

*As Amended by Senate Committee*

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**{As Amended by House Committee of the Whole}**

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**As Amended by House Committee**

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*Session of 2019*

## **HOUSE BILL No. 2006**

By Representative Williams

1-4

1 AN ACT concerning ~~the department of commerce~~ *economic development*;  
2 relating to ~~economic development incentive program evaluations by~~  
3 ~~legislative post audit~~; ~~the~~ disclosure of economic development  
4 ~~incentive~~ program data, *certain* tax credit programs ~~and~~, certain  
5 property tax exemptions; ~~required~~ database; *development incentives to*  
6 *address rural housing shortages, rural housing incentive district*  
7 *bonds*; amending K.S.A. 12-5245 and 12-5250 and K.S.A. 2018 Supp.  
8 12-5248, 75-5133 and 79-3234 and repealing the existing sections.  
9

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

11 New Section 1. (a) Under the authority of this section and the  
12 legislative post audit act, and subject to appropriations therefor, the  
13 legislative post audit committee shall direct the post auditor and the  
14 division of post audit to conduct a systematic and comprehensive  
15 review, analysis and evaluation, under the provisions of the legislative  
16 post audit act, of ~~each~~ economic development incentive ~~program~~  
17 ~~programs, as defined in section 2, and amendments thereto, as identified~~  
18 ~~selected by the legislative post audit committee pursuant to the~~  
19 ~~definition of economic development incentive program in section 2,~~  
20 ~~and amendments thereto.~~ *The evaluation procedure established by this*  
21 *section is intended to enhance and facilitate the ability of the legislature*  
22 *to fulfill its responsibility to evaluate and oversee economic development*  
23 *incentive programs. The oversight of economic development incentive*  
24 *programs is intended to remain with the legislature, independent of the*  
25 *legislative post audit committee. This section shall not be construed to*  
26 *limit, in any way, oversight of economic development incentive programs*  
27 *to the legislative post audit committee.*

28 (b) The evaluations shall be considered within the meaning of the  
29 term audit for purposes of the legislative post audit act and shall be  
30 conducted by the post auditor and the division of legislative post audit  
31 pursuant to a schedule developed by the legislative post audit  
32 committee, such that all economic development incentive programs

1 shall be reviewed every ~~two~~ {three} years, and new economic  
2 development incentive programs shall be reviewed the year after the  
3 program commences, and then every ~~two~~ {three} years thereafter. The  
4 timing and extent of the evaluations may be subject to adjustment by  
5 the legislative post audit committee in a manner consistent with the  
6 requirements of this section as necessary to conform with resources  
7 available to the post auditor in consideration of the demands of other  
8 duties under the legislative post audit act.

9 (c) In conducting such evaluations, the post auditor and the  
10 division of post audit shall have access to all books, accounts, records,  
11 files, documents and correspondence, confidential or otherwise, to the  
12 same extent permitted under K.S.A. 46-1106(e), and amendments  
13 thereto, and shall be subject to the same duty of confidentiality as  
14 provided by the legislative post audit act.

15 (d) The evaluations shall include:

16 ~~(1) A description of the economic development incentive~~  
17 ~~program;~~

18 ~~(2) an assessment of the program's design and administration;~~

19 ~~(3) an estimate of the economic and fiscal impact;~~

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

27 ~~(5) other information as requested by the legislative post audit~~  
28 ~~committee; and~~

29 ~~(6) all information, after redaction, as necessary, by the post~~  
30 ~~auditor to remove information confidential under state or federal law,~~  
31 ~~required for publication pursuant to section 3, and amendments~~  
32 ~~thereto, with respect to the program being evaluated~~ Evaluations shall  
33 be conducted with the goal of enabling evidence-based policy  
34 determinations by the legislature with respect to economic development  
35 incentive programs. To the extent reasonably possible, evaluations shall  
36 utilize direct and documented and primary-source evidence instead of  
37 secondary-source data. An evaluation shall include, as directed by the  
38 legislative post audit committee:

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

41 (2) a literature review of the effectiveness of the incentive program  
42 type, including an inventory of similar incentive programs in other  
43 states;

1       (3) *an estimate of the economic and fiscal impact of the incentive*  
2 *program that may take into account the following considerations in*  
3 *addition to other relevant factors:*

4       (A) *The extent to which the incentive program changes business*  
5 *behavior;*

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

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

11       (4) *an assessment of whether adequate protections are in place to*  
12 *ensure that the fiscal impact of the incentive program does not*  
13 *substantially increase beyond the state's means or expectations in future*  
14 *years;*

15       (5) *an assessment of the incentive program's design and whether*  
16 *the incentive program is being effectively administered;*

17       (6) *an assessment of whether the incentive program is achieving its*  
18 *goals;*

19       (7) *recommendations for how the state can more effectively achieve*  
20 *the incentive program's goals;*

21       (8) *recommendations for any changes to state policy, rules and*  
22 *regulations or statutes that would allow the incentive program to be*  
23 *more easily or conclusively evaluated in the future, which may include*  
24 *changes to collection, reporting and sharing of data, and revisions or*  
25 *clarifications to the goals of the incentive program;*

26       (9) *a return on investment calculation for the economic*  
27 *development incentive program. For purposes of this paragraph, "return*  
28 *on investment calculation" means analyzing the cost to and the benefits*  
29 *realized by the state or political subdivision for providing the economic*  
30 *development incentive program;*

31       (10) *the methodology and assumptions used in carrying out the*  
32 *reviews, analyses and evaluations required under this subsection,*  
33 *including an analysis of multiplier effects and a critique of the*  
34 *multiplier effect determination methodologies utilized in the evaluation*  
35 *report, including any determinations made using standard industry*  
36 *software models and any respective limitations or potential effects of*  
37 *such methods on outcomes;*

38       (11) *an analysis of significant opportunity costs of the incentive*  
39 *program at the state and local levels;*

40       (12) *any other information that the legislative post audit committee*  
41 *deems necessary to assess the effectiveness of the incentive program and*  
42 *whether it is achieving the goals of the incentive program; and*

43       (13) *all information, after redaction as necessary, by the post*

1 *auditor to remove information that is confidential under state or federal*  
 2 *law, required for publication pursuant to section 3, and amendments*  
 3 *thereto, with respect to the economic development incentive program*  
 4 *being evaluated.*

5 (e) The post auditor shall prepare and submit a written report  
 6 with respect to each evaluation to the legislative post audit committee  
 7 as provided by the legislative post audit act and, in addition, shall  
 8 prepare and provide any redacted information, with respect to the  
 9 economic incentive program evaluated, required for publication by  
 10 the secretary of commerce pursuant to section 3, and amendments  
 11 thereto, to the secretary of commerce if such information is not  
 12 otherwise available to the secretary of commerce.

13 (f) This section shall be a part of and supplemental to the  
 14 legislative post audit act.

15 ~~New Section 1 Sec. 2. (a) As used in this section sections 2 and 3,~~  
 16 ~~and amendments thereto:~~

17 ~~(+)(a)~~ "Administering agency" means the state agency or department  
 18 charged with administering a particular ~~income tax credit program~~  
 19 *economic development incentive program*, as set forth by the program's  
 20 enacting statute or, where no department or agency is set forth, the  
 21 department of revenue.

22 ~~(2)(b)~~ "Economic development incentive program" means:

23 ~~(A)(1)~~ Any economic development incentive program administered  
 24 wholly or in part by the secretary of commerce;

25 ~~(B)(2)~~ any tax credit program, except for social and domestic tax  
 26 credits, regardless of the administering agency;

27 ~~(C)(3)~~ property that has been exempted from ad valorem taxation  
 28 under the provisions of section 13 of article 11 of the constitution of the  
 29 state of Kansas; ~~and~~

30 ~~(D)(4)~~ property that has been purchased, acquired, constructed,  
 31 reconstructed, improved, equipped, furnished, repaired, enlarged or  
 32 remodeled with all or any part of the proceeds of revenue bonds issued  
 33 under the authority of K.S.A. 12-1740 through 12-1749a, and amendments  
 34 thereto, that is exempt from ad valorem taxation under K.S.A. 79-201a  
 35 *Second*, and amendments thereto; ~~and~~

36 ~~(5)~~ any economic development fund, including, but not limited to,  
 37 the job creation program fund established by K.S.A. 74-50,224, and  
 38 amendments thereto, ~~and the economic development initiatives fund,~~  
 39 ~~established by K.S.A. 79-4804, and amendments thereto.~~

40 ~~(3)(c)~~ "Enterprise" means a corporation, limited liability company, S  
 41 corporation, partnership, registered limited liability partnership,  
 42 foundation, association, nonprofit entity, sole proprietorship, business trust  
 43 or other entity engaged in business.

1       ~~(4)~~(d) "Recipient" means the enterprise that is the original applicant  
2 for and that receives proceeds from an economic development incentive  
3 program directly from the administering agency. ***"Recipient" includes an***  
4 ***enterprise that is no longer solvent due to bankruptcy, and a recipient,***  
5 ***with respect to an economic development project that has failed.***

6       (5)(c) "Social and domestic tax credits" means the adoption credit  
7 created pursuant to K.S.A. 79-202a, and amendments thereto, the earned  
8 income tax credit created pursuant to K.S.A. 2018 Supp. 79-32,205, and  
9 amendments thereto, the food sales tax credit created pursuant to K.S.A.  
10 2018 Supp. 79-32,271, and amendments thereto, the child and dependent  
11 care tax credit created pursuant to K.S.A. 2018 Supp. 79-32,111c, and  
12 amendments thereto, and the homestead property tax refund created  
13 pursuant to K.S.A. 79-4501 et seq., and amendments thereto.

14       (6)(f) "Tax credit program" means any credit allowed against the tax  
15 imposed by the Kansas income tax act, the premium or privilege fees  
16 imposed pursuant to K.S.A. 40-252, and amendments thereto, or the  
17 privilege tax as measured by net income of financial institutions imposed  
18 pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and  
19 amendments thereto.

20       **New Sec. 3.** ~~(b)~~—(a) The department of commerce shall collect  
21 incentive data from economic development incentive programs that  
22 provide more than \$50,000 of annual incentives from administering  
23 agencies as required by this section. Such data shall be collected from  
24 administering agencies and be stored in a database that is available to the  
25 public in a digital format. The database shall contain information from  
26 multiple years and must be searchable, printable and available to access  
27 over the internet—~~either~~ on the department of commerce's website—~~or~~ ***on a***  
28 ***permanently accessible web page that may be accessed*** via a conspicuous  
29 link ***to that web page placed*** on the front page of the department's website.  
30 Information included in the database shall be updated by the department of  
31 commerce on an annual basis and such update shall be completed prior to  
32 the end of the following fiscal year in which such incentive was earned or  
33 distributed.

34       ~~(e)~~(b) The database required to be created by subsection—~~(b)~~ (a) shall  
35 contain the following information or shall contain a link by which the user  
36 can access such information:

37       (1) User information for each economic development incentive  
38 program, including the:

39       (A) Names and addresses, including county, of recipients receiving  
40 benefits from the program and, for sales tax and revenue bonds issued  
41 under the STAR bond financing act, K.S.A. 2018 Supp. 12-17,162 et seq.,  
42 and amendments thereto, the names of principals and officers for each  
43 project developer;

1 (B) annual amount of incentives ~~claimed and~~ distributed to ***and***  
2 ***received by*** each recipient;

3 (C) qualification criteria for the economic development incentive  
4 program, including, if available, qualification criteria specific to the  
5 recipient. **Qualification criteria shall include, but not be limited to, any**  
6 **requirements regarding the number of jobs created or the amount of**  
7 **initial or annual capital improvement;**

8 ~~(D) required benchmarks for continued participation in the economic~~  
9 ~~development incentive program; and~~

10 ~~(E)(D)~~ years for which the recipient has received benefits under the  
11 economic development incentive program;

12 (2) descriptive information for each economic development program,  
13 which shall include:

14 (A) A description and history of the program, including its inception  
15 date;

16 (B) the purpose or goals of the program and the criteria for  
17 qualification;

18 (C) applications for the program, if any, and relevant resources or  
19 contacts;

20 (D) the program cost and return on investment, including  
21 assumptions used to calculate the return on investment;

22 (E) the program compliance rate;

23 (F) annual reports, if required by statute; and

24 (G) evaluations of the program, if any; and

25 (3) annual data, which shall be organized by recipient, county and  
26 program and shall include the:

27 (A) Total amount of annual incentives from a program ~~claimed~~  
28 ***received*** by a recipient;

29 (B) total amount of incentives received by recipients in each county;  
30 and

31 (C) total amount of incentives distributed by each program.

32 ~~(d)(c)~~ Data collected pursuant to this section must be aggregated and  
33 provided by program, recipient and county.

34 ~~(e) Information required to be included in the database under~~  
35 ~~subsection (e) shall not be disclosed if such disclosure would violate any~~  
36 ~~federal law or confidentiality provisions of any agreement executed before~~  
37 ~~July 1, 2019, or if, in the discretion of the secretary of commerce, such~~  
38 ~~disclosure would be detrimental to the development of a STAR bond~~  
39 ~~project.~~

40 (d) Except as otherwise provided in this subsection, and  
41 notwithstanding any information publication requirements listed in  
42 this section, no information shall be disclosed by the secretary of  
43 commerce under this section if such disclosure would:

- 1 (1) Violate any federal law; or
- 2 (2) violate the confidentiality provisions of any agreement
- 3 executed before July 1, 2019;
- 4 ~~(3) in the discretion of the secretary of commerce, be detrimental~~
- 5 ~~to the development of a STAR bond project or jeopardize an economic~~
- 6 ~~development incentive program or project; or~~
- 7 ~~(4) disclose the names or other personally identifying information~~
- 8 ~~of individuals who have made contributions or investments pursuant~~
- 9 ~~to the provisions of an economic development incentive program for~~
- 10 ~~the purpose of receiving a tax credit.~~

11 Information that is otherwise publicly available shall not be  
12 considered confidential and shall be subject to publication as provided  
13 in this section.

14 *New Sec. 4. (a) In addition to any other reports by the secretary of*  
15 *commerce to the legislative post audit committee, the standing committee*  
16 *on commerce, labor and economic development of the house of*  
17 *representatives or the standing committee on commerce of the senate,*  
18 *otherwise required by law each year, commencing in 2020, the secretary*  
19 *of commerce shall make an oral presentation before the legislative post*  
20 *audit committee, the standing committee on commerce, labor and*  
21 *economic development of the house of representatives and the standing*  
22 *committee on commerce of the senate at mutually agreed times during*  
23 *the period from the commencement of the regular legislative session to*  
24 *the end of January, and shall provide a report to each such committee*  
25 *with respect to each economic development incentive program as defined*  
26 *by section 2, and amendments thereto.*

27 *(b) The report shall include the following, with respect to each*  
28 *economic development incentive program:*

- 29 (1) *A summary of the program;*
- 30 (2) *an annual update;*
- 31 (3) *an analysis of economic impact data utilizing direct, primary-*  
32 *source or auditable data, to the extent such data is reasonably available,*  
33 *and excluding any tertiary or indirect effects of the economic*  
34 *development program; and*
- 35 (4) *any other information or analysis specified by the committee.*

36 ~~Sec. 2-4. 5.~~ K.S.A. 2018 Supp. 75-5133 is hereby amended to read as  
37 follows: 75-5133. (a) Except as otherwise more specifically provided by  
38 law, all information received by the secretary of revenue, the director of  
39 taxation or the director of alcoholic beverage control from returns, reports,  
40 license applications or registration documents made or filed under the  
41 provisions of any law imposing any sales, use or other excise tax  
42 administered by the secretary of revenue, the director of taxation, or the  
43 director of alcoholic beverage control, or from any investigation conducted

1 under such provisions, shall be confidential, and it shall be unlawful for  
2 any officer or employee of the department of revenue to divulge any such  
3 information except in accordance with other provisions of law respecting  
4 the enforcement and collection of such tax, in accordance with proper  
5 judicial order or as provided in K.S.A. 74-2424, and amendments thereto.

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

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

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

11 (3) provide the post auditor access to all such excise tax reports or  
12 returns in accordance with and subject to the provisions of K.S.A. 46-  
13 1106(g), and amendments thereto;

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

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

25 (6) provide, upon request by a city or county clerk or treasurer or  
26 finance officer of any city or county receiving distributions from a local  
27 excise tax, monthly reports identifying each retailer doing business in such  
28 city or county or making taxable sales sourced to such city or county,  
29 setting forth the tax liability and the amount of such tax remitted by each  
30 retailer during the preceding month, and identifying each business location  
31 maintained by the retailer and such retailer's sales or use tax registration or  
32 account number;

33 (7) provide information from returns and applications for registration  
34 filed pursuant to K.S.A. 12-187, and amendments thereto, and K.S.A. 79-  
35 3601, and amendments thereto, to a city or county treasurer or clerk or  
36 finance officer to explain the basis of statistics contained in reports  
37 provided by subsection (b)(6);

38 (8) disclose the following oil and gas production statistics received by  
39 the department of revenue in accordance with K.S.A. 79-4216 et seq., and  
40 amendments thereto: Volumes of production by well name, well number,  
41 operator's name and identification number assigned by the state  
42 corporation commission, lease name, leasehold property description,  
43 county of production or zone of production, name of purchaser and

1 purchaser's tax identification number assigned by the department of  
2 revenue, name of transporter, field code number or lease code, tax period,  
3 exempt production volumes by well name or lease, or any combination of  
4 this information;

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

12 (10) release or publish liquor license information provided by liquor  
13 licensees, distributors, suppliers, farm wineries, microdistilleries and  
14 microbreweries in accordance with the liquor control act. The information  
15 to be released is limited to: County name, owner, business name, address,  
16 license type, license number, license expiration date and the process agent  
17 contact information;

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

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

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

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

39 (15) disclose information received pursuant to the Kansas cigarette  
40 and tobacco act and subject to the confidentiality provisions of this act to  
41 any criminal justice agency, as defined in K.S.A. 22-4701(c), and  
42 amendments thereto, or to any law enforcement officer, as defined in  
43 K.S.A. 2018 Supp. 21-5111, and amendments thereto, on behalf of a

1 criminal justice agency, when requested in writing in conjunction with a  
2 pending investigation;

3 (16) provide to retailers tax exemption information for the sole  
4 purpose of verifying the authenticity of tax exemption numbers issued by  
5 the department;

6 (17) provide information concerning remittance by sellers, as defined  
7 in K.S.A. 2018 Supp. 12-5363, and amendments thereto, of prepaid  
8 wireless 911 fees from returns to the local collection point administrator,  
9 as defined in K.S.A. 2018 Supp. 12-5363, and amendments thereto, for  
10 purposes of verifying seller compliance with collection and remittance of  
11 such fees;

12 (18) release or publish charitable gaming information obtained in  
13 charitable gaming licensee and registration applications and renewals in  
14 accordance with the Kansas charitable gaming act, K.S.A. 2018 Supp. 75-  
15 5171 et seq., and amendments thereto. The information to be released is  
16 limited to: The name, address, phone number, license registration number  
17 and email address of the organization, distributor or of premises; ~~and~~

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

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

26 (B) a court, arbitrator, data clearinghouse or similar entity for the  
27 purpose of assessing compliance with or making calculations required by  
28 the master settlement agreement or agreements regarding disputes under  
29 the master settlement agreement, and with counsel for the parties or expert  
30 witnesses in any such proceeding, if the information otherwise remains  
31 confidential; *and*

32 (20) *disclose taxpayer information that is received from income tax*  
33 *returns to the department of commerce that may be disclosed pursuant*  
34 **to the provisions of section 3, and amendments thereto, for the purpose**  
35 *of including such information in the database required by section-43, and*  
36 *amendments thereto.*

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

40 (d) Any violation of this section shall be a class A, nonperson  
41 misdemeanor, and if the offender is an officer or employee of this state,  
42 such officer or employee shall be dismissed from office. Reports of  
43 violations of this paragraph shall be investigated by the attorney general.

1 The district attorney or county attorney and the attorney general shall have  
2 authority to prosecute any violation of this section if the offender is a city  
3 or county clerk or treasurer or finance officer of a city or county.

4 Sec. ~~3-5~~ 6. K.S.A. 2018 Supp. 79-3234 is hereby amended to read as  
5 follows: 79-3234. (a) All reports and returns required by this act shall be  
6 preserved for three years and thereafter until the director orders them to be  
7 destroyed.

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

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

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

33 (3) provide the post auditor access to all income tax reports or returns  
34 in accordance with and subject to the provisions of ~~subsection (g) of~~  
35 ~~K.S.A. 46-1106(g) or K.S.A. 46-1114,~~ and amendments thereto;

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

40 (5) disclose to the secretary of commerce the following: (A) Specific  
41 taxpayer information related to financial information previously submitted  
42 by the taxpayer to the secretary of commerce concerning or relevant to any  
43 income tax credits, for purposes of verification of such information or

1 evaluating the effectiveness of any tax credit or economic incentive  
2 program administered by the secretary of commerce; (B) the amount of  
3 payroll withholding taxes an employer is retaining pursuant to K.S.A. 74-  
4 50,212, and amendments thereto; (C) information received from  
5 businesses completing the form required by K.S.A. 74-50,217, and  
6 amendments thereto; and (D) findings related to a compliance audit  
7 conducted by the department of revenue upon the request of the secretary  
8 of commerce pursuant to K.S.A. 74-50,215, and amendments thereto;

9 (6) disclose income tax returns to the state gaming agency to be used  
10 solely for the purpose of determining qualifications of licensees of and  
11 applicants for licensure in tribal gaming. Any information received by the  
12 state gaming agency shall be confidential and shall not be disclosed except  
13 to the executive director, employees of the state gaming agency and  
14 members and employees of the tribal gaming commission;

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

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

31 (9) permit the commissioner of internal revenue of the United States,  
32 or the proper official of any state imposing an income tax, or the  
33 authorized representative of either, to inspect the income tax returns made  
34 under this act and the secretary of revenue may make available or furnish  
35 to the taxing officials of any other state or the commissioner of internal  
36 revenue of the United States or other taxing officials of the federal  
37 government, or their authorized representatives, information contained in  
38 income tax reports or returns or any audit thereof or the report of any  
39 investigation made with respect thereto, filed pursuant to the income tax  
40 laws, as the secretary may consider proper, but such information shall not  
41 be used for any other purpose than that of the administration of tax laws of  
42 such state, the state of Kansas or of the United States;

43 (10) communicate to the executive director of the Kansas lottery

1 information as to whether a person, partnership or corporation is current in  
2 the filing of all applicable tax returns and in the payment of all taxes,  
3 interest and penalties to the state of Kansas, excluding items under formal  
4 appeal, for the purpose of determining whether such person, partnership or  
5 corporation is eligible to be selected as a lottery retailer;

6 (11) communicate to the executive director of the Kansas racing  
7 commission as to whether a person, partnership or corporation has failed  
8 to meet any tax obligation to the state of Kansas for the purpose of  
9 determining whether such person, partnership or corporation is eligible for  
10 a facility owner license or facility manager license pursuant to the Kansas  
11 parimutuel racing act;

12 (12) provide such information to the executive director of the Kansas  
13 public employees retirement system for the purpose of determining that  
14 certain individuals' reported compensation is in compliance with the  
15 Kansas public employees retirement act, K.S.A. 74-4901 et seq., and  
16 amendments thereto;

17 (13) ~~(i)(A)~~ provide taxpayer information of persons suspected of  
18 violating K.S.A. 2018 Supp. 44-766, and amendments thereto, to the  
19 secretary of labor or such secretary's designee for the purpose of  
20 determining compliance by any person with the provisions of ~~subsection~~  
21 ~~(i)(3)(D)~~ of K.S.A. 44-703(i)(3)(D) and K.S.A. 2018 Supp. 44-766, and  
22 amendments thereto. The information to be provided shall include all  
23 relevant information in the possession of the department of revenue  
24 necessary for the secretary of labor to make a proper determination of  
25 compliance with the provisions of ~~subsection (i)(3)(D)~~ of K.S.A. 44-703(i)  
26 (3)(D) and K.S.A. 2018 Supp. 44-766, and amendments thereto, and to  
27 calculate any unemployment contribution taxes due. Such information to  
28 be provided by the department of revenue shall include, but not be limited  
29 to, withholding tax and payroll information, the identity of any person that  
30 has been or is currently being audited or investigated in connection with  
31 the administration and enforcement of the withholding and declaration of  
32 estimated tax act, K.S.A. 79-3294 et seq., and amendments thereto, and the  
33 results or status of such audit or investigation;

34 ~~(ii)(B)~~ any person receiving tax information under the provisions of  
35 this paragraph shall be subject to the same duty of confidentiality imposed  
36 by law upon the personnel of the department of revenue and shall be  
37 subject to any civil or criminal penalties imposed by law for violations of  
38 such duty of confidentiality; and

39 ~~(iii)(C)~~ each of the secretary of labor and the secretary of revenue  
40 may adopt rules and regulations necessary to effect the provisions of this  
41 paragraph;

42 (14) provide such information to the state treasurer for the sole  
43 purpose of carrying out the provisions of K.S.A. 58-3934, and

1 amendments thereto. Such information shall be limited to current and prior  
2 addresses of taxpayers or associated persons who may have knowledge as  
3 to the location of an owner of unclaimed property. For the purposes of this  
4 paragraph, "associated persons" includes spouses or dependents listed on  
5 income tax returns; ~~and~~

6 (15) after receipt of information pursuant to subsection (f), forward  
7 such information and provide the following reported Kansas individual  
8 income tax information for each listed defendant, if available, to the state  
9 board of indigents' defense services in an electronic format and in the  
10 manner determined by the secretary: (A) The defendant's name; (B) social  
11 security number; (C) Kansas adjusted gross income; (D) number of  
12 exemptions claimed; and (E) the relevant tax year of such records. Any  
13 social security number provided to the secretary and the state board of  
14 indigents' defense services pursuant to this section shall remain  
15 confidential; *and*

16 (16) *disclose taxpayer information that is received from income tax*  
17 *returns to the department of commerce that may be disclosed pursuant*  
18 **to the provisions of section 3, and amendments thereto,** *for the purpose*  
19 *of including such information in the database required by section ~~3~~, and*  
20 *amendments thereto.*

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

24 (e) Any violation of subsection (b) or (c) is a class A nonperson  
25 misdemeanor and, if the offender is an officer or employee of the state,  
26 such officer or employee shall be dismissed from office.

27 (f) For the purpose of determining whether a defendant is financially  
28 able to employ legal counsel under the provisions of K.S.A. 22-4504, and  
29 amendments thereto, in all felony cases with appointed counsel where the  
30 defendant's social security number is accessible from the records of the  
31 district court, the court shall electronically provide the defendant's name,  
32 social security number, district court case number and county to the  
33 secretary of revenue in the manner and format agreed to by the office of  
34 judicial administration and the secretary.

35 (g) Nothing in this section shall be construed to allow disclosure of  
36 the amount of income or any particulars set forth or disclosed in any  
37 report, return, federal return or federal return information, where such  
38 disclosure is prohibited by the federal internal revenue code as in effect on  
39 September 1, 1996, and amendments thereto, related federal internal  
40 revenue rules or regulations, or other federal law.

41 ***Sec. 7. K.S.A. 12-5245 is hereby amended to read as follows: 12-***  
42 ***5245. (a) Upon receipt of the approval of the secretary as provided in***  
43 ***subsection ~~(e)~~ of K.S.A. 12-5244(c), and amendments thereto, the***

1 governing body may proceed with the establishment of the district.  
2 Before doing so, the governing body shall adopt a plan for the  
3 development or redevelopment of housing and public facilities in the  
4 proposed district. Such plan may include plans for one or more projects,  
5 and the length of any individual project shall not exceed 25 years.  
6 The plan shall include, but not be limited to, the following:

7 (1) The legal description and map required by ~~subsection (a) of~~  
8 ~~K.S.A. 12-5244(a), and amendments thereto;~~

9 (2) the existing assessed valuation of the real estate in the proposed  
10 district, listing the land and improvement values separately;

11 (3) a list of the names and addresses of the owners of record of all  
12 real estate parcels within the proposed district;

13 (4) a description of the housing and public facilities project or  
14 projects that are proposed to be constructed or improved in the proposed  
15 district, and the location thereof;

16 (5) a listing of the names, addresses and specific interests in real  
17 estate in the proposed district of the developers responsible for  
18 development of the housing and public facilities in the proposed district;

19 (6) the contractual assurances, if any, the governing body has  
20 received from such developer or developers, guaranteeing the financial  
21 feasibility of specific housing tax incentive projects in the proposed  
22 district; and

23 (7) a comprehensive analysis of the feasibility of providing housing  
24 tax incentives in the district, as provided in this act, ~~which~~ that shows the  
25 public benefits derived from such district will exceed the costs and that  
26 the income therefrom, together with other sources of funding, will be  
27 sufficient to pay for the public improvements that may be undertaken in  
28 such district. If other sources of public or private funds are to be used to  
29 finance the improvements, they shall be identified in the analysis.

30 (b) Prior to the adoption of the plan and designation of the district,  
31 the governing body shall adopt a resolution stating that the governing  
32 body is considering such action. The resolution shall provide notice that  
33 a public hearing will be held to consider the adoption of the plan and the  
34 designation of the district and contain the following elements:

35 (1) The date, hour and place of the public hearing;

36 (2) the contents of ~~paragraphs (1) through (4) in subsection (a) of~~  
37 ~~this section~~ (1) through (4);

38 (3) a summary of the contractual assurances by the developer and  
39 comprehensive feasibility analysis; and

40 (4) a statement that the plan is available for inspection at the office  
41 of the clerk of the city or county at normal business hours; and

42 (5) a statement inviting members of the public to review the plan  
43 and attend the public hearing on the date announced in the resolution.

1       (c) *The date fixed for the public hearing shall be not less than 30*  
2 *nor more than 70 days following the date of the adoption of the*  
3 *resolution. The resolution shall be published at least once in the official*  
4 *newspaper of the city or county, with the final publication being not less*  
5 *than one week or more than two weeks preceding the date fixed for the*  
6 *public hearing.*

7       (d) *A certified copy of the resolution shall be delivered to the*  
8 *planning commission of the city or county and the board of education of*  
9 *any school district levying taxes on property within the proposed district.*  
10 *If the resolution is adopted by a city governing body, a certified copy also*  
11 *shall be delivered to the board of county commissioners of the county. If*  
12 *the resolution is adopted by a county governing body, it also shall be*  
13 *delivered to the governing body of any city located within three miles of*  
14 *such proposed district.*

15       Sec. 8. *K.S.A. 2018 Supp. 12-5248 is hereby amended to read as*  
16 *follows: 12-5248. (a) (1) Any city or county—~~which~~ that has established a*  
17 *housing incentive district as provided in this act may issue special*  
18 *obligation bonds to finance the implementation of the plan adopted for*  
19 *the district by the governing body. ~~Such~~ The special obligation bonds*  
20 *shall be made payable, both as to principal and interest:*

21       (A) *From property tax increments allocated to, and paid into a*  
22 *special fund of the city or county under the provisions of ~~subsection (b)~~*  
23 *of K.S.A. 12-5250(b), and amendments thereto;*

24       (B) *from revenues of the city or county derived from or held in*  
25 *connection with the implementation of the project or projects in the*  
26 *district;*

27       (C) *from any private sources, contributions or other financial*  
28 *assistance from the state or federal government;*

29       (D) *from any financial sureties or other guarantees provided by the*  
30 *developer;*

31       (E) *from a pledge of any other lawfully available city or county*  
32 *revenue sources, including, but not limited to: ~~(1)~~ (i) A portion of all*  
33 *increased franchise fees collected from utilities and other businesses*  
34 *using public rights-of-way within the district; or ~~(2)~~ (ii) a portion of the*  
35 *sales and use tax revenues received by the city or county and collected*  
36 *pursuant to K.S.A. 12-187, and amendments thereto; or*

37       (F) *by any combination of these methods.*

38       *The city or county may pledge ~~such~~ the revenue to the repayment of*  
39 *~~such~~ the special obligations bonds prior to, simultaneously with, or*  
40 *subsequent to the issuance of ~~such~~ the special obligation bonds.*

41       (2) *Bonds issued under this subsection shall not be general*  
42 *obligations of the city or county, ~~not~~ nor in any event shall they give rise*  
43 *to a charge against the general credit or taxing powers of the city or*

1 *county, or be payable out of any funds or properties other than any of*  
2 *those set forth in this subsection. ~~Such~~ The bonds shall ~~so~~ state such*  
3 *information on their face.*

4 (3) *The bonds issued under the provisions of this subsection shall*  
5 *be special obligations of the city or county and are declared to be*  
6 *negotiable instruments. The bonds shall be executed by the mayor and*  
7 *clerk of the city or, in the case of counties, by the chairman of the board*  
8 *of county commissioners and clerk of the county, and shall be sealed*  
9 *with the corporate seal of the city or the seal of the county. All details*  
10 *pertaining to the issuance of ~~such~~ the special obligation bonds shall be*  
11 *determined by ordinance of the city or resolution of the county. All*  
12 *special obligation bonds issued pursuant to this act shall be exempt from*  
13 *all state taxes. The special obligation bonds shall contain none of the*  
14 *recitals set forth in K.S.A. 10-112, and amendments thereto. The special*  
15 *obligation bonds shall contain the following recitals, ~~viz.:~~ The authority*  
16 *under which ~~such~~ the special obligation bonds are issued; that they are*  
17 *in conformity with the provisions, restrictions and limitations thereof;*  
18 *and that ~~such~~ the special obligation bonds and the interest thereon are to*  
19 *be paid from the money and revenue received as provided in paragraph*  
20 *(1) of this subsection.*

21 (4) *The maximum maturity on bonds issued to finance projects*  
22 *pursuant to this act shall not exceed ~~15~~ 25 years.*

23 (5) *Any city or county issuing special obligation bonds under the*  
24 *provisions of this act may refund all or part of ~~such~~ the issue pursuant to*  
25 *the provisions of K.S.A. 10-116a, and amendments thereto.*

26 (b) *In the event the city or county shall default in the payment of*  
27 *any special obligation bonds as authorized pursuant to ~~paragraph (1) of~~*  
28 *subsection (a)(1) of this section, and amendments thereto, no public funds*  
29 *shall be used to pay the holders thereof except as otherwise specifically*  
30 *authorized in this act.*

31 (c) *Any and all terms, conditions, exclusions and limitations ~~which~~*  
32 *that are otherwise applicable to bonds issued by authority of K.S.A. 12-*  
33 *1774, and amendments thereto, shall also be applicable to bonds issued*  
34 *pursuant to this section.*

35 Sec. 9. *K.S.A. 12-5250 is hereby amended to read as follows: 12-*  
36 *5250. (a) All taxable tangible property located within a district*  
37 *established in accordance with this act shall be assessed and taxed for ad*  
38 *valorem tax purposes pursuant to law in the same manner that such*  
39 *property would be assessed and taxed if located outside such district, and*  
40 *all ad valorem taxes levied on such property shall be paid to and*  
41 *collected by the county treasurer in the same manner as other taxes are*  
42 *paid and collected. Except as otherwise provided in this section, the*  
43 *county treasurer shall distribute such taxes as may be collected in the*

1 same manner as if such property were located outside the district. Each  
2 district established under the provisions of this act shall constitute a  
3 separate taxing unit for the purpose of the computation and levy of  
4 taxes.

5 (b) *Beginning with the first payment of taxes which that are levied*  
6 *following the date of the approval of any district in accordance with this*  
7 *act, and amendments thereto, real property taxes received by the county*  
8 *treasurer resulting from taxes which are levied subject to the provisions*  
9 *of this act by and for the benefit of a taxing subdivision on property*  
10 *located within such district constituting a separate taxing unit under the*  
11 *provisions of this section, shall be divided as follows:*

12 (1) *From the taxes levied each year subject to the provisions of this*  
13 *act by or for each taxing subdivisions upon property located within a*  
14 *district constituting a separate taxing unit under the provisions of this*  
15 *act, the county treasurer first shall allocate and pay to each such taxing*  
16 *subdivision all of the real property taxes collected which are produced*  
17 *from that portion of the current assessed valuation of such real property*  
18 *located within such separate taxing unit which is equal to the total*  
19 *assessed value of such real property on the date of the establishment of*  
20 *the district.*

21 (2) *Any real property taxes produced from that portion of the*  
22 *current assessed valuation of real property within a district and*  
23 *constituting a separate taxing unit under the provisions of this section in*  
24 *excess of an amount equal to the total assessed value of such real*  
25 *property on the effective date of the establishment of the district shall be*  
26 *allocated and paid by the county treasurer to the treasurer as follows:*

27 (A) *In districts established by a city, the amount shall be paid to the*  
28 *treasurer of the city and deposited in a special fund of the city to pay the*  
29 *cost of housing projects in the district including the payment of principal*  
30 *of and interest on any special obligation bonds issued by such city to*  
31 *finance, in whole or in part, such housing project.*

32 (B) *In districts established by a county, the amount shall be*  
33 *deposited by the county treasurer in a special fund of the county to pay*  
34 *the cost of housing projects in the district including the payment of*  
35 *principal of and interest on any special obligation bonds issued by such*  
36 *county to finance, in whole or in part, such housing project. If such*  
37 *special obligation bonds and interest thereon have been paid before the*  
38 *completion of a project, the city or county may continue to use such*  
39 *moneys for any purpose authorized by this act until such time as the*  
40 *project is completed, but for not to exceed 25 years from the date of*  
41 *the establishment of the district. When such special obligation bonds*  
42 *and interest thereon have been paid and the project is completed, all*  
43 *moneys thereafter received from real property taxes within such district*

1 *shall be allocated and paid to the respective taxing subdivisions in the*  
2 *same manner as are other ad valorem taxes.*

3 *(c) Notwithstanding any other provision of law, it is hereby stated*  
4 *that is an object of all ad valorem taxes levied by or for the benefit of any*  
5 *taxing subdivision on taxable tangible real property located within any*  
6 *district created pursuant to this act, that such taxes may be applied and*  
7 *allocated to and when collected paid into a special fund of a city or*  
8 *county pursuant to the procedures and limitations of this act to pay the*  
9 *cost of a project including principal of and interest on special obligation*  
10 *bonds issued by such city or county to finance, in whole or in part, such*  
11 *project.*

12 ~~Sec. 4-6.~~ 10. *K.S.A. 12-5245 and 12-5250 and K.S.A. 2018 Supp.*  
13 *12-5248, 75-5133 and 79-3234 are hereby repealed.*

14 ~~Sec. 5-7.~~ 11. This act shall take effect and be in force from and after  
15 its publication in the statute book.