knows to be false or which the  
42 employee discloses with reckless disregard for its truth or falsity; (ii) the  
43 employee knows to be exempt from required disclosure under the open

1 records act; or (iii) is confidential or privileged under statute or court rule.

2 (4) Any agent, employee, contractor or subcontractor who alleges that  
3 disciplinary action has been taken against such agent, employee, contractor  
4 or subcontractor in violation of this section may bring an action for any  
5 damages caused by such violation in district court within 90 days after the  
6 occurrence of the alleged violation.

7 (5) Any disciplinary action taken against an employee of a state  
8 agency or firm as such terms are defined under K.S.A. 75-2973, and  
9 amendments thereto, for making a report under subsection (k)(1) shall be  
10 governed by the provisions of K.S.A. 75-2973, and amendments thereto.

11 (l) The scope, timing and completion of any audit or investigation  
12 conducted by the inspector general shall be within the discretion of the  
13 inspector general. Any audit conducted by the inspector general's office  
14 shall adhere and comply with all provisions of generally accepted  
15 governmental auditing standards promulgated by the United States  
16 government accountability office.

17 (m) Nothing in this section shall limit investigations by any state  
18 department or agency that may otherwise be required or permitted by law  
19 or that may be necessary in carrying out the duties and functions of such  
20 agency.

21 (n) No contractor who has been convicted of fraud, waste, abuse or  
22 illegal acts or whose actions have caused the state of Kansas to pay fines  
23 to or reimburse the federal government more than \$1,000,000 in the  
24 medicaid program shall be eligible for any state medicaid contracts  
25 subsequent to such conviction unless the attorney general finds that the  
26 contractor is the sole source for such contracts, is the least expensive  
27 source for the contract, has reimbursed the state of Kansas for all losses  
28 caused by the contractor, or the removal of the contractor would create a  
29 substantial loss of access for medicaid beneficiaries, in which case, after a  
30 specific finding to this effect, the prohibition of this subsection may be  
31 waived by the attorney general. Nothing in this section shall be construed  
32 to conflict with federal law, or to require or permit the use of federal funds  
33 where prohibited.

34 (o) All information and records of the inspector general that are  
35 made, maintained, kept, obtained or received under any investigation or  
36 audit under this section shall be confidential, except as required or  
37 authorized pursuant to this section.

38 Sec. 65. K.S.A. 2017 Supp. 76-3312 is hereby amended to read as  
39 follows: 76-3312. (a) (1) The authority has the power and is authorized to  
40 issue from time to time the authority's bonds in such principal amounts as  
41 the authority determines to be necessary to provide sufficient funds for  
42 achieving any of the authority's corporate purposes, including the payment  
43 of interest on bonds of the authority, the establishment of reserves to

1 secure such bonds, refunding any outstanding bonds and all other  
2 expenditures of the authority incident to and necessary or convenient to  
3 carry out its corporate purposes and powers.

4 (2) Except as may otherwise be expressly provided by the authority,  
5 every issue of the authority's bonds shall be obligations of the authority  
6 payable out of any revenues or moneys of the authority, subject only to  
7 any agreements with the holders of particular bonds pledging any  
8 particular revenues.

9 (b) (1) The bonds shall be authorized by a resolution adopted by the  
10 board.

11 (2) For each bond issuance, the board shall select a bond financing  
12 team, including bond counsel and bond underwriter and any other  
13 professional service provider required, to provide all professional services  
14 required for the bond issuance. The selection shall be based on responses  
15 to a request for proposals from qualified professional firms, administered  
16 in accordance with policies adopted by the board.

17 (c) Any resolution authorizing any bonds or any issue thereof may  
18 contain such provisions as deemed appropriate by the board for the  
19 purpose of carrying out the authority's corporate purposes and securing  
20 such bonds, which shall be a part of the contract with the holders thereof,  
21 as to:

22 (1) Pledging all or any part of the revenues of the authority to secure  
23 the payment of the bonds or of any issue thereof, subject to such  
24 agreements with bondholders as may then exist;

25 (2) pledging all or any part of the assets of the authority to secure the  
26 payment of the bonds or of any issue of bonds, subject to such agreements  
27 with bondholders as may then exist, such assets to include any grant or  
28 contribution from the federal government or any corporation, association,  
29 institution or person;

30 (3) the setting aside of reserves or sinking funds and the regulation  
31 and disposition thereof;

32 (4) limitations on the purpose to which the proceeds of sale of bonds  
33 may be applied and pledging such proceeds to secure the payment of the  
34 bonds or of any issues thereof;

35 (5) limitations on the issuance of additional bonds, the terms upon  
36 which additional bonds may be issued and secured, and the refunding of  
37 outstanding or other bonds;

38 (6) the procedure, if any, by which the terms of any contract with  
39 bondholders may be amended or abrogated, the amount of bonds the  
40 holders of which must consent thereto, and the manner in which such  
41 consent may be given;

42 (7) limitations on the amount of moneys to be expended by the  
43 authority for operating expenses of the authority;

1 (8) vesting in a trustee such property, rights, powers and duties in  
2 trust as the authority may determine, which may include any or all of the  
3 rights, powers and duties of the trustee appointed by the bondholders  
4 pursuant to this act, and limiting or abrogating the right of the bondholders  
5 to appoint a trustee under this act or limiting the rights, powers and duties  
6 of such trustee;

7 (9) defining the acts or omissions to act which shall constitute a  
8 default in the obligations and duties of the authority to the holders of the  
9 bonds and providing for the rights and remedies of the holders of the  
10 bonds in the event of such default, including as a matter of right the  
11 appointment of a receiver, except that such rights and remedies shall not be  
12 inconsistent with the general laws of this state and the other provisions of  
13 this act; and

14 (10) any other matters, of like or different character, which in any  
15 way affect the security or protection of the holders of the notes or bonds.

16 (d) Any of the provisions relating to any bonds described in this  
17 section may be set forth in a trust indenture authorized by a resolution of  
18 the board.

19 (e) The bonds of each issue may, in the discretion of the board, be  
20 made redeemable before maturity at such prices and under such terms and  
21 conditions as may be determined by the board. Bonds shall mature at such  
22 time, not exceeding thirty years from their date of issue, as may be  
23 determined by the board. The bonds may be issued as serial bonds payable  
24 in annual installments or as term bonds or as a combination thereof. The  
25 bonds shall bear interest at such rate either fixed or variable, be in such  
26 denominations, be in such form, either coupon or registered, carry such  
27 registration privileges, be executed in such manner, be payable in such  
28 medium of payment and at such place, and be subject to such terms of  
29 redemption as provided in the resolution of trust indenture. The bonds of  
30 the authority may be sold by the authority, at public or private sale, at such  
31 price as the board shall determine.

32 (f) In case any officer whose signature or a facsimile of whose  
33 signature appears on any bonds or coupons attached thereto ceases to be  
34 such officer before the delivery thereof, such signature or such facsimile  
35 shall nevertheless be valid and sufficient for all purposes the same as if  
36 such officer had remained in office until such delivery. The board may also  
37 provide for the authentication of the bonds by a trustee or fiscal agent.

38 (g) Prior to the preparation of definitive bonds, the authority may,  
39 under like restrictions, issue interim receipts or temporary bonds until such  
40 definitive bonds have been executed and are available for delivery.

41 (h) The authority, subject to such agreements with bondholders as  
42 may then exist, has the power out of any funds available therefor to  
43 purchase bonds of the authority, which shall thereupon be canceled at a

1 price not exceeding:

2 (1) If the bonds are then redeemable, the redemption price then  
3 applicable plus accrued interest to the next interest payment thereon; or

4 (2) if the bonds are not then redeemable, the redemption price  
5 applicable on the first date after such purchase upon which the bonds  
6 become subject to redemption plus accrued interest to such date.

7 (i) In the discretion of the authority, the bonds may be secured by a  
8 trust indenture by and between the authority and a corporate trustee, which  
9 may be any trust company or bank having the power of a trust company  
10 within or without this state. Such trust indenture may contain such  
11 provisions for protecting and enforcing the rights and remedies of the  
12 bondholders as may be reasonable and proper and not in violation of law,  
13 including covenants setting forth the duties of the authority in relation to  
14 the exercise of its corporate powers and the custody, safeguarding and  
15 application of all moneys. The authority may provide by such trust  
16 indenture for the payment of the proceeds of the bonds and the revenues to  
17 the trustee under such trust indenture or other depository and for the  
18 method of disbursement thereof, with such safeguards and restrictions as it  
19 may determine. All expenses incurred in carrying out such trust indenture  
20 may be treated as a part of the operating expenses of the authority.

21 (j) Any bonds issued pursuant to this section, and the income  
22 therefrom (including any profit from the sale thereof) shall at all times be  
23 free from taxation by the state or any agency, political subdivision or  
24 instrumentality of the state.

25 (k) Any holder of bonds issued under the provisions of this act, or  
26 any coupons appertaining thereto and the trustee under any trust agreement  
27 or resolution authorizing the issuance of such bonds, except the rights  
28 under this act may be restricted by such trust agreement or resolution, may,  
29 either at law or in equity by suit, action, mandamus or other proceeding,  
30 protect and enforce any and all rights under the laws of the state or granted  
31 under this act or under such agreement or resolution, or under any other  
32 contract executed by the authority pursuant to this act, and may enforce  
33 and compel the performance of all duties required by this act or by such  
34 trust agreement or resolution to be performed by the authority or by an  
35 officer thereof.

36 (l) Notwithstanding any of the foregoing provisions of this act or any  
37 recitals in any bonds issued under the provisions of this act, all such bonds  
38 and interest coupons appertaining thereto shall be negotiable instruments  
39 under the laws of this state, subject only to any applicable provisions for  
40 registration.

41 (m) Bonds issued under the provisions of this act are hereby made  
42 securities in which all insurance companies, trust companies, banking  
43 associations, savings and loan associations, investment companies,

1 executors, administrators, trustees and other fiduciaries may properly and  
2 legally invest funds, including capital in their control or belonging to them.  
3 Such bonds are hereby made securities which may properly and legally be  
4 deposited with and received by any state or municipal officer or any  
5 agency or political subdivision of the state for any purpose for which the  
6 deposit of bonds or obligations of the state is authorized by law.

7 (n) Neither the state of Kansas nor the regents shall be liable for  
8 bonds of the authority, and such bonds shall not constitute a debt of the  
9 state or of the regents. The bonds shall contain on the face thereof a  
10 statement to such effect.

11 (o) Neither the members of the board nor any authorized person  
12 executing bonds issued pursuant to this act shall be personally liable for  
13 such bonds by reason of the execution or issuance thereof.

14 (p) The authority shall submit to the regents, the governor and the  
15 legislature within six months after the end of the fiscal year a report which  
16 shall set forth a complete and detailed operating and financial statement of  
17 the authority during such year. Also included in the report shall be  
18 comprehensive information regarding all audit reports performed in such  
19 year including any ~~legislative post~~ audit report performed under ~~K.S.A.~~  
20 ~~46-1106~~ *the state post audit act, section 1 et seq.*, and amendments thereto,  
21 and any recommendations with reference to additional legislation or other  
22 action that may be necessary to carry out the purposes of the authority.

23 (q) This state does hereby pledge to and agree with the holders of any  
24 bonds issued under this act that this state will not limit or alter the rights  
25 hereby vested in the authority to fulfill the terms of any agreements made  
26 with the such holders thereof or in any way impair the rights and remedies  
27 of such holders until such bonds, together with the interest thereon, with  
28 interest on any unpaid installments of interest, and all costs and expenses  
29 in connection with any action or proceeding by or on behalf of such  
30 holders are fully met and discharged. The authority is authorized to include  
31 this pledge and agreement of this state in any agreement with the holders  
32 of such bonds.

33 (r) Nothing in this act shall be construed as a restriction or limitation  
34 upon any other powers which the authority might otherwise have under  
35 any other law of this state, and this act is cumulative to any such powers.  
36 This act does and shall be construed to provide a complete, additional and  
37 alternative method for the doing of the things authorized thereby and shall  
38 be regarded as supplemental and additional to powers conferred by other  
39 laws. However, the issuance of bonds under the provisions of this act need  
40 not comply with the requirements of any other state law applicable to the  
41 issuance of bonds. No proceedings, notice or approval shall be required for  
42 the issuance of any bonds or any instrument as security therefor, except as  
43 is provided in this act.

1 (s) Any of the provisions relating to bonds described in this section  
2 may be included in any contracts between the authority and the Kansas  
3 development finance authority relating to obligations of the Kansas  
4 development finance authority issued on behalf of the authority.

5 Sec. 66. K.S.A. 2017 Supp. 77-138 is hereby amended to read as  
6 follows: 77-138. (a) Volumes of the Kansas Statutes Annotated shall be  
7 printed and bound by the director of printing and delivered to the secretary  
8 of state who shall dispose of them as follows:

9 *First*, the secretary of state shall deposit in the supreme court law  
10 library and in the state library such number of copies as the state law  
11 librarian and the state librarian, respectively, shall request for use in the  
12 law library and the state library, for the purposes of the publication  
13 collection and depository system established under K.S.A. 75-2566, and  
14 amendments thereto, and for the purpose of making exchanges with the  
15 various states and territories, and the secretary of state shall retain one set  
16 for the secretary's use in the secretary's office.

17 *Second*, (1) the secretary of state shall distribute two complete sets of  
18 the Kansas Statutes Annotated to each member of the legislature at each  
19 regular session, one set of which shall have the respective member's name  
20 printed thereon.

21 (2) The secretary of state shall distribute such number of complete  
22 sets and individual volumes of the Kansas Statutes Annotated: (A) To the  
23 office of revisor of statutes as the revisor of statutes shall request; (B) to  
24 the legislative research department as the director of legislative research  
25 shall request; (C) to the ~~division of post audit~~ *division* as the ~~post auditor~~  
26 *director of post audit* shall request; (D) to the division of legislative  
27 administrative services as the director of legislative administrative services  
28 shall request; and (E) to the judicial branch of state government as the  
29 chief justice of the supreme court shall request.

30 (3) The secretary of state shall distribute: (A) Two sets to each  
31 representative in congress and United States senator from the state of  
32 Kansas, upon request by such representative or senator; (B) one set each to  
33 the governor, lieutenant governor and attorney general; (C) to Washburn  
34 university school of law, the number of sets, not to exceed 60 sets, that the  
35 librarian of the school of law certifies to the secretary of state as necessary  
36 for the purpose of exchanging with other states and territories and to be  
37 kept in the library for the use of faculty and students of the university; (D)  
38 to the school of law of the university of Kansas, the number of sets, not to  
39 exceed 60 sets, that the librarian of the school of law certifies to the  
40 secretary of state as necessary for the purpose of exchanging with other  
41 states and territories and to be kept in the library for the use of faculty and  
42 students of the university; (E) to the clerk of the district court of the United  
43 States for the state of Kansas, the number of sets, not to exceed five sets,

1 as are requested by such clerk; (F) one set to each county law library in the  
2 state, upon request by the librarian thereof; (G) to each county clerk, the  
3 number of sets requested by the county clerk, not to exceed seven sets, to  
4 be distributed not more than one set each to the county or district attorney,  
5 the county clerk, the county counselor, if any, the register of deeds, the  
6 sheriff, the county treasurer, and the board of county commissioners,  
7 which set shall be retained by the county clerk for use by such board; (H)  
8 not more than one set to each city of the third class, one set to each city of  
9 the second class and two sets to each city of the first class, upon request by  
10 the city clerk; and (I) one set to the state historical society library.

11 *Third*, the balance of statute books, after the above distribution shall be  
12 kept by the secretary of state for sale.

13 (b) The secretary of state shall sell each volume of the Kansas  
14 Statutes Annotated, including replacement volumes, at the per volume  
15 price fixed therefor by the legislative coordinating council under this  
16 section. General index volumes, when sold separately and not as a part of a  
17 set of cumulative supplements, shall be sold at the per volume price fixed  
18 therefor by the legislative coordinating council. The secretary of state shall  
19 remit all moneys received from such sales under this section to the state  
20 treasurer in accordance with the provisions of K.S.A. 75-4215, and  
21 amendments thereto. Upon receipt of each such remittance, the state  
22 treasurer shall deposit the entire amount in the state treasury to the credit  
23 of the state general fund.

24 (c) The legislative coordinating council shall fix the per volume price  
25 of each volume of the Kansas Statutes Annotated, including replacement  
26 volumes, sold under this section to recover the costs of printing and  
27 binding such volumes. The legislative coordinating council shall revise  
28 such prices from time to time for the purposes of covering and recovering  
29 such costs.

30 Sec. 67. K.S.A. 2017 Supp. 77-430 is hereby amended to read as  
31 follows: 77-430. (a) The secretary of state shall publish the Kansas  
32 administrative regulations in an electronic or paper medium. The secretary  
33 of state shall make the Kansas administrative regulations available by  
34 request to the following:

35 (1) The supreme court law library and the state library.

36 (2) The law schools and law libraries of the university of Kansas and  
37 Washburn university.

38 (3) Each member of the legislature at the time of taking office, after  
39 election or appointment, for the member's first term of office as a member  
40 of either house of the legislature which commences on or after the second  
41 Monday of January in 1991, except that a term of office as a member of  
42 either house of the legislature, whether a complete or partial term of office,  
43 shall not be construed for purposes of this distribution to be the member's

1 first term of office if such term of office is part of a continuous period of  
 2 service as a member of either house of the legislature or both houses of the  
 3 legislature, in any combination of consecutive terms of office;

4 (4) each member of the joint committee on administrative rules and  
 5 regulations;

6 (5) the governor, lieutenant governor, attorney general and state  
 7 historical society library;

8 (6) the judicial branch of state government;

9 (7) each county law library;

10 (8) the city library in each city of the first and second class;

11 (9) each county library;

12 (10) the office of revisor of statutes;

13 (11) the legislative research department;

14 (12) ~~the division of~~ post audit *division*; and

15 (13) the division of legislative administrative services.

16 (b) The Kansas administrative regulations may be purchased in  
 17 complete sets or in single volumes. Single volumes of the Kansas  
 18 administrative regulations shall be sold by the secretary of state at the per  
 19 volume price fixed by the secretary of state under this section. Complete  
 20 sets of the Kansas administrative regulations shall be sold by the secretary  
 21 of state at the per set price fixed therefor by the secretary of state under  
 22 this section.

23 (c) All moneys received from such sales shall be remitted to the state  
 24 treasurer in accordance with the provisions of K.S.A. 75-4215, and  
 25 amendments thereto. Upon receipt of each such remittance, the state  
 26 treasurer shall deposit the entire amount in the state treasury to the credit  
 27 of the information and services fee fund of the secretary of state.

28 (d) The secretary of state shall fix by rules and regulations the per  
 29 volume and complete set prices of the Kansas administrative regulations  
 30 sold under this section to recover the costs of publishing such volumes,  
 31 whether in printed or electronic form. The secretary of state shall revise  
 32 such prices from time to time for the purposes of covering and recovering  
 33 such costs.

34 Sec. 68. K.S.A. 2017 Supp. 79-1119 is hereby amended to read as  
 35 follows: 79-1119. (a) All reports, statements, lists and returns required  
 36 under the provisions of article 11 of chapter 79 of the Kansas Statutes  
 37 Annotated, and amendments thereto, shall be preserved for three years and  
 38 thereafter until the director of taxation orders them to be destroyed.

39 (b) Except in accordance with proper judicial order, or as provided in  
 40 subsection (c) of this section, ~~subsection (g) of K.S.A. 17-7511(g) or 46-~~  
 41 ~~1106 section 6~~, and amendments thereto, it shall be unlawful for the  
 42 director of taxation, or any deputy, agent, clerk or other officer, employee  
 43 or former employee of the department of revenue or any other state officer

1 or employee or former state officer or employee to divulge, or to make  
2 known in any way, the amount of income or any particulars set forth or  
3 disclosed in any report, statement, list, return, federal return or federal  
4 return information required under the provisions of article 11 of chapter 79  
5 of the Kansas Statutes Annotated, and amendments thereto; and it shall be  
6 unlawful for the director of taxation, or any deputy, agent, clerk or other  
7 officer or employee of the department of revenue engaged in the  
8 administration of the tax imposed under the provisions of article 11 of  
9 chapter 79 of the Kansas Statutes Annotated, and amendments thereto, to  
10 engage in the business or profession of tax accounting or to accept  
11 employment, with or without consideration, for any person, firm or  
12 corporation for the purpose, directly or indirectly, or preparing tax returns  
13 or reports required by the laws of the state of Kansas, by any other state or  
14 by the United States government, or to accept any employment for the  
15 purpose of advising, preparing material or data, or the auditing of books or  
16 records to be used in an effort to defeat or cancel any tax or part thereof  
17 that has been assessed by the state of Kansas, any other state or by the  
18 United States government.

19 (c) The secretary or the secretary's designee may: (1) Publish  
20 statistics, so classified as to prevent the identification of particular reports  
21 or returns and the items thereof;

22 (2) allow the inspection of returns by the attorney general or other  
23 legal representatives of the state;

24 (3) provide the ~~post-auditor~~ *division of post audit* access to all  
25 statements, lists, reports or returns in accordance with and subject to the  
26 provisions of ~~subsection (g) of K.S.A. 46-1106~~ *section 24*, and  
27 amendments thereto; or

28 (4) disclose to the secretary of commerce specific taxpayer  
29 information related to financial information previously submitted by the  
30 taxpayer to the secretary of commerce concerning or relevant to any  
31 privilege tax credits, for purposes of verification of such information or  
32 evaluating the effectiveness of any tax credit program administered by the  
33 secretary of commerce.

34 (d) Any person receiving information under the provisions of  
35 subsection (c) shall be subject to the confidentiality provisions of  
36 subsection (b) and to the penalty provisions of subsection (e).

37 (e) Any violation of subsections (b) or (c) of this section shall be a  
38 class A misdemeanor; and if the offender be an officer or employee of the  
39 state, such officer or employee shall be dismissed from office.

40 (f) Notwithstanding the provisions of this section, the secretary of  
41 revenue may, in his or her discretion, permit the commissioner of internal  
42 revenue of the United States, or the proper official of any state imposing  
43 an income tax or privilege tax on financial institutions, or the authorized

1 representative of either, to inspect the reports, statements, lists or returns  
 2 made under the provisions of article 11 of chapter 79 of the Kansas  
 3 Statutes Annotated, and amendments thereto, and the secretary of revenue  
 4 may make available or furnish to the taxing officials of any other state or  
 5 the commissioner of internal revenue of the United States or other taxing  
 6 officials of the federal government, or their authorized representatives,  
 7 information contained in statements, lists, reports, or returns or any audit  
 8 thereof or the report of any investigation made with respect thereto, filed  
 9 pursuant to any of the provisions of article 11 of chapter 79 of the Kansas  
 10 Statutes Annotated, and amendments thereto, as the secretary may consider  
 11 proper, but such information shall not be used for any other purpose than  
 12 that of the administration of tax laws of such state or of the United States.

13 Sec. 69. K.S.A. 2017 Supp. 79-3234 is hereby amended to read as  
 14 follows: 79-3234. (a) All reports and returns required by this act shall be  
 15 preserved for three years and thereafter until the director orders them to be  
 16 destroyed.

17 (b) Except in accordance with proper judicial order, or as provided in  
 18 subsection (c) or in K.S.A. 17-7511, ~~subsection (g) of K.S.A. 46-1106,~~  
 19 ~~K.S.A. 46-1114 and section 10, section 24,~~ or K.S.A. 79-32,153a, and  
 20 amendments thereto, it shall be unlawful for the secretary, the director, any  
 21 deputy, agent, clerk or other officer, employee or former employee of the  
 22 department of revenue or any other state officer or employee or former  
 23 state officer or employee to divulge, or to make known in any way, the  
 24 amount of income or any particulars set forth or disclosed in any report,  
 25 return, federal return or federal return information required under this act;  
 26 and it shall be unlawful for the secretary, the director, any deputy, agent,  
 27 clerk or other officer or employee engaged in the administration of this act  
 28 to engage in the business or profession of tax accounting or to accept  
 29 employment, with or without consideration, from any person, firm or  
 30 corporation for the purpose, directly or indirectly, of preparing tax returns  
 31 or reports required by the laws of the state of Kansas, by any other state or  
 32 by the United States government, or to accept any employment for the  
 33 purpose of advising, preparing material or data, or the auditing of books or  
 34 records to be used in an effort to defeat or cancel any tax or part thereof  
 35 that has been assessed by the state of Kansas, any other state or by the  
 36 United States government.

37 (c) The secretary or the secretary's designee may: (1) Publish  
 38 statistics, so classified as to prevent the identification of particular reports  
 39 or returns and the items thereof;

40 (2) allow the inspection of returns by the attorney general or other  
 41 legal representatives of the state;

42 (3) provide the ~~post-auditor~~ *post audit division* access to all income  
 43 tax reports or returns in accordance with and subject to the provisions of

1 subsection (g) of K.S.A. 46-1106 or K.S.A. 46-1114 *section 10 or section*  
2 *24*, and amendments thereto;

3 (4) disclose taxpayer information from income tax returns to persons  
4 or entities contracting with the secretary of revenue where the secretary  
5 has determined disclosure of such information is essential for completion  
6 of the contract and has taken appropriate steps to preserve confidentiality;

7 (5) disclose to the secretary of commerce the following: (A) Specific  
8 taxpayer information related to financial information previously submitted  
9 by the taxpayer to the secretary of commerce concerning or relevant to any  
10 income tax credits, for purposes of verification of such information or  
11 evaluating the effectiveness of any tax credit or economic incentive  
12 program administered by the secretary of commerce; (B) the amount of  
13 payroll withholding taxes an employer is retaining pursuant to K.S.A.  
14 2017 Supp. 74-50,212, and amendments thereto; (C) information received  
15 from businesses completing the form required by K.S.A. 2017 Supp. 74-  
16 50,217, and amendments thereto; and (D) findings related to a compliance  
17 audit conducted by the department of revenue upon the request of the  
18 secretary of commerce pursuant to K.S.A. 2017 Supp. 74-50,215, and  
19 amendments thereto;

20 (6) disclose income tax returns to the state gaming agency to be used  
21 solely for the purpose of determining qualifications of licensees of and  
22 applicants for licensure in tribal gaming. Any information received by the  
23 state gaming agency shall be confidential and shall not be disclosed except  
24 to the executive director, employees of the state gaming agency and  
25 members and employees of the tribal gaming commission;

26 (7) disclose the taxpayer's name, last known address and residency  
27 status to the Kansas department of wildlife, parks and tourism to be used  
28 solely in its license fraud investigations;

29 (8) disclose the name, residence address, employer or Kansas  
30 adjusted gross income of a taxpayer who may have a duty of support in a  
31 title IV-D case to the secretary of the Kansas department for children and  
32 families for use solely in administrative or judicial proceedings to  
33 establish, modify or enforce such support obligation in a title IV-D case. In  
34 addition to any other limits on use, such use shall be allowed only where  
35 subject to a protective order which prohibits disclosure outside of the title  
36 IV-D proceeding. As used in this section, "title IV-D case" means a case  
37 being administered pursuant to part D of title IV of the federal social  
38 security act, 42 U.S.C. § 651 et seq., and amendments thereto. Any person  
39 receiving any information under the provisions of this subsection shall be  
40 subject to the confidentiality provisions of subsection (b) and to the  
41 penalty provisions of subsection (e);

42 (9) permit the commissioner of internal revenue of the United States,  
43 or the proper official of any state imposing an income tax, or the

1 authorized representative of either, to inspect the income tax returns made  
2 under this act and the secretary of revenue may make available or furnish  
3 to the taxing officials of any other state or the commissioner of internal  
4 revenue of the United States or other taxing officials of the federal  
5 government, or their authorized representatives, information contained in  
6 income tax reports or returns or any audit thereof or the report of any  
7 investigation made with respect thereto, filed pursuant to the income tax  
8 laws, as the secretary may consider proper, but such information shall not  
9 be used for any other purpose than that of the administration of tax laws of  
10 such state, the state of Kansas or of the United States;

11 (10) communicate to the executive director of the Kansas lottery  
12 information as to whether a person, partnership or corporation is current in  
13 the filing of all applicable tax returns and in the payment of all taxes,  
14 interest and penalties to the state of Kansas, excluding items under formal  
15 appeal, for the purpose of determining whether such person, partnership or  
16 corporation is eligible to be selected as a lottery retailer;

17 (11) communicate to the executive director of the Kansas racing  
18 commission as to whether a person, partnership or corporation has failed  
19 to meet any tax obligation to the state of Kansas for the purpose of  
20 determining whether such person, partnership or corporation is eligible for  
21 a facility owner license or facility manager license pursuant to the Kansas  
22 parimutuel racing act;

23 (12) provide such information to the executive director of the Kansas  
24 public employees retirement system for the purpose of determining that  
25 certain individuals' reported compensation is in compliance with the  
26 Kansas public employees retirement act, K.S.A. 74-4901 et seq., and  
27 amendments thereto;

28 (13) (i) provide taxpayer information of persons suspected of  
29 violating K.S.A. 2017 Supp. 44-766, and amendments thereto, to the  
30 secretary of labor or such secretary's designee for the purpose of  
31 determining compliance by any person with the provisions of ~~subsection~~  
32 ~~(i)(3)(D)~~ of K.S.A. 44-703(i)(3)(D) and K.S.A. 2017 Supp. 44-766, and  
33 amendments thereto. The information to be provided shall include all  
34 relevant information in the possession of the department of revenue  
35 necessary for the secretary of labor to make a proper determination of  
36 compliance with the provisions of ~~subsection (i)(3)(D)~~ of K.S.A. 44-703(i)  
37 (3)(D) and K.S.A. 2017 Supp. 44-766, and amendments thereto, and to  
38 calculate any unemployment contribution taxes due. Such information to  
39 be provided by the department of revenue shall include, but not be limited  
40 to, withholding tax and payroll information, the identity of any person that  
41 has been or is currently being audited or investigated in connection with  
42 the administration and enforcement of the withholding and declaration of  
43 estimated tax act, K.S.A. 79-3294 et seq., and amendments thereto, and the

1 results or status of such audit or investigation;

2 (ii) any person receiving tax information under the provisions of this  
3 paragraph shall be subject to the same duty of confidentiality imposed by  
4 law upon the personnel of the department of revenue and shall be subject  
5 to any civil or criminal penalties imposed by law for violations of such  
6 duty of confidentiality; and

7 (iii) each of the secretary of labor and the secretary of revenue may  
8 adopt rules and regulations necessary to effect the provisions of this  
9 paragraph;

10 (14) provide such information to the state treasurer for the sole  
11 purpose of carrying out the provisions of K.S.A. 58-3934, and  
12 amendments thereto. Such information shall be limited to current and prior  
13 addresses of taxpayers or associated persons who may have knowledge as  
14 to the location of an owner of unclaimed property. For the purposes of this  
15 paragraph, "associated persons" includes spouses or dependents listed on  
16 income tax returns; and

17 (15) after receipt of information pursuant to subsection (f), forward  
18 such information and provide the following reported Kansas individual  
19 income tax information for each listed defendant, if available, to the state  
20 board of indigents' defense services in an electronic format and in the  
21 manner determined by the secretary: (A) The defendant's name; (B) social  
22 security number; (C) Kansas adjusted gross income; (D) number of  
23 exemptions claimed; and (E) the relevant tax year of such records. Any  
24 social security number provided to the secretary and the state board of  
25 indigents' defense services pursuant to this section shall remain  
26 confidential.

27 (d) Any person receiving information under the provisions of  
28 subsection (c) shall be subject to the confidentiality provisions of  
29 subsection (b) and to the penalty provisions of subsection (e).

30 (e) Any violation of subsection (b) or (c) is a class A nonperson  
31 misdemeanor and, if the offender is an officer or employee of the state,  
32 such officer or employee shall be dismissed from office.

33 (f) For the purpose of determining whether a defendant is financially  
34 able to employ legal counsel under the provisions of K.S.A. 22-4504, and  
35 amendments thereto, in all felony cases with appointed counsel where the  
36 defendant's social security number is accessible from the records of the  
37 district court, the court shall electronically provide the defendant's name,  
38 social security number, district court case number and county to the  
39 secretary of revenue in the manner and format agreed to by the office of  
40 judicial administration and the secretary.

41 (g) Nothing in this section shall be construed to allow disclosure of  
42 the amount of income or any particulars set forth or disclosed in any  
43 report, return, federal return or federal return information, where such

1 disclosure is prohibited by the federal internal revenue code as in effect on  
2 September 1, 1996, and amendments thereto, related federal internal  
3 revenue rules or regulations, or other federal law.

4 Sec. 70. K.S.A. 19-5005, 22-4514a, 38-2103, 45-106, 46-1001, 46-  
5 1006, 46-1101, 46-1102, 46-1104, 46-1108, 46-1109, 46-1112, 46-1113,  
6 46-1115, 46-1116, 46-1120, 46-1120a, 46-1122, 46-1123, 46-1125, 46-  
7 1126, 46-1127, 46-1212a, 74-2424, 74-2912, 74-4907, 74-8209, 75-104,  
8 75-3080 and 75-3728c and K.S.A. 2017 Supp. 12-5377, 38-151, 38-2212,  
9 38-2213, 39-709b, 46-1103, 46-1106, 46-1114, 46-1118, 46-1119, 46-1121,  
10 46-1128, 46-1129, 46-1134, 46-1135, 60-3334, 72-5172, 72-5173, 73-  
11 1209, 74-4921, 74-50,131, 74-50,136, 74-7285, 74-7287, 74-72,124, 74-  
12 8111, 74-99b34, 74-99c07, 74-99c09, 75-2935, 75-2973, 75-3354, 75-  
13 5133, 75-5133c, 75-53,105, 75-7427, 76-3312, 77-138, 77-430, 79-1119  
14 and 79-3234 are hereby repealed.

15 Sec. 71. This act shall take effect and be in force from and after its  
16 publication in the statute book.