

HOUSE BILL No. 2483

By Legislative Post Audit Committee

1-2

1 AN ACT concerning audits; relating to the legislative division of post
2 audit; eliminating the requirement for such division to conduct a
3 recurring 911 implementation audit; **and** a recurring Kansas public
4 employees retirement system audit ~~and certain~~ **limiting recurring**
5 economic development incentive audits **to new programs providing**
6 **more than \$50,000 of annual incentives that have not previously**
7 **been audited and have been recommended for review by the house**
8 **or senate commerce committees**; amending K.S.A. 12-5377 and ~~46-~~
9 ~~1137~~ **and** repealing the existing ~~section sections~~; also repealing K.S.A.
10 46-1136 ~~and 46-1137~~.
11

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

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

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

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

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

1 ~~(d) (1) On or before December 31, 2018, the division of post audit~~
2 ~~shall conduct an audit of the budget and expenditures of the 911-~~
3 ~~coordinating council. In conducting such audit, the division shall examine:~~
4 ~~(A) The annual expenses and financial needs, including personnel, of the~~
5 ~~council; (B) the total annual operating expenses of the council that are~~
6 ~~included in the 2.5% cap on expenditures pursuant to K.S.A. 12-5364(i),~~
7 ~~and amendments thereto; (C) the current and projected contractual~~
8 ~~expenses of the council; (D) the expenditures and distribution of moneys~~
9 ~~from the 911 state grant fund by the council; and (E) whether the moneys~~
10 ~~expended by the council are being used pursuant to this act. The auditor, to~~
11 ~~conduct such audit, shall be specified in accordance with K.S.A. 46-1122,~~
12 ~~and amendments thereto.~~

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

22 ~~(e) The legislature shall review this *the Kansas 911* act at the regular~~
23 ~~2019 legislative session and at the regular legislative session every five~~
24 ~~years thereafter.~~

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

1 oversight of economic development incentive programs to the
2 legislative post audit committee.

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

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

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

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

30 (1) A description of the economic development incentive
31 program, its history and its goals;

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

35 (3) an estimate of the economic and fiscal impact of the incentive
36 program;

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

39 (A) The extent to which the incentive program changes business
40 behavior;

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

1 (C) a comparison with the results of other incentive programs or
2 other economic development strategies with similar goals;

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

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

9 (F) an assessment of whether the incentive program is achieving
10 its goals;

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

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

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

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

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

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

42 (e)(f) The post auditor shall prepare and submit a written report
43 with respect to each evaluation to the legislative post audit committee

1 as provided by the legislative post audit act and, in addition, shall
2 prepare and provide any redacted information, with respect to the
3 economic incentive program evaluated, required for publication by
4 the secretary of commerce pursuant to K.S.A. 2023 Supp. 74-50,227,
5 and amendments thereto, to the secretary of commerce if such
6 information is not otherwise available to the secretary of commerce.

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

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

10 ~~Sec. 3:~~ 4. This act shall take effect and be in force from and after its
11 publication in the statute book.