

## HOUSE BILL No. 2647

By Committee on Economic Development

1-29

AN ACT concerning bioscience; creating a Kansas bioscience authority and providing for the powers and duties thereof; providing for bioscience development and funding; amending K.S.A. 2003 Supp. 74-8017 and 74-8905 and repealing the existing sections.

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

New Section 1. Sections 1 to 18, inclusive, and amendments thereto, shall be known and may be cited as the bioscience authority act.

New Sec. 2. (a) The legislature of the state of Kansas hereby finds and declares that:

(1) Biosciences develop uses of biochemistry, molecular biology, genetics, biotechnology, bioengineering and life sciences to promote and enhance health care, veterinary medicine, agriculture, forestry, energy, pharmacy, environment and other industries in the state of Kansas;

(2) high-paying jobs and innovative commercial products ensue from the biosciences, which requires an educated workforce with advanced technical skills;

(3) the universities, colleges, nonprofit institutions and private enterprises in the state of Kansas will be able to further educate and train scientists, health care professionals and technicians to provide a supportive environment for bioscience research, development, testing and product commercialization activities through increased targeted investments;

(4) manufacturing, licensing and commercialization of products derived from the biosciences will benefit the state's economy and will facilitate the development of the bioscience industry and associated educational institutions in the state of Kansas;

(5) the mission of the Kansas bioscience authority is to make Kansas the most desirable state in which to conduct, facilitate, support, fund and perform bioscience research, development and commercialization, to make Kansas a national leader in bioscience, to create new jobs, foster economic growth, advance scientific knowledge and improve the quality of life for the citizens of the state of Kansas;

(6) the needs of the citizens of the state of Kansas and the public and private entities engaged in the biosciences will be best served by an independent public authority charged with the mission of facilitating, sup-

1 porting, funding and performing bioscience projects for the benefit of its  
2 citizens to promote the state's research, development and commerciali-  
3 zation objectives.

4 (b) The exercise of the powers permitted by this act are deemed to  
5 be an essential governmental function in matters of public necessity in  
6 the provision of bioscience, education, research, development and  
7 commercialization.

8 New Sec. 3. As used in the bioscience authority act, and amend-  
9 ments thereto, the following words and phrases shall have the following  
10 meanings unless a different meaning clearly appears from the content:

11 (a) "Authority" means the Kansas bioscience authority created by this  
12 act.

13 (b) "Authority employee" means an employee of the authority who  
14 performs services for the authority and whose salary is paid in whole or  
15 in part by the authority. An authority employee will not be considered to  
16 be a state employee, as such term is defined in this act or in any other  
17 statute or regulation.

18 (c) "Bioscience" means the use of compositions, methods and organ-  
19 isms in cellular and molecular research, development and manufacturing  
20 processes for such diverse areas as pharmaceuticals, medical therapeutics,  
21 medical diagnostics, medical devices, medical instruments, biochemistry,  
22 microbiology, veterinary medicine, plant biology, agriculture and indus-  
23 trial, environmental, and homeland security applications of bioscience,  
24 and future developments in the biosciences. Bioscience includes biotech-  
25 nology and life sciences.

26 (d) "Bioscience company" means a corporation, limited liability com-  
27 pany, S corporation, partnership, registered limited liability partnership,  
28 foundation, association, nonprofit entity, sole proprietorship, business  
29 trust, person, group, or other entity that is engaged in the business of  
30 bioscience in the state and has business operations in the state, including,  
31 without limitation, research, development, or production directed to-  
32 wards developing or providing bioscience products or processes for spe-  
33 cific commercial or public purposes and are identified by the following  
34 SIC industry groups or SIC codes (and/or related NAICS codes): 2833  
35 (325411), 2834 (325412), 2835 (325412, 325413), 2836 (325414), 2869  
36 (325193, 325199), 2873 (325311), 2879 (32532), 3821 (339111), 3826  
37 (334516), 384 (339111, 339112, 339113, 334510, 334517), 3851 (339113,  
38 339115), 807 (621511, 621512), 8731 (54171), 8734 (54138, 54194).

39 (e) "Bioscience research" means any original investigation for the ad-  
40 vancement of scientific or technological knowledge of bioscience and any  
41 activity that seeks to utilize, synthesize, or apply existing knowledge, in-  
42 formation or resources to the resolution of a specific problem, question  
43 or issue of bioscience.

1 (f) “Biotechnology” means those fields focusing on technological de-  
2 velopments in such areas as molecular biology, genetic engineering, gen-  
3 omics, proteomics, physiomics, nanotechnology, biodefense, biocomput-  
4 ing and bioinformatics.

5 (g) “Board” means the board of directors of the authority created by  
6 this act.

7 (h) “Bonds” means any bonds, notes, lease certificates of participa-  
8 tion or other evidences of indebtedness, whether or not the interest on  
9 which is subject to federal income taxation, issued by the Kansas devel-  
10 opment finance authority pursuant to K.S.A. 74-8901 *et seq.* and amend-  
11 ments thereto.

12 (i) “Bioscience development and investment fund” means the fund  
13 created by section 22, and amendments thereto.

14 (j) “Eminent scholar” means world-class, distinguished and estab-  
15 lished investigators recognized nationally for their research and garnering  
16 significant funding annually from federal sources. They are noted for their  
17 scientific and entrepreneurial spirit to drive the innovative research that  
18 leads to economic gains and are either members of or likely candidates  
19 for the national academy of sciences or other distinguished academic  
20 organizations.

21 (k) “Kansas technology enterprise corporation” or “KTEC” means  
22 the Kansas technology enterprise corporation created under K.S.A. 74-  
23 8101, and amendments thereto.

24 (l) “Life sciences” means the areas of medical sciences, pharmaceu-  
25 tical sciences, biological sciences, zoology, botany, horticulture, ecology,  
26 toxicology, organic chemistry, physical chemistry, physiology and any fu-  
27 ture advances associated with life sciences.

28 (m) “NAICS” means the north American industry classification  
29 system.

30 (n) “NISTAC” means the national institute for strategic technology  
31 acquisition and commercialization.

32 (o) “President” means the chief executive officer of the authority.

33 (p) “Rising star scholar” means up-and-coming distinguished inves-  
34 tigators growing in their national reputations in their fields, active and  
35 demonstrating leadership in their associated professional societies, and  
36 attracting significant federal research grant support. Rising star scholars  
37 would be likely national academy of science or other distinguished aca-  
38 demic organization candidates in the future.

39 (q) “SIC industry groups” or “SIC codes” means the standard indus-  
40 trial classification system promulgated by the United States department  
41 of labor in the 1987 standard industrial classification manual, as may be  
42 amended or revised from time-to-time.

43 (r) “State” means the state of Kansas.

1 (s) "State employee" means a person employed by the state of Kansas  
2 whether or not a classified or unclassified employee in the state personnel  
3 system. Authority employees shall not be considered state employees, as  
4 such term is defined in this act or in any other statute or rule and  
5 regulation.

6 (t) "Taxpayer" means a person, corporation, limited liability company,  
7 S corporation, partnership, registered limited liability partnership, foun-  
8 dation, association, nonprofit entity, sole proprietorship, business trust,  
9 group or other entity that is subject to the Kansas income tax act K.S.A.  
10 79-3201 *et seq.*, and amendments thereto.

11 (u) "Technology transfer" means, without limitation, assisting with  
12 filing patent applications, executing licenses, paying maintenance fees and  
13 managing the finance, production, sales and marketing of bioscience in-  
14 tellectual property.

15 (v) "This act" means the bioscience authority act.

16 New Sec. 4. (a) There is hereby established a body politic and cor-  
17 porate, with corporate succession, to be known as the Kansas bioscience  
18 authority. The authority shall be an independent instrumentality of the  
19 state. Its exercise of the rights, powers and privileges conferred by this  
20 act shall be deemed and held to be the performance of an essential gov-  
21 ernmental function.

22 (b) In order to accelerate any and all synergy and opportunities for  
23 the growth of the authority, the authority shall be headquartered and  
24 establish its principal operation in the county in the state with the highest  
25 number of bioscience employees associated with bioscience companies  
26 as of the effective date of this act. The exact location of the authority's  
27 headquarters and principal operations in such county shall be at the dis-  
28 cretion of the authority's board.

29 (c) The authority shall be governed by an eleven-member board.  
30 Nine of the members of the board shall be representatives of the general  
31 public who are recognized for outstanding knowledge and leadership in  
32 the fields of finance, business, bioscience, bioscience research, basic re-  
33 search, health care, legal affairs, bioscience manufacturing or product  
34 commercialization, education or government. Of the nine members rep-  
35 resenting the general public who are appointed to the board, five must  
36 be residents of the state. The other two members of the board shall be  
37 ex officio nonvoting members appointed by the Kansas board of regents.

38 (d) Of the nine members representing the general public who will  
39 be appointed to the authority's first board, two shall be appointed by the  
40 governor for a term of office of four years, two shall be appointed by the  
41 speaker of the house of representatives for a term of office of three years,  
42 two shall be appointed by the president of the senate for a term of office  
43 of three years, one shall be appointed by the minority leader of the house

1 of representatives for a term of office of two years, one shall be appointed  
2 by the minority leader of the senate for a term of office of two years, and  
3 one shall be appointed by the Kansas technology enterprise corporation  
4 for a term of office of one year. All members of the board shall be subject  
5 to senate confirmation as provided in K.S.A. 75-4315b and amendments  
6 thereto. Any member of the board whose nomination is subject to con-  
7 firmation during a regular session of the legislature shall be deemed ter-  
8 minated when the senate rejects the nomination. No such termination  
9 shall affect the validity of any action taken by such member of the board  
10 before such termination.

11 (e) Terms of general public members appointed pursuant to this sec-  
12 tion shall expire on March 15. Any general public member of the board  
13 whose term expires and thereafter is reappointed shall be exempt from  
14 the requirements of subsection (f).

15 (f) After the expiration of the terms of the authority's first board,  
16 members other than ex officio members shall be appointed for terms of  
17 four years each, except in the event of a vacancy the appointment shall  
18 be for the remainder of the unexpired portion of the term. Each member  
19 of the board shall hold office for the term of appointment and until a  
20 successor has been confirmed. Any member of the board is eligible for  
21 reappointment, but members of the board shall not be eligible to serve  
22 more than three consecutive four-year terms.

23 (g) When a vacancy occurs or is announced regarding a member or  
24 members of the board representing the general public, the nominating  
25 committee of the board, after receiving input from the board and con-  
26 ferring with the board, shall assemble a slate of not less than two nor  
27 more than three persons for each vacancy and shall forward each slate to  
28 the governor. The governor shall appoint one member to the board from  
29 each slate and shall forward each appointment to the senate for confir-  
30 mation as provided in K.S.A. 75-4315b and amendments thereto. Except  
31 as provided by K.S.A. 2003 Supp. 46-2601 and amendments thereto, no  
32 person appointed to the board shall exercise any power, duty or function  
33 as a member of the board until confirmed by the senate. In case of a  
34 vacancy when the senate is not in session, the governor may make a  
35 temporary appointment to the board until the next meeting of the senate.  
36 Any person who is temporarily appointed by the governor to the board  
37 shall have all of the powers, duties and functions as a member of the  
38 board during such temporary appointment.

39 (h) The terms of members of the board serving by virtue of their  
40 office shall expire immediately upon termination of their holding such  
41 office.

42 (i) The board annually shall elect one of their number as chairperson  
43 and at least one other as vice-chairperson. The board also shall elect a

1 secretary and treasurer for terms to be determined by the board. The  
2 board may elect the same person to serve as both secretary and treasurer.  
3 The board shall establish an executive committee, nominating committee  
4 and other standing or special committees, and prescribe their duties and  
5 powers. Any executive committee of the board may exercise all such pow-  
6 ers and duties of the board as the board may delegate.

7 (j) Members of the board shall serve without compensation. Mem-  
8 bers of the board attending meetings of the board, or attending a sub-  
9 committee meeting thereof that is authorized by the board, shall be paid  
10 mileage and all other applicable expenses, provided such expenses are  
11 consistent with policies established from time-to-time by the board and  
12 as required by subsection (k).

13 (k) No part of the funds of the authority shall inure to the benefit of,  
14 or be distributed to, its employees, officers or members of the board,  
15 except that the authority may make reasonable payments for expenses  
16 incurred on its behalf relating to any of its lawful purposes and the au-  
17 thority shall be authorized and empowered to pay reasonable compen-  
18 sation for services rendered to or for its benefit relating to any of its lawful  
19 purposes, including to pay its employees reasonable compensation.

20 (l) Any member of the board other than an ex officio member may  
21 be removed by an affirmative vote by seven members of the board for  
22 malfeasance or misfeasance in office, regularly failing to attend meetings,  
23 or for any cause which renders the member incapable of or unfit to dis-  
24 charge the duties of director.

25 (m) The board shall meet at least four times per year and at such  
26 other times as it deems appropriate, or upon call by the president or the  
27 chairperson, or upon written request of a majority of the directors of the  
28 board. The board may adopt, repeal and amend such rules, procedures  
29 and bylaws, not contrary to law or inconsistent with this act, as it deems  
30 expedient for its own governance and for the governance and manage-  
31 ment of the authority. A majority of the total voting membership of the  
32 board shall constitute a quorum for meetings. The board may act by a  
33 majority of those at any meeting where a quorum is present, except upon  
34 such issues as the board may determine shall require a vote of six mem-  
35 bers of the board for approval. The board shall meet for the initial meeting  
36 upon call by the member of the board for the Kansas technology enter-  
37 prise corporation, who shall act as temporary chairperson until officers of  
38 the board are elected pursuant to subsection (i).

39 (n) The board shall appoint a president who shall serve at the pleasure  
40 of the board. The president shall serve as the chief executive officer of  
41 the authority. The president's salary shall be set by the board. The board  
42 may negotiate and enter into an employment agreement with the indi-  
43 vidual selected as president of the authority, which may provide for com-

1 pension allowances, benefits and expenses as may be included in such  
2 agreement. The president shall direct and supervise administrative affairs  
3 and the general management of the authority. The president, as a mem-  
4 ber of the board, may not vote on the president's salary as president.

5 (o) The board may provide supplemental benefits to the president  
6 and other authority employees designated by the board in addition to the  
7 benefits provided under this act.

8 (p) The authority shall continue until terminated by law, except that  
9 no such law shall take effect so long as the authority has bonds outstand-  
10 ing, unless adequate provision has been made for the payment or retire-  
11 ment of such debts or obligations. Upon any such dissolution of the au-  
12 thority, all property, funds and assets thereof shall be vested in the state,  
13 university of Kansas, Kansas state university or other state university or  
14 college as designated by the board, or any other public institute or private  
15 enterprise engaged in the business of bioscience, or any combination  
16 thereof, as designated by the board and approved by act of the legislature.

17 New Sec. 5. (a) The board shall establish an executive committee of  
18 the authority, to be composed of the chairperson, the vice-chairperson,  
19 the secretary and two additional members of the board to be chosen by  
20 the chairperson from the remaining directors.

21 (b) The executive committee, in intervals between meetings of the  
22 board, may transact any business of the board that has been delegated to  
23 the executive committee.

24 New Sec. 6. (a) All resolutions and orders of the board shall be re-  
25 corded and authenticated by the signature of the secretary or any assistant  
26 secretary of the board. The book of resolutions, orders, minutes of open  
27 meetings, annual reports and annual financial statements of the authority  
28 shall be public records as defined by K.S.A. 45-215 *et seq.* and amend-  
29 ments thereto. All public records shall be subject to regular audit as pro-  
30 vided in K.S.A. 46-1106 and amendments thereto.

31 (b) (1) Notwithstanding any provision of K.S.A. 45-215 *et seq.* and  
32 amendments thereto to the contrary, the following records of the au-  
33 thority shall not be subject to the provisions of the Kansas open records  
34 act, when in the opinion of the board, the disclosure of the information  
35 in the records would be harmful to the competitive position of the  
36 authority:

37 (A) Proprietary information gathered by or in the possession of the  
38 authority from third parties pursuant to a promise of confidentiality;

39 (B) contract cost estimates prepared for confidential use in awarding  
40 contracts for research development, construction, renovation, commer-  
41 cialization or the purchase of goods or services; and

42 (C) data, records or information of a proprietary nature produced or  
43 collected by or for the authority, its employees, officers or members of

1 its board; financial statements not publicly available that may be filed with  
2 the authority from third parties; the identity, accounts or account status  
3 of any customer of the authority; consulting or other reports paid for by  
4 the authority to assist the authority in connection with its strategic plan-  
5 ning and goals; and the determination of marketing and operational strat-  
6 egies where disclosure of such strategies would be harmful to the com-  
7 petitive position of the authority.

8 (2) The provisions of this subsection shall expire on July 1, 2009. Prior  
9 to such date the legislature shall review the provisions of this subsection.

10 (c) Notwithstanding any provision of this section to the contrary, the  
11 authority may claim the benefit of any other exemption to the Kansas  
12 open records act listed in K.S.A. 45-215 *et seq.* and amendments thereto.

13 New Sec. 7. (a) No business of the board shall be transacted except  
14 at a regular or special meeting at which a quorum consisting of at least a  
15 majority of the total voting membership of the board is present. Any  
16 action of the board shall require the affirmative vote of a majority of those  
17 at any meeting of the board at which a quorum is present.

18 (b) Notwithstanding any provision of K.S.A. 75-4317 *et seq.* and  
19 amendments thereto, in the case of the authority, discussion, considera-  
20 tion and action on any of the following may occur in executive session,  
21 when in the opinion of the board, disclosure of the items would be harm-  
22 ful to the competitive position of the authority:

23 (1) Plans that could affect the value of property, real or personal,  
24 owned or desirable for ownership by the authority;

25 (2) the condition, acquisition, use or disposition of real or personal  
26 property; or

27 (3) contracts for bioscience research, bioscience product manufac-  
28 turing or commercialization, construction and renovation of bioscience  
29 facilities and marketing or operational strategies.

30 (c) Notwithstanding any provision of this section to the contrary, the  
31 authority may claim the benefit of any other exemption to the Kansas  
32 open meetings act listed in K.S.A. 75-4317 *et seq.* and amendments  
33 thereto.

34 New Sec. 8. (a) Any member of the board and any employee, other  
35 agent or advisor of the authority, who has a direct or indirect interest in  
36 any contract or transaction with the authority, shall disclose this interest  
37 to the authority in writing. This interest shall be set forth in the minutes  
38 of the authority, and no director, officer, employee, other agent or advisor  
39 having such interest shall participate on behalf of the authority in the  
40 authorization of any such contract or transaction; except that, the provi-  
41 sions of this section shall not be construed to prohibit any employee of  
42 the university of Kansas, Kansas state university, other state universities  
43 or colleges, or any public institute or private enterprise engaged in the



1 business of bioscience who is a member of the board, who has no personal  
2 interest, from voting on the authorization of any such contract or trans-  
3 action between the authority and such employee's employer.

4 (b) All members of the board shall file a written statement pursuant  
5 to K.S.A. 46-247 *et seq.* and amendments thereto, regarding any substan-  
6 tial interests, within the meaning of K.S.A. 46-229 and amendments  
7 thereto, that each director may hold. Any employee, other agent or ad-  
8 visor of the authority who has a substantial interest in any contract or  
9 transaction with the authority within the meaning of K.S.A. 46-229 and  
10 amendments thereto, shall file a written statement of substantial interest  
11 pursuant to K.S.A. 46-247 *et seq.* and amendments thereto.

12 New Sec. 9. (a) The authority shall have all of the powers necessary  
13 to carry out the purposes and provisions of this act, including, without  
14 limitation, the following powers to:

15 (1) Make, amend and repeal bylaws, rules and regulations for the  
16 management of its affairs;

17 (2) have the duties, privileges, immunities, rights, liabilities and dis-  
18 abilities of a body politic and corporate and independent instrumentality  
19 of the state;

20 (3) have perpetual existence and succession;

21 (4) adopt, have and use a seal and to alter the same at its pleasure;

22 (5) sue and be sued in its own name;

23 (6) work with state universities to identify and recruit eminent schol-  
24 ars and rising star scholars who shall become employed by state univer-  
25 sities or the authority, or both, to perform bioscience research, develop-  
26 ment and commercialization at state university campuses or at authority  
27 facilities, or both;

28 (7) transfer funds to state universities in amounts to be determined  
29 by the board for the purpose of attracting and then supplementing the  
30 compensation of eminent scholars and rising star scholars;

31 (8) work with and collaborate with state universities to determine the  
32 types of bioscience research that will be conducted by eminent scholars  
33 and rising star scholars;

34 (9) work with state universities to determine the types of facilities  
35 that may be constructed at state university campuses or at authority prem-  
36 ises, or elsewhere, for eminent scholars and rising star scholars to perform  
37 bioscience research and development;

38 (10) employ personnel to assist or complement the research of emi-  
39 nent scholars and rising star scholars;

40 (11) establish policies and procedures to facilitate integrated biosci-  
41 ence research activities by the authority and state universities;

42 (12) make and execute contracts, guarantees or any other instruments  
43 and agreements necessary or convenient for the exercise of its powers

1 and functions including, without limitation, to make and execute contracts  
2 with bioscience enterprises, including start-up companies, other public  
3 and private persons and entities, health care businesses, state universities  
4 and colleges, and to incur liabilities and secure the obligations of any  
5 entity or individual;

6 (13) partner with the state universities and colleges; and private en-  
7 terprises engaged in the business of biosciences in the state, to provide  
8 matching funds for federal grants;

9 (14) borrow money and to pledge all or any part of the authority's  
10 assets therefore;

11 (15) purchase, lease, trade, exchange or otherwise acquire, maintain,  
12 hold, improve, mortgage, sell and dispose of personal property, whether  
13 tangible or intangible, and any interest therein; and to purchase, lease,  
14 trade, exchange or otherwise acquire real property or any interest therein,  
15 and to maintain, hold, improve, mortgage, sell, lease and otherwise trans-  
16 fer such real property to the universities, colleges, public institutions and  
17 private enterprises in the state, so long as such transactions do not conflict  
18 with the mission of the authority as specified in this act;

19 (16) own, acquire, construct, renovate, equip, improve, operate,  
20 maintain, sell or lease any land, buildings or facilities in the state that can  
21 be used in researching, developing, sponsoring or commercializing bio-  
22 science in the state including, without limitation, a state-of-the-art facility,  
23 laboratory or commercial wet lab space incubator to be used by the au-  
24 thority, and also to be made available for use by state universities or  
25 bioscience companies for bioscience research, commercialization and  
26 technology transfer of bioscience products, processes and other intellec-  
27 tual property in accordance with the provisions of this act;

28 (17) incur or assume indebtedness to, and enter into contracts with  
29 the Kansas development finance authority, which is authorized to borrow  
30 money, issue bonds and provide financing for the authority;

31 (18) develop policies and procedures generally applicable to the pro-  
32 curement of goods, services and construction, based upon sound business  
33 practices;

34 (19) solicit, study and assist in the preparation of business plans and  
35 proposals of new or established businesses to advance the biosciences in  
36 the state;

37 (20) own and possess patents, copyrights, trademarks and proprietary  
38 technology and to enter into contracts for the purposes of commercial-  
39 izing and establishing charges for the use of such patents, copyrights,  
40 trademarks and proprietary technology involving bioscience;

41 (21) contract for and to accept any gifts, grants and loans of funds,  
42 property or any other aid in any form from the federal government, the  
43 state, any state agency or any other source, or any combination thereof,

1 and to comply with the provisions of the terms and conditions thereof;

2 (22) acquire space, equipment, services, supplies and insurance nec-  
3 essary to carry out the purposes of this act;

4 (23) deposit any moneys of the authority in any banking institution  
5 within or without the state or in any depository authorized to receive such  
6 deposits, one or more persons to act as custodians of the moneys of the  
7 authority;

8 (24) procure such insurance, participate in such insurance plans or  
9 provide such self-insurance or both as it deems necessary or convenient  
10 to carry out the purposes and provisions of this act; the purchase of in-  
11 surance, participation in an insurance plan or creation of a self-insurance  
12 fund by the authority shall not be deemed as a waiver or relinquishment  
13 of any sovereign immunity to which the authority or its officers, directors,  
14 employees or agents are otherwise entitled;

15 (25) appoint, supervise and set the salary and compensation of the  
16 president, who shall be appointed by and serve at the pleasure of the  
17 board;

18 (26) fix, revise, charge and collect rates, rentals, fees and other  
19 charges for the services or facilities furnished by or on behalf of the au-  
20 thority, and to establish policies and procedures regarding any such serv-  
21 ice rendered for the use, occupancy or operation of any such facility; such  
22 charges and policies and procedures not to be subject to supervision or  
23 regulation by any commission, board, bureau or agency of the state; and

24 (27) do any and all things necessary or convenient to carry out the  
25 authority's purposes and exercise the powers given in this act.

26 (b) The authority may create, own in whole or in part, or otherwise  
27 acquire or dispose of any entity organized for a purpose related to or in  
28 support of the mission of the authority.

29 (c) The authority may participate in joint ventures and collaborate  
30 with any taxpayer, governmental body or agency, insurer, university and  
31 college of the state, or any other entity to facilitate any activities or pro-  
32 grams consistent with the purpose and intent of this act.

33 (d) The authority may create a nonprofit entity or entities for the  
34 purpose of soliciting, accepting and administering grants, outright gifts  
35 and bequests, endowment gifts and bequests, and gifts and bequests in  
36 trust, which entity or entities shall not engage in trust business.

37 (e) In carrying out any activities authorized by this act, the authority  
38 may provide appropriate assistance, including the making of loans and  
39 providing time of employees, to any taxpayer, governmental body or  
40 agency, insurer, university and college of the state, or any other entity,  
41 whether or not any such taxpayer, governmental body or agency, insurer,  
42 university and college of the state, or any other entity is owned or con-  
43 trolled in whole or in part, directly or indirectly, by the authority.

1 (f) Notwithstanding any provision of law to the contrary, the authority  
2 may, on an independent basis for itself or from time-to-time through a  
3 contractual relationship with KTEC, invest the funds received from gifts,  
4 grants, donations and other operations of the authority in such invest-  
5 ments as would be lawful for a private corporation having purposes similar  
6 to the authority including preseed, seed capital and venture capital funds  
7 whose purpose is to commercialize bioscience intellectual property, and  
8 in any obligations or securities as authorized by the board. The board  
9 shall adopt written investment guidelines.

10 (g) Except as provided in this act, all moneys earned or received by  
11 the authority, including all funds derived from the commercialization of  
12 bioscience products by the authority, or any affiliate or subsidiary thereof,  
13 or from the Kansas bioscience development and investment fund, shall  
14 belong exclusively to the authority.

15 (h) In accordance with subsection (i) below, the authority shall over-  
16 see the commercialization of bioscience intellectual property created by  
17 eminent scholars and rising star scholars who are employed by state uni-  
18 versities or the authority, or both. In the event of bioscience discoveries  
19 by such eminent scholars or rising star scholars for which the state uni-  
20 versity desires to explore the potential commercialization opportunities  
21 and technology transfer, the state university must notify the authority in  
22 writing of such plans. The authority shall have a reasonable period of time  
23 to evaluate whether it desires to participate in such commercialization  
24 opportunities or technology transfer. The authority must notify the state  
25 university in writing within a reasonable period of time if it desires to so  
26 participate in such commercialization opportunities and technology trans-  
27 fer. The authority and state university shall then negotiate and enter into  
28 a written agreement that sets forth the rights and responsibilities of each  
29 party, including the financial terms and assumptions of risks. Notwith-  
30 standing any provision of law or policy of any state university or the Kansas  
31 board of regents to the contrary, the agreement between the authority  
32 and the state university shall prevail and govern the terms of revenue  
33 sharing, cost sharing, ownership and licensure of bioscience intellectual  
34 property that is created by eminent scholars or rising star scholars who  
35 are employed by the state universities or the authority, or both.

36 (i) During the first five years after the effective date of this act, the  
37 authority may contract with KTEC, which will be able to subcontract with  
38 appropriate third parties as it deems necessary and appropriate, including,  
39 without limitation, NISTAC, for the initial commercialization efforts for  
40 bioscience intellectual property, including, without limitation, corporate  
41 patent donations. The contract between the authority and KTEC must  
42 be negotiated between the authority and KTEC and will set forth the  
43 rights and responsibilities of each party, including the financial terms,

1 payment of funds for personnel, assumptions of risks, technology transfer  
2 and terms of ownership and licensure of such bioscience intellectual prop-  
3 erty. The contract between the authority and KTEC must also set forth  
4 the authority's right, if any, to sell, license, contribute or provide its con-  
5 tractual share of bioscience intellectual property to any third party, or  
6 provide services, facilities or assistance to any third party, for a fee, for  
7 an ownership interest in the third party, or other consideration, so as to  
8 commercialize bioscience technology. After the five-year period from the  
9 effective date of this act, the authority may independently commercialize  
10 or enter into contracts with third parties for the commercialization of  
11 bioscience intellectual property and for technology transfer. The authority  
12 will take steps to reasonably ensure that it does not duplicate existing  
13 commercialization efforts already located in the state and recognizes the  
14 important role KTEC plays in the state. After the five-year period from  
15 the effective date of this act, the authority may sell, license, contribute  
16 or provide bioscience intellectual property to any third party, or provide  
17 services, facilities or assistance to any third party, for a fee, for an own-  
18 ership interest in the third party, or other consideration, so as to com-  
19 mercialize bioscience technology. The authority may take all such actions  
20 necessary to commercialize any technology in which the authority has an  
21 interest.

22 (j) For the five-year period following the effective date of this act,  
23 the authority may transfer funds to KTEC for the operation and man-  
24 agement of authority-owned facilities, including, without limitation, funds  
25 for KTEC to employ the personnel necessary to assist the authority, the  
26 exact amount of such transfer to be negotiated between the authority and  
27 KTEC. After consulting with and in accordance with recommendations  
28 by the board, KTEC may use such funds to identify, recruit and employ  
29 personnel who will perform management and other services at such au-  
30 thority-owned facilities.

31 (k) During the five-year period after the effective date of this act, the  
32 authority shall contract with KTEC at least once a year for KTEC to  
33 submit a report to the board identifying all patents secured, licenses  
34 granted, the number of eminent scholars and rising star scholars in the  
35 state, a complete accounting of interests in technology sold, transferred,  
36 licensed or otherwise disposed of, including, without limitation, the  
37 names of buyers, the buyers' location, the date the technology was trans-  
38 ferred, revenue generated by the transfer of such technology, and any  
39 other information that the board deems appropriate. After the five-year  
40 period from the effective date of this act, on at least an annual basis, the  
41 authority shall conduct, either independently or through a contract with  
42 a third party, including KTEC if chosen by the authority, a report of the  
43 foregoing information to be submitted to the board.

1 (l) The authority shall prepare an annual report to the legislature and  
2 the governor on all distributions from the emerging industry investment  
3 fund pursuant to the provisions of the emerging industry investment act  
4 and income, investment and income tax credits and exemptions pursuant  
5 to the bioscience tax investment incentive act. The authority shall prepare  
6 an annual report summarizing the growth of bioscience research and in-  
7 dustry in Kansas.

8 New Sec. 10. (a) (1) The Kansas development finance authority is  
9 hereby authorized to issue bonds on behalf of the authority in such prin-  
10 cipal amounts as the board decides are necessary to provide sufficient  
11 funds for achieving any of the authority's purposes under this act, includ-  
12 ing the payment of interest on bonds of the authority, the establishment  
13 of reserves to secure such bonds, refunding any outstanding bonds and  
14 all other expenditures of the authority incident to and necessary or con-  
15 venient to carry out its purposes and powers under this act.

16 (2) Except as may otherwise be expressly provided by the board,  
17 every issue of the authority's bonds shall be obligations of the authority  
18 payable out of any revenues or moneys of the authority, subject only to  
19 any agreements with the holders of particular bonds pledging any partic-  
20 ular revenues.

21 (b) Except as otherwise provided in this act, bonds issued by the  
22 Kansas development finance authority under authority of this act shall be  
23 subject to the provisions of K.S.A. 74-8901 *et seq.* and amendments  
24 thereto.

25 (c) Any resolution by the board authorizing any bonds or any issue  
26 thereof by the Kansas development finance authority may contain such  
27 provisions as deemed appropriate by the board for the purpose of carrying  
28 out the authority's purposes under this act and securing such bonds,  
29 which shall be a part of the contract with the holders thereof, including,  
30 without limitation:

31 (1) Pledging all or any part of the revenues of the authority to secure  
32 the payment of the bonds or of any issue thereof, subject to such agree-  
33 ments with bondholders as may then exist;

34 (2) pledging all or any part of the assets of the authority to secure the  
35 payment of the bonds or of any issue of bonds, subject to such agreements  
36 with bondholders as may then exist, such assets to include any grant or  
37 contribution from the Federal government or any corporation, associa-  
38 tion, institution or person;

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

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

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

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

8 (7) limitations on the amount of moneys to be expended by the au-  
9 thority for operating expenses of the authority;

10 (8) vesting in a trustee such property, rights, powers and duties in  
11 trust as the board may determine, which may include any or all of the  
12 rights, powers and duties of the trustee appointed by the bondholders  
13 pursuant to this act, and limiting or abrogating the right of the bond-  
14 holders to appoint a trustee under this act or limiting the rights, powers  
15 and duties of such trustee;

16 (9) defining the acts or omissions to act which shall constitute a de-  
17 fault in the obligations and duties of the authority to the holders of the  
18 bonds and providing for the rights and remedies of the holders of the  
19 bonds in the event of such default, including as a matter of right the  
20 appointment of a receiver, except that such rights and remedies shall not  
21 be inconsistent with the general laws of the state and the other provisions  
22 of this act; and

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

25 (d) Any of the provisions relating to any bonds described in this sec-  
26 tion may be set forth in a trust indenture authorized by a resolution of  
27 the board.

28 (e) The bonds of each issue may, in the discretion of the board, be  
29 made redeemable before maturity at such prices and under such terms  
30 and conditions as may be determined by the board. Bonds shall mature  
31 at such time, not exceeding 30 years from their date of issue, as may be  
32 determined by the board. The bonds may be issued as serial bonds pay-  
33 able in annual installments or as term bonds or as a combination thereof.  
34 The bonds shall bear interest at such rate either fixed or variable, be in  
35 such denominations, be in such form, either coupon or registered, carry  
36 such registration privileges, be executed in such manner, be payable in  
37 such medium of payment and at such place, and be subject to such terms  
38 of redemption as provided in the resolution of trust indenture. The bonds  
39 of the authority may be sold by the authority, at public or private sale, at  
40 such price as the board shall determine.

41 (f) In case any director whose signature or a facsimile of whose sig-  
42 nature appears on any bonds or coupons attached thereto ceases to be a  
43 director before the delivery thereof, such signature or such facsimile shall

1 nevertheless be valid and sufficient for all purposes as if such director  
2 had remained in office until such delivery. The board may also provide  
3 for the authentication of the bonds by a trustee or fiscal agent.

4 (g) Before the preparation of definitive bonds, the Kansas develop-  
5 ment finance authority may issue interim receipts or temporary bonds  
6 until such definitive bonds have been executed and are available for  
7 delivery.

8 (h) The authority, subject to such agreements with bondholders as  
9 may then exist, may purchase bonds of the authority, which shall there-  
10 upon be canceled at a price not exceeding:

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

13 (2) If the bonds are not then redeemable, the redemption price ap-  
14 plicable on the first date after such purchase upon which the bonds be-  
15 come subject to redemption plus accrued interest to such date.

16 (i) In the discretion of the board, the bonds may be secured by a trust  
17 indenture by and between the authority and a corporate trustee, which  
18 may be any trust company or bank having the power of a trust company  
19 within or without the state. Such trust indenture may contain provisions  
20 to protect and enforce the rights and remedies of the bondholders as may  
21 be reasonable and proper and not in violation of law, including covenants  
22 setting forth the duties of the authority in relation to the exercise of its  
23 powers and the custody, safeguarding and application of all moneys. The  
24 board may provide by such trust indenture for the payment of the pro-  
25 ceeds of the bonds and the revenues to the trustee under such trust  
26 indenture or other depository and for the method of disbursement  
27 thereof, with such safeguards and restrictions as it may determine. All  
28 expenses incurred in carrying out such trust indenture may be treated as  
29 a part of the operating expenses of the authority.

30 (j) Any bonds issued pursuant to this section, and the income there-  
31 from (including any profit from the sale thereof) shall at all times be free  
32 from taxation by the state or any agency, political subdivision or instru-  
33 mentality of the state.

34 (k) Any holder of bonds issued under the provisions of this act, or  
35 any coupons relating thereto and the trustee under any trust agreement  
36 or resolution authorizing the issuance of such bonds, except the rights  
37 under this act may be restricted by such trust agreement or resolution,  
38 may, either at law or in equity by suit, action, mandamus or other pro-  
39 ceeding, protect and enforce any and all rights under the laws of the state  
40 or granted under this act or under such agreement or resolution, or under  
41 any other contract executed by the board pursuant to this act, and may  
42 enforce and compel the performance of all duties required by this act or  
43 by such trust agreement or resolution to be performed by the authority



1 or by a director thereof.

2 (l) Notwithstanding any of the foregoing provisions of this act or any  
3 recitals in any bonds issued under the provisions of this act, all such bonds  
4 and interest coupons relating thereto shall be negotiable instruments un-  
5 der the laws of the state, subject only to any applicable provisions for  
6 registration.

7 (m) Bonds issued under the provisions of this act are hereby made  
8 securities in which all insurance companies, trust companies, banking  
9 associations, savings and loan associations, investment companies, exec-  
10 utors, administrators, trustees and other fiduciaries may properly and le-  
11 gally invest funds, including capital in their control or belonging to them.  
12 Such bonds are hereby made securities which may properly and legally  
13 be deposited with and received by any state or municipal officer or any  
14 agency or political subdivision of the state for any purpose for which the  
15 deposit of bonds or obligations of the state is authorized by law.

16 (n) Neither the state nor the Kansas development finance authority  
17 shall be liable for bonds of the authority, and such bonds shall not con-  
18 stitute a debt of the state. The bonds shall contain on the face thereof a  
19 statement to such effect.

20 (o) Neither the members of the board nor the members of the board  
21 of directors of the Kansas development finance authority shall be person-  
22 ally liable for such bonds by reason of the execution or issuance thereof.

23 (p) The authority shall submit to the governor and the state legisla-  
24 ture within six months after the end of the fiscal year a report which shall  
25 set forth a complete and detailed operating and financial statement of the  
26 authority during such fiscal year. Also included in the report shall be  
27 comprehensive information regarding all audit reports performed in such  
28 year including any legislative post audit report performed under K.S.A.  
29 46-1106 *et seq.* and amendments thereto, and any recommendations with  
30 reference to additional legislation or other action that may be necessary  
31 to carry out the purposes of the authority.

32 (q) The state does hereby pledge to and agree with the holders of  
33 any bonds issued under this act that the state will not limit or alter the  
34 rights hereby vested in the authority to fulfill the terms of any agreements  
35 made with the such holders thereof or in any way impair the rights and  
36 remedies of such holders until such bonds, together with the interest  
37 thereon, with interest on any unpaid installments of interest, and all costs  
38 and expenses in connection with any action or proceeding by or on behalf  
39 of such holders are fully met and discharged. The authority is authorized  
40 to include this pledge and agreement of the state in any agreement with  
41 the holders of such bonds.

42 (r) Nothing in this act shall be construed as a restriction or limitation  
43 upon any other powers that the authority might otherwise have under

1 any other law of the state, and this act is cumulative to any such powers.  
2 This act does and shall be construed to provide a complete, additional  
3 and alternative method for the doing of the things authorized thereby  
4 and shall be regarded as supplemental and additional to powers conferred  
5 by other laws. The issuance of bonds under the provisions of this act,  
6 however, need not comply with the requirements of any other state law  
7 applicable to the issuance of bonds. No proceedings, notice or approval  
8 shall be required for the issuance of any bonds or any instrument as  
9 security therefor, except as is provided in this act.

10 (s) Any of the provisions relating to bonds described in this section  
11 may be included in any contracts between the authority and the Kansas  
12 development finance authority relating to obligations of the Kansas de-  
13 velopment finance authority issued on behalf of the authority.

14 New Sec. 11. (a) The authority may employ such employees as it may  
15 require and upon such terms and conditions as it may establish. The  
16 authority shall establish personnel, payroll, benefit and other such systems  
17 as authorized by the board, such systems to be initially established or  
18 contracted as designated by the board. The authority shall determine the  
19 qualifications and duties of its employees. The board shall develop and  
20 adopt policies and procedures that will afford its employees grievance  
21 rights, ensure that employment decisions shall be based upon merit and  
22 fitness of applicants and shall prohibit discrimination because of race,  
23 religion, color, sex or national origin.

24 (b) Nothing in this act or any act of which it is amendatory shall be  
25 construed as placing any officer or employee of the authority or member  
26 of the board in the classified or the unclassified service under the Kansas  
27 civil service act.

28 (c) The authority is authorized to establish a health insurance plan  
29 for the benefit of its employees.

30 New Sec. 12. The authority shall be exempt from any general ad  
31 valorem taxes upon any property of the authority acquired and used for  
32 its public purposes, and from any taxes or assessments upon any projects  
33 or upon any operations of the authority or the income therefrom, and  
34 from any taxes or assessments upon any project or any property or local  
35 obligation acquired or used by the authority under the provisions of this  
36 act or upon the income therefrom. Purchases by the authority to be used  
37 for its public purposes shall not be subject to sales or use tax under K.S.A.  
38 79-3601 *et seq.*, K.S.A. 79-3701 *et seq.* and subsection (b) of K.S.A. 79-  
39 3606 *et seq.* and amendments thereto. The exemptions hereby granted  
40 shall not extend to persons or entities conducting business on the au-  
41 thority's property for which payment of state and local taxes would oth-  
42 erwise be required.

43 New Sec. 13. Notwithstanding any other provision of law to the con-

1 trary, the authority, its officers, directors, employees and agents shall be  
2 subject to and covered by the Kansas tort claims act K.S.A. 75-6101 *et*  
3 *seq.* and amendments thereto.

4 New Sec. 14. This act shall be liberally construed. Nothing contained  
5 herein is or shall be construed as a restriction or limitation upon any  
6 powers that the authority might otherwise have under other law of this  
7 state, and the provisions of this act are cumulative to such powers. The  
8 provisions hereof do and shall be construed to provide a complete, ad-  
9 ditional and alternative method for the doing of the things authorized and  
10 shall be regarded as supplemental and additional to any other laws. In-  
11 sofar as the provisions of this act are inconsistent with the provisions of  
12 any other law, general, specific or local, the provisions of this act shall be  
13 controlling.

14 New Sec. 15. Nothing in this act should be construed as allowing the  
15 board to sell the authority or substantially all of the assets of the authority,  
16 or to merge the authority with another institution, without prior legislative  
17 authorization by statute.

18 New Sec. 16. (a) Notwithstanding any state laws or regulations to the  
19 contrary, the authority shall not be subject to any further process or pro-  
20 cedure that requires the submission, review or approval to any capital  
21 project. The authority shall ensure that nationally recognized fire preven-  
22 tion code and life safety inspections under K.S.A. 31-132 *et seq.* and  
23 amendments thereto, of any capital project are conducted and that such  
24 projects are inspected by the state fire marshal, or the state fire marshal's  
25 designee, prior to certification for building occupancy.

26 (b) The authority shall not be subject to any county and local building  
27 codes.

28 New Sec. 17. The authority is exempt from the provisions of K.S.A.  
29 12-1675 through 12-1677, 45-401 through 45-413, 75-1250 through 75-  
30 1270, 75-2925 through 75-2975, 75-3701 through 75- 37,119, 75-4363,  
31 75-4701 through 75-4744, and 77-501 through 77-550 and K.S.A. 75-4362  
32 and amendments thereto.

33 New Sec. 18. The authority may, at the election of the board, affiliate  
34 with the Kansas public employees retirement system with respect to any  
35 or all employees employed by the authority on or after the effective date  
36 of this act, in accordance with the provisions of K.S.A. 74-4910 and  
37 amendments thereto. The authority may, at the election of the board,  
38 adopt, in accordance with requirements of the federal internal revenue  
39 code, a retirement plan or plans sponsored by the authority with respect  
40 to employees employed by the authority on or after the effective date of  
41 this act. The authority may, at the discretion of the board, provide death  
42 and disability benefits as provided in K.S.A. 74-4927a and 74-4927g and  
43 amendments thereto.

1 New Sec. 19. Sections 19 to 22, inclusive, and amendments thereto,  
2 shall be known and may be cited as the emerging industry investment  
3 act.

4 New Sec. 20. The purpose of the emerging industry investment act  
5 is to foster the growth of the bioscience in Kansas, to make Kansas a  
6 national leader in bioscience, and to make Kansas a desirable location for  
7 bioscience entities to locate and grow. In so doing, the emerging industry  
8 investment act will foster employment, encourage research and devel-  
9 opment, investment in real property and improvements, investment in  
10 equipment and supplies, the employment of eminent scholars and rising  
11 star scholars by the state universities and the Kansas bioscience authority,  
12 or both, and will lead to bioscience discoveries and products.

13 New Sec. 21. As used in sections 19 to 22, inclusive, and amend-  
14 ments thereto, the following words and phrases have the following mean-  
15 ings unless a different meaning clearly appears from the content:

16 (a) “Authority” means the Kansas bioscience authority as created by  
17 section 4, and amendments thereto.

18 (b) “Base year taxation” means the 2004 taxes payable by all biosci-  
19 ence companies and bioscience research institutions currently located in  
20 or operating in the state, and for bioscience companies which locate in  
21 the state or commence operating in the state after the effective date of  
22 this act, the taxes payable in the year immediately preceding their location  
23 in the state or their commencement of operations in the state.

24 (c) “Bioscience” means the use of compositions, methods and organ-  
25 isms in cellular and molecular research, development and manufacturing  
26 processes for such diverse areas as pharmaceuticals, medical therapeutics,  
27 medical diagnostics, medical devices, medical instruments, biochemistry,  
28 microbiology, veterinary medicine, plant biology, agriculture, industrial,  
29 environmental, and homeland security applications of bioscience and fu-  
30 ture developments in the biosciences. Bioscience includes biotechnology  
31 and life sciences.

32 (d) “Bioscience company” or “bioscience companies” means a cor-  
33 poration, limited liability company, S corporation, partnership, registered  
34 limited liability partnership, foundation, association, nonprofit entity, sole  
35 proprietorship, business trust, person, group or other entity that is en-  
36 gaged in the business of bioscience in the state and has business opera-  
37 tions in the state, including, without limitation, research, development or  
38 production directed towards developing or providing bioscience products  
39 or processes for specific commercial or public purposes and are identified  
40 by the following SIC industry groups or SIC codes (and/or related NAICS  
41 codes): 2833 (325411), 2834 (325412), 2835 (325412, 325413), 2836  
42 (325414), 2869 (325193, 325199), 2873 (325311), 2879 (32532), 3821  
43 (339111), 3826 (334516), 384 (339111, 339112, 339113, 334510, 334517),

1 3851 (339113, 339115), 807 (621511, 621512), 8731 (54171), 8734  
2 (54138, 54194).

3 (e) “Bioscience employee” means any employee, officer or director  
4 of a bioscience company who is employed after the effective date of this  
5 act and who is also a state taxpayer and any employee of state universities  
6 who is associated with bioscience research after the effective date of this  
7 act and who is also a state taxpayer.

8 (f) “Bioscience research” means any original investigation for the ad-  
9 vancement of scientific or technological knowledge of bioscience and any  
10 activity that seeks to utilize, synthesize, or apply existing knowledge, in-  
11 formation or resources to the resolution of a specific problem, question  
12 or issue of bioscience.

13 (g) “Bioscience research institutions” means all state universities and  
14 colleges and private universities and colleges located in the state con-  
15 ducting bioscience research.

16 (h) “Biotechnology” means those fields focusing on technological de-  
17 velopments in such areas as molecular biology, genetic engineering, gen-  
18 omics, proteomics, physiomics, nanotechnology, biodefense, biocomput-  
19 ing and bioinformatics and future developments associated with  
20 biotechnology.

21 (i) “Emerging industry investment act investment fund” means the  
22 fund created by section 22, and amendments thereto.

23 (j) “Board” means the board of directors of the authority.

24 (k) “Eminent scholar” means world-class, distinguished and estab-  
25 lished investigators recognized nationally for their research, achievements  
26 and ability to garner significant federal funding on an annual basis. Em-  
27 inent scholars are recognized for their scientific knowledge and entre-  
28 preneurial spirit to enhance the innovative research that leads to eco-  
29 nomic gains. Eminent scholars are either members of or likely candidates  
30 for the national academy of sciences or other prominent national aca-  
31 demic science organizations.

32 (l) “Life sciences” means, without limitation, the areas of medical  
33 sciences, pharmaceutical sciences, biological sciences, zoology, botany,  
34 horticulture, ecology, toxicology, organic chemistry, physical chemistry  
35 and physiology and any future advances associated with the life sciences.

36 (m) “NAICS” means the north American industry classification  
37 system.

38 (n) “Rising star scholar” means up-and-coming distinguished inves-  
39 tigators growing in their national reputations in their fields, who are active  
40 and demonstrate leadership in their associated professional societies, and  
41 who attract significant federal research grant support. Rising star scholars  
42 would be likely candidates for the national academy of science or other  
43 prominent national academic science organizations in the future.

1 (o) "SIC industry groups" or "SIC codes" means the standard indus-  
2 trial classification system promulgated by the United States department  
3 of labor in the 1987 standard industrial classification manual, as may be  
4 amended or revised from time-to-time.

5 (p) "State" means the state of Kansas.

6 (q) "State income taxes" means all of the taxes levied pursuant to  
7 K.S.A 79-3201 *et seq.* and amendments thereto.

8 (r) "State taxes" means all of state taxes on property, sales and use,  
9 excise, license, individual income tax and corporate net income tax pur-  
10 suant to law.

11 (s) "Taxpayer" means a person, corporation, limited liability com-  
12 pany, S corporation, partnership, registered limited liability partnership,  
13 foundation, association, nonprofit entity, sole proprietorship, business  
14 trust, group or other entity that is subject to the Kansas income tax act,  
15 K.S.A. 79-3201 *et seq.* and amendments thereto.

16 (t) "This act" means the emerging industry investment act.

17 New Sec. 22. (a) The emerging industry investment act investment  
18 fund is hereby created. The emerging industry investment act investment  
19 fund shall not be a part of the state treasury and the funds in the emerging  
20 industry investment act investment fund shall belong exclusively to the  
21 authority.

22 (b) Distributions from the emerging industry investment act invest-  
23 ment fund shall be for the exclusive benefit of the authority, under the  
24 control of the board and used to fulfill the purpose, powers and duties of  
25 the authority pursuant to the provisions of section 1 *et seq.*, and amend-  
26 ments thereto.

27 (c) The secretary of revenue and the authority shall establish the base  
28 year taxation for all bioscience companies and state universities associated  
29 with bioscience research in the state. The secretary of revenue, the au-  
30 thority and the board of regents shall establish the number of bioscience  
31 employees associated with state universities and report annually and de-  
32 termine the taxation base annually.

33 (d) For a period of 15 years from the effective date of this act, the  
34 state treasurer shall pay to the emerging industry investment act invest-  
35 ment fund the state taxes in excess of the base year taxation from all  
36 bioscience companies.

37 (e) In addition, the state treasurer shall pay all revenue collected or  
38 received from state income taxes upon Kansas wages paid by bioscience  
39 employees to the emerging industry investment act investment fund. On  
40 or before the 10th day of each month, the director of accounts and reports  
41 shall transfer from the state general fund to the bioscience development  
42 and investment fund interest earnings based on:

43 (1) The average daily balance of moneys in the emerging industry

1 investment act investment fund for the preceding month; and

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

4 (f) State tax and bioscience employee income tax refunds and bal-  
5 ances due shall be reconciled on at least an annual basis by a method  
6 defined in an agreement between the secretary of revenue, state treasurer  
7 and the authority.

8 (g) The division of post audit is hereby authorized to conduct a post  
9 audit in accordance with the provisions of the state post audit act to K.S.A.  
10 46-1106 *et seq.* and amendments thereto.

11 Sec. 23. K.S.A. 2003 Supp. 74-8017 is hereby amended to read as  
12 follows: 74-8017. On and after January 1, ~~2003~~ 2004, it shall be the duty  
13 of Kansas, Inc. to prepare an annual report evaluating the cost effective-  
14 ness of the various income tax credits and sales tax exemptions enacted  
15 to encourage economic development within this state and submit the  
16 same to the standing committees on taxation and economic development  
17 of the house and assessment and taxation and commerce of the senate at  
18 the beginning of each regular session of the legislature. The secretary of  
19 revenue, in consultation with the president of Kansas, Inc., shall develop  
20 a questionnaire on the utilization of state income tax credits and sales tax  
21 exemptions that shall be completed by all corporate taxpayers that: (1)  
22 Are subject to state income tax and (2) utilize any of the state income tax  
23 credits and exemptions described in subsections (a) through ~~(i)~~ (j) below  
24 that shall be submitted to the department of revenue concurrently with  
25 the filing of an annual corporate income tax return. The secretary shall  
26 provide the completed questionnaires to Kansas, Inc. for use in the prep-  
27 aration of such annual report. The questionnaire shall require respon-  
28 dents to indicate utilization of the following credits and exemptions:

29 (a) Income tax credits authorized under the provisions of the job ex-  
30 pansion and investment credit act of 1976 and acts amendatory thereof  
31 and supplemental thereto;

32 (b) income tax credits for expenditures in research and development  
33 activities authorized by K.S.A. 79-32,182, and amendments thereto;

34 (c) income and financial institutions privilege tax credits for cash in-  
35 vestment in stock of Kansas Venture Capital, Inc. authorized by K.S.A.  
36 74-8205 and 74-8206, and amendments thereto;

37 (d) income tax credits for cash investment in certified Kansas venture  
38 capital companies authorized by K.S.A. 74-8304, and amendments  
39 thereto;

40 (e) income tax credits for cash investment in certified local seed cap-  
41 ital pools authorized by K.S.A. 74-8401, and amendments thereto;

42 (f) income tax credits for investment in the training and education of  
43 qualified firms' employees authorized by K.S.A. 74-50,132, and amend-

1 ments thereto;

2 (g) sales tax exemptions for property or services purchased for the  
3 purpose of and in conjunction with constructing, reconstructing, enlarg-  
4 ing or remodeling a business, or retail business meeting the requirements  
5 of K.S.A. 74-50,115, and amendments thereto, and machinery and equip-  
6 ment for installation at such business or retail business authorized by  
7 subsection (cc) of K.S.A. 79-3606, and amendments thereto;

8 (h) sales tax exemptions for machinery and equipment used directly  
9 and primarily for the purposes of manufacturing, assembling, processing,  
10 finishing, storing, warehousing or distributing articles of tangible personal  
11 property in this state intended for resale by a manufacturing or processing  
12 plant or facility or a storage, warehousing or distribution facility. The  
13 secretary of revenue shall provide the completed questionnaires and cop-  
14 ies of sales tax exemption certificates to Kansas, Inc. for the preparation  
15 of such report; ~~and~~

16 (i) distribution from the special economic revitalization fund pursuant  
17 to the provisions of the economic revitalization reinvestment act, K.S.A.  
18 2003 Supp. 74-50,136, and amendments thereto;

19 (j) *special obligation bonds authorized by K.S.A. 12-1774, and*  
20 *amendments thereto; and*

21 (k) *distribution from the emerging industry investment*  
22 *fund pursuant to the provisions of the emerging industry investment act,*  
23 *and amendments thereto, and income, investment and income tax credits*  
24 *and exemptions pursuant to the bioscience tax investment incentive act,*  
25 *and amendments thereto.*

26 Sec. 24. K.S.A. 2003 Supp. 74-8905 is hereby amended to read as  
27 follows: 74-8905. (a) The authority may issue bonds, either for a specific  
28 activity or on a pooled basis for a series of related or unrelated activities  
29 or projects duly authorized by a political subdivision or group of political  
30 subdivisions of the state in amounts determined by the authority for the  
31 purpose of financing projects of statewide as well as local importance as  
32 defined pursuant to K.S.A. 12-1744, and amendments thereto, capital  
33 improvement facilities, educational facilities, health care facilities and  
34 housing developments. Nothing in this act shall be construed to authorize  
35 the authority to issue bonds or use the proceeds thereof to:

36 (1) Purchase, condemn or otherwise acquire a utility plant or distri-  
37 bution system owned or operated by a regulated public utility;

38 (2) finance any capital improvement facilities, educational facilities or  
39 health care facilities which may be financed by the issuance of general  
40 obligation or utility revenue bonds of a political subdivision, except that  
41 the acquisition by the authority of general obligation or utility revenue  
42 bonds issued by political subdivisions with the proceeds of pooled bonds  
43 shall not violate the provisions of the foregoing; or



1 (3) purchase, acquire, construct, reconstruct, improve, equip, fur-  
2 nish, repair, enlarge or remodel property for any swine production facility  
3 on agricultural land which is owned, acquired, obtained or leased by a  
4 corporation, limited liability company, limited partnership, corporate  
5 partnership or trust.

6 Nothing in this subsection (a) shall prohibit the issuance of bonds by  
7 the authority when any statute specifically authorizes the issuance of  
8 bonds by the authority or approves any activity or project of a state agency  
9 for purposes of authorizing any such issuance of bonds in accordance with  
10 this section and provides an exemption from the provisions of this sub-  
11 section (a).

12 (b) The authority may issue bonds for activities and projects of state  
13 agencies as requested by the secretary of administration. No bonds may  
14 be issued pursuant to this act for any activity or project of a state agency  
15 unless the activity or project either has been approved by an appropriation  
16 or other act of the legislature or has been approved by the state finance  
17 council acting on this matter which is hereby characterized as a matter  
18 of legislative delegation and subject to the guidelines prescribed in sub-  
19 section (c) of K.S.A. 75-3711c, and amendments thereto. When requested  
20 to do so by the secretary of administration, the authority may issue bonds  
21 for the purpose of refunding, whether at maturity or in advance of ma-  
22 turity, any outstanding bonded indebtedness of any state agency. The  
23 revenues of any state agency which are pledged as security for any bonds  
24 of such state agency which are refunded by refunding bonds of the au-  
25 thority may be pledged to the authority as security for the refunding  
26 bonds.

27 (c) The authority may issue bonds for the purpose of financing in-  
28 dustrial enterprises, agricultural business enterprises, educational facili-  
29 ties, health care facilities and housing developments, or any combination  
30 of such facilities, or any interest in facilities, including without limitation  
31 leasehold interests in and mortgages on such facilities. No less than 30  
32 days prior to the issuance of any bonds authorized under this act with  
33 respect to any project or activity which is to be undertaken for the direct  
34 benefit of any person or entity which is not a state agency or a political  
35 subdivision, written notice of the intention of the authority to provide  
36 financing and issue bonds therefor shall be given by the president of the  
37 authority to the governing body of the city in which the project or activity  
38 is to be located. If the project or activity is not proposed to be located  
39 within a city, such notice shall be given to the governing body of the  
40 county. No bonds for the financing of the project or activity shall be issued  
41 by the authority for a one-year period if, within 15 days after the giving  
42 of such notice, the governing body of the political subdivision in which  
43 the project or activity is proposed to be located shall have adopted an

1 ordinance or resolution stating express disapproval of the project or ac-  
2 tivity and shall have notified the president of the authority of such  
3 disapproval.

4 (d) The authority may issue bonds for the purpose of establishing and  
5 funding one or more series of venture capital funds in such principal  
6 amounts, at such interest rates, in such maturities, with such security, and  
7 upon such other terms and in such manner as is approved by resolution  
8 of the authority. The proceeds of such bonds not placed in a venture  
9 capital fund or used to pay or reimburse organizational, offering and ad-  
10 ministrative expenses and fees necessary to the issuance and sale of such  
11 bonds shall be invested and reinvested in such securities and other in-  
12 struments as shall be provided in the resolution under which such bonds  
13 are issued. Moneys in a venture capital fund shall be used to make venture  
14 capital investments in new, expanding or developing businesses, includ-  
15 ing, but not limited to, equity and debt securities, warrants, options and  
16 other rights to acquire such securities, subject to the provisions of the  
17 resolution of the authority. The authority shall establish an investment  
18 policy with respect to the investment of the funds in a venture capital  
19 fund not inconsistent with the purposes of this act. The authority shall  
20 enter into an agreement with a management company experienced in  
21 venture capital investments to manage and administer each venture cap-  
22 ital fund upon terms not inconsistent with the purposes of this act and  
23 such investment policy. The authority may establish an advisory board to  
24 provide advice and consulting assistance to the authority and the man-  
25 agement company with respect to the management and administration of  
26 each venture capital fund and the establishment of its investment policy.  
27 All fees and expenses incurred in the management and administration of  
28 a venture capital fund not paid or reimbursed out of the proceeds of the  
29 bonds issued by the authority shall be paid or reimbursed out of such  
30 venture capital fund.

31 (e) The authority may issue bonds in one or more series for the pur-  
32 pose of financing a redevelopment plan project that is approved by the  
33 authority in accordance with K.S.A. 74-8921 and 74-8922, and amend-  
34 ments thereto, or by Johnson or Labette county in accordance with the  
35 provisions of this act.

36 (f) After receiving and approving the feasibility study required pur-  
37 suant to K.S.A. 74-8936, and amendments thereto, the authority may  
38 issue bonds in one or more series for the purpose of financing a multi-  
39 sport athletic project in accordance with K.S.A. 74-8936 through 74-8938,  
40 and amendments thereto. If the project is to be constructed in phases, a  
41 similar feasibility study shall be performed prior to issuing bonds for the  
42 purpose of financing each subsequent phase.

43 (g) The authority may issue bonds for the purpose of financing resort

1 facilities, as defined in subsection (a) of K.S.A. 32-867, and amendments  
2 thereto, in an amount or amounts not to exceed \$30,000,000 for any one  
3 resort. The bonds and the interest thereon shall be payable solely from  
4 revenues of the resort and shall not be deemed to be an obligation or  
5 indebtedness of the state within the meaning of section 6 of article 11 of  
6 the constitution of the state of Kansas. The authority may contract with  
7 a subsidiary corporation formed pursuant to subsection (v) of K.S.A. 74-  
8 8904, and amendments thereto, or others to lease or operate such resort.  
9 The provisions of K.S.A. 32-867, 32-868, 32-870 through 32-873 and 32-  
10 874a through 32-874d, and amendments thereto, shall apply to resorts  
11 and bonds issued pursuant to this subsection.

12 (h) The authority may use the proceeds of any bond issues herein  
13 authorized, together with any other available funds, for venture capital  
14 investments or for purchasing, leasing, constructing, restoring, renovat-  
15 ing, altering or repairing facilities as herein authorized, for making loans,  
16 purchasing mortgages or security interests in loan participations and pay-  
17 ing all incidental expenses therewith, paying expenses of authorizing and  
18 issuing the bonds, paying interest on the bonds until revenues thereof are  
19 available in sufficient amounts, purchasing bond insurance or other credit  
20 enhancements on the bonds, and funding such reserves as the authority  
21 deems necessary and desirable. All moneys received by the authority,  
22 other than moneys received by virtue of an appropriation, are hereby  
23 specifically declared to be cash funds, restricted in their use and to be  
24 used solely as provided herein. No moneys of the authority other than  
25 moneys received by appropriation shall be deposited with the state  
26 treasurer.

27 (i) Any time the authority is required to publish a notification pur-  
28 suant to the tax equity and fiscal responsibility act of 1982, the authority  
29 shall further publish such notification in the Kansas register.

30 (j) Any time the authority issues bonds pursuant to this section, the  
31 authority shall publish notification of such issuance at least 14 days prior  
32 to any bond hearing in the official county newspaper of the county in  
33 which the project or activity financed by such bonds are located and in  
34 the Kansas register.

35 (k) *The authority may issue bonds in one or more series for the pur-*  
36 *pose of financing a bioscience development project that is approved by*  
37 *the Kansas bioscience authority.*

38 New Sec. 25. Sections 25 to 32, inclusive, and amendments thereto,  
39 shall be known and may be cited as the bioscience development financing  
40 act.

41 New Sec. 26. The purpose of the bioscience development financing  
42 act is to foster the growth of bioscience in Kansas, to make Kansas a  
43 national leader in bioscience, and to make Kansas a desirable location for

1 bioscience entities to locate and grow. In so doing, the Kansas bioscience  
2 development financing act will foster employment, encourage research  
3 and development, investment in real property and improvements, in-  
4 vestment in equipment and supplies and lead to bioscience discoveries  
5 and products.

6 New Sec. 27. As used in sections 25 to 32, inclusive, and amend-  
7 ments thereto, the following words and phrases have the following mean-  
8 ings unless a different meaning clearly appears from the content:

9 (a) “Authority” means the Kansas bioscience authority as created by  
10 section 4, and amendments thereto.

11 (b) “Base year assessed valuation” means the assessed valuation of all  
12 real property within the boundaries of a redevelopment district on the  
13 date the redevelopment district was established.

14 (c) “Bioscience” means the use of compositions, methods and organ-  
15 isms in cellular and molecular research, development and manufacturing  
16 processes for such diverse areas as pharmaceuticals, medical therapeutics,  
17 medical diagnostics, medical devices, medical instruments, biochemistry,  
18 microbiology, veterinary medicine, plant biology, agriculture, industrial  
19 environmental and homeland security applications of bioscience and fu-  
20 ture developments in the biosciences. Bioscience includes biotechnology  
21 and life sciences.

22 (d) “Bioscience company” means a corporation, limited liability com-  
23 pany, S corporation, partnership, registered limited liability partnership,  
24 foundation, association, nonprofit entity, sole proprietorship, business  
25 trust, person, group or other entity that is engaged in the business of  
26 bioscience in the state and has business operations in the state, including,  
27 without limitation, research, development or production directed towards  
28 developing or providing bioscience products or processes for specific  
29 commercial or public purposes and are identified by the following SIC  
30 industry groups or SIC codes: (and/or related NAICS codes): 2833  
31 (325411), 2834 (325412), 2835 (325412, 325413), 2836 (325414), 2869  
32 (325193, 325199), 2873 (325311), 2879 (32532), 3821 (339111), 3826  
33 (334516), 384 (339111, 339112, 339113, 334510, 334517), 3851 (339113,  
34 339115), 807 (621511, 621512), 8731 (54171), 8734 (54138, 54194).

35 (e) “Bioscience development area” means an area that:

36 (1) Is or shall be owned, operated, or leased by, or otherwise under  
37 the control of the authority;

38 (2) is or shall be used and maintained by a bioscience company; or

39 (3) includes a bioscience facility.

40 (f) “Bioscience development district” means the specific area, created  
41 under section 28, and amendments thereto, where one or more biosci-  
42 ence development projects may be undertaken.

43 (g) “Bioscience development project” means an approved project to

1 implement a project plan in a bioscience development district.

2 (h) “Bioscience development project costs” or “project costs” means  
3 those costs necessary to implement a project plan, including, without  
4 limitation, costs incurred for:

- 5 (1) Acquisition of property within the redevelopment project area;
- 6 (2) site preparation including utility relocations;
- 7 (3) sanitary and storm sewers and lift stations;
- 8 (4) drainage conduits, channels, levees and river walk canal facilities;
- 9 (5) street grading, paving, graveling, macadamizing, curbing, gutter-  
10 ing and surfacing;
- 11 (6) street light fixtures, connections and facilities;
- 12 (7) underground gas, water, heating and electrical services and con-  
13 nections located within the public right-of-way;
- 14 (8) sidewalks and pedestrian underpasses or overpasses;
- 15 (9) drives and driveway approaches located within the public right-  
16 of-way;
- 17 (10) water mains and extensions;
- 18 (11) plazas and arcades;
- 19 (12) parking facilities;
- 20 (13) landscaping and plantings, fountains, shelters, benches, sculp-  
21 tures, lighting, decorations and similar amenities; and
- 22 (14) all related expenses to redevelop and finance the redevelopment  
23 project.

24 (i) “Bioscience development project plan” or “project plan” means  
25 the plan adopted by the authority for a bioscience development project  
26 pursuant to section 28, and amendments thereto, in a bioscience devel-  
27 opment district.

28 (j) “Bioscience facility” means real property and all improvements  
29 thereof used to conduct bioscience research, including, without limita-  
30 tion, laboratory space, incubator space, office space and any and all fa-  
31 cilities directly related and necessary to the operation of a bioscience  
32 facility.

33 (k) “Bioscience project area” or “project area” means an area desig-  
34 nated by the authority within a bioscience development district.

35 (l) “Biotechnology” means those fields focusing on technological de-  
36 velopments in such areas as molecular biology, genetic engineering, gen-  
37 omics, proteomics, physiomics, nanotechnology, biodefense, biocomput-  
38 ing, bioinformatics and future developments associated with  
39 biotechnology.

40 (m) “Board” means the board of directors of the authority.

41 (n) “De minimus” means an amount less than 15% of the land area  
42 within a redevelopment district.

43 (o) “Feasibility study” means a study that shows whether a bioscience

1 development project's benefits and tax increment revenue and other  
2 available revenues are expected to exceed or be sufficient to pay for the  
3 bioscience development project costs.

4 (p) "Life sciences" means the areas of medical sciences, pharmaceu-  
5 tical sciences, biological sciences, zoology, botany, horticulture, ecology,  
6 toxicology, organic chemistry, physical chemistry, physiology and any fu-  
7 ture advances associated with life sciences.

8 (q) "NAICS" means the north American industry classification  
9 system.

10 (r) "Real property taxes" means all taxes levied on an ad valorem basis  
11 upon land and improvements thereon.

12 (s) "SIC industry groups" or "SIC codes" means the standard indus-  
13 trial classification system promulgated by the United States department  
14 of labor in the 1987 standard industrial classification manual, as may be  
15 amended or revised from time-to-time.

16 (t) "Substantial change" means, as applicable, a change wherein the  
17 proposed plan or plans differ substantially from the intended purpose for  
18 which the project plan was approved.

19 (u) "Revenue increase" means that amount of real property taxes col-  
20 lected from real property located within the bioscience development dis-  
21 trict that is in excess of the amount of real property taxes which is col-  
22 lected from the base year assessed valuation.

23 (v) "Taxing subdivision" means the county, city, unified school district  
24 and any other taxing agency levying real property taxes, the territory or  
25 jurisdiction of which includes any currently existing or subsequently cre-  
26 ated bioscience development district.

27 (w) "Taxpayer" means a person, corporation, limited liability com-  
28 pany, S corporation, partnership, registered limited liability partnership,  
29 foundation, association, nonprofit entity, sole proprietorship, business  
30 trust, group or other entity that is subject to the Kansas income tax act  
31 K.S.A. 79-3201 *et seq.* and amendments thereto.

32 (x) "This act" means the bioscience development financing act.

33 New Sec. 28. (a) When the authority is considering establishment of  
34 a bioscience development district, the board shall adopt a resolution stat-  
35 ing this intention. Such resolution shall:

36 (1) Give notice that a public hearing will be held to consider the  
37 establishment of a bioscience development district and fix the date, hour  
38 and place of such public hearing;

39 (2) describe the proposed boundaries of the bioscience development  
40 district; and

41 (3) state that a description and map of the proposed bioscience de-  
42 velopment district are available for inspection at a time and place  
43 designated.

(b) A copy of the resolution providing for the public hearing shall be by certified mail, return receipt requested sent to the city, if the property is within the boundaries of an incorporated city, board of county commissioners of the county and the board of education of any school district levying taxes on property within the proposed bioscience development district. Copies also shall be sent by certified mail, return receipt requested to each owner and occupant of land within the proposed bioscience development district not more than 10 days following the date of the adoption of the resolution by the board. The resolution shall be published once in both the official city and county newspaper not less than one week nor more than two weeks preceding the date fixed for the public hearing. A sketch clearly delineating the area in sufficient detail to advise the reader of the particular land proposed to be included within the bioscience development district shall be published with the resolution.

(c) Upon the conclusion of the public hearing, the board may pass a resolution establishing a bioscience development district. Such resolution shall:

(1) Make a finding that: (A) The area satisfies the definition of a bioscience development area; and (B) the creation of a bioscience development district in this area will contribute to the development of bioscience in the state.

(2) The boundaries of such bioscience development district shall not include any area not designated in the notice required by subsection (b) above.

(d) Any addition of any area to the bioscience development district shall be subject to the same procedure for public notice and hearing as is required for the establishment of the bioscience development district. The base year assessed valuation of the bioscience development district following the addition of a bioscience development area shall be revised to reflect the base year assessed valuation of the original area and the added bioscience development area as of the date of the original establishment of the bioscience development district.

(e) The authority may remove real property from a bioscience development district by a resolution of the board. If more than a de minimus amount of real property is removed from a bioscience development district, the base year assessed valuation of the bioscience development district shall be revised to reflect the base year assessed valuation of the remaining real property as of the date of the original establishment of the bioscience development district.

(f) The authority may divide the real property in a bioscience development district into separate bioscience development districts. The base year assessed valuation of each resulting bioscience development district following such division of real property shall be revised to reflect the base

1 year assessed valuation of the area of each resulting bioscience develop-  
2 ment district as of the date of the original establishment of the bioscience  
3 development district. Any division of real property within a bioscience  
4 development district into more than one bioscience development district  
5 shall be subject to the same procedure or public notice and hearing as is  
6 required for the establishment of the bioscience development district.

7 New Sec. 29. (a) One or more bioscience development projects may  
8 be undertaken within an established bioscience development district.  
9 When proposing to undertake a bioscience development project within a  
10 bioscience development district, the authority shall prepare a project  
11 plan. Any such bioscience development project plan may be implemented  
12 in separate development stages. The project plan shall include:

- 13 (1) A summary of the feasibility study;
- 14 (2) a description and map of the bioscience project area to be  
15 developed;
- 16 (3) a detailed description of the buildings and facilities proposed to  
17 be constructed or improved in such bioscience project area; and
- 18 (4) any other information that the authority deems necessary to advise  
19 the public of the intent of the project plan.

20 (b) When the authority intends to establish a bioscience development  
21 project plan, the board shall adopt a resolution stating this intention. Such  
22 resolution shall:

- 23 (1) Give notice that a public hearing will be held to consider the  
24 establishment of a bioscience development project plan and fix the date,  
25 hour and place of such public hearing;

- 26 (2) designate a time and place that a description and map of the  
27 proposed bioscience development district are available to the public for  
28 inspection; and

- 29 (3) state that the project plan, including a summary of the feasibility  
30 study, and a description and map of the bioscience project area to be  
31 developed are available for inspection upon request from the authority.

32 (c) A copy of the resolution providing for the public hearing shall be  
33 by certified mail, return receipt requested sent to the city, if the property  
34 is within the boundaries of an incorporated city, board of county com-  
35 missioners of the county and the board of education of any school district  
36 levying taxes on property within the bioscience development district.  
37 Copies also shall be sent by certified mail, return receipt requested to  
38 each owner and occupant of land within the bioscience development dis-  
39 trict not more than 10 days following the date of the adoption of the  
40 resolution by the board. The resolution shall be published once in both  
41 the official city and county newspaper not less than one week nor more  
42 than two weeks preceding the date fixed for the public hearing. A sketch  
43 clearly delineating the area in sufficient detail to advise the reader of the



1 particular land proposed to be included within the project area shall be  
2 published with the resolution.

3 (d) At the public hearing, a representative of the bioscience devel-  
4 opment district shall present the proposed project plan. Following the  
5 presentation of the project plan, all interested persons shall be given an  
6 opportunity to be heard. The authority for good cause shown may recess  
7 such hearing until another time and date, which shall be fixed in the  
8 presence of persons in attendance at the hearing.

9 (e) The public hearing records and feasibility study shall be subject  
10 to the Kansas open records act, K.S.A. 45-215 and amendments thereto.

11 (f) After the public hearing, the authority may adopt the project plan  
12 by resolution passed by the board.

13 (g) Any substantial change to the project plan as adopted shall be  
14 subject to a public hearing following publication of notice thereof at least  
15 twice in the official newspaper.

16 (h) Any bioscience development project shall be completed within 20  
17 years from the date of the approval of the project plan.

18 New Sec. 30. (a) The Kansas development finance authority shall  
19 have the power to issue special obligation bonds in one or more series to  
20 finance the undertaking of any bioscience development project in ac-  
21 cordance with the provisions of this act. Such special obligation bonds  
22 shall be made payable, both as to principal and interest:

23 (1) From ad valorem tax increments allocated to, and paid into the  
24 bioscience development bond fund for the payment of the bioscience  
25 development project costs under the provisions of this section;

26 (2) from any private sources, contributions or other financial assis-  
27 tance from the state or federal government;

28 (3) from a pledge of a portion or all of the revenue received from  
29 transient guest, sales and use taxes collected pursuant to K.S.A. 12-1696  
30 et seq., 79-3601 et seq., 79-3701 et seq. and 12-187 et seq., and amend-  
31 ments thereto, and which are collected from taxpayers doing business  
32 within that portion of the bioscience development district and paid into  
33 the bioscience development bond fund;

34 (4) from a pledge of a portion or all increased revenue received by  
35 any city from franchise fees collected from utilities and other businesses  
36 using public right-of-way within the bioscience development district; or

37 (5) by any combination of these methods.

38 (b) All tangible taxable property located within a bioscience devel-  
39 opment district shall be assessed and taxed for ad valorem tax purposes  
40 pursuant to law in the same manner that such property would be assessed  
41 and taxed if located outside such district, and all ad valorem taxes levied  
42 on such property shall be paid to and collected by the county treasurer  
43 in the same manner as other taxes are paid and collected. Except as

1 otherwise provided in this section, the county treasurer shall distribute  
2 such taxes as may be collected in the same manner as if such property  
3 were located outside a bioscience development district. Each bioscience  
4 development district established under the provisions of this act shall  
5 constitute a separate taxing unit for the purpose of the computation and  
6 levy of taxes.

7 (c) Beginning with the first payment of taxes which are levied follow-  
8 ing the date of the establishment of the bioscience development district  
9 real property taxes received by the county treasurer resulting from taxes  
10 which are levied subject to the provisions of this act by and for the benefit  
11 of a taxing subdivision, as defined in section 27, and amendments thereto,  
12 on property located within such bioscience development district consti-  
13 tuting a separate taxing unit under the provisions of this section, shall be  
14 divided as follows:

15 (1) From the taxes levied each year subject to the provisions of this  
16 act by or for each of the taxing subdivisions upon property located within  
17 a bioscience development district constituting a separate taxing unit under  
18 the provisions of this act, the county treasurer first shall allocate and pay  
19 to each such taxing subdivision all of the real property taxes collected  
20 which are produced from the base year assessed valuation.

21 (2) Any real property taxes produced from that portion of the current  
22 assessed valuation of real property within the bioscience development  
23 district constituting a separate taxing unit under the provisions of this  
24 section in excess of the base year assessed valuation shall be allocated and  
25 paid by the county treasurer to the bioscience development bond fund  
26 to pay the bioscience development project costs including the payment  
27 of principal and interest on any special obligation bonds to finance, in  
28 whole or in part, such bioscience development projects.

29 (d) The authority may pledge such revenue to the repayment of such  
30 special obligation bonds prior to, simultaneously with, or subsequent to  
31 the issuance of such special obligation bonds.

32 (e) Any bonds issued under the provisions of this act and the interest  
33 paid thereon, unless specifically declared to be taxable in the authorizing  
34 resolution, shall be exempt from all state, county and municipal taxes, and  
35 the exemption shall include income, inheritance and property taxes.

36 New Sec. 31. (a) The bioscience development bond fund is hereby  
37 created. The bioscience development bond fund shall not be a part of  
38 the state treasury and the funds in the bioscience development bond fund  
39 shall belong exclusively to the authority. A separate account within the  
40 bioscience development bond fund will be created for each bioscience  
41 development district created pursuant to this act.

42 (b) Distributions from a bioscience development bond fund shall be  
43 used to pay the bioscience development project costs undertaken in a

1 bioscience development district.

2 (c) The state treasurer shall credit all revenue collected or received  
3 from a bioscience development district to that bioscience development  
4 district's account in the bioscience development bond fund. On or before  
5 the 10th day of each month, the director of accounts and reports shall  
6 transfer from the state general fund to the bioscience development bond  
7 fund interest earnings based on:

8 (1) The average daily balance of moneys in the bioscience develop-  
9 ment bond fund for the preceding month; and

10 (2) the net earnings rate of the pooled money investment portfolio  
11 for the preceding month.

12 New Sec. 32. Notwithstanding any other provision of law, it is hereby  
13 stated that it is an object of all ad valorem taxes levied by or for the benefit  
14 of any city, county or school district of the state on taxable tangible real  
15 property located within any bioscience development district created pur-  
16 suant to this act, that such taxes may be applied and allocated to and when  
17 collected paid into the bioscience development bond fund pursuant to  
18 the procedures and limitations of this act to pay the cost of a bioscience  
19 development project, including principal and interest on special obliga-  
20 tion bonds issued to finance, in whole or in part, such bioscience devel-  
21 opment project.

22 New Sec. 33. Sections 33 to 36, inclusive, and amendments thereto,  
23 shall be known and may be cited as the bioscience tax investment incen-  
24 tive act.

25 New Sec. 34. The purpose of the bioscience tax investment incentive  
26 act is to make Kansas the most desirable state in which to conduct the  
27 business of bioscience. The bioscience tax investment incentive act will  
28 incentivize individuals and organizations engaged in the business of bio-  
29 science to locate and grow in the state in order to make Kansas a national  
30 leader in bioscience, create new jobs, foster economic growth, advance  
31 scientific knowledge and improve the quality of life for the citizens of the  
32 state. The bioscience tax investment incentive act promotes private re-  
33 search and development, investment in real property and improvements,  
34 and investment in equipment and supplies to enhance bioscience re-  
35 search and commercialization of bioscience products and technologies in  
36 the state.

37 New Sec. 35. As used in sections 33 to 41, inclusive, and amend-  
38 ments thereto, the following words and phrases have the following mean-  
39 ings unless a different meaning clearly appears from the content:

40 (a) "Authority" means the Kansas bioscience authority as created by  
41 section 4 and amendments thereto.

42 (b) "Bioscience" means the use of compositions, methods and organ-  
43 isms in cellular and molecular research, development and manufacturing

1 processes for such diverse areas as pharmaceuticals, medical therapeutics,  
2 medical diagnostics, medical devices, medical instruments, biochemistry,  
3 microbiology, veterinary medicine, plant biology, agriculture, industrial,  
4 environmental and homeland security applications of bioscience and fu-  
5 ture developments in the biosciences. Bioscience includes biotechnology  
6 and life sciences.

7 (c) “Bioscience company” means a corporation, limited liability com-  
8 pany, S corporation, partnership, registered limited liability partnership,  
9 foundation, association, nonprofit entity, sole proprietorship, business  
10 trust, person, group or other entity that is engaged in the business of  
11 bioscience in the state and has business operations in the state, including,  
12 without limitation, research, development, or production directed to-  
13 wards developing or providing bioscience products or processes for spe-  
14 cific commercial or public purposes and are identified by the following  
15 SIC industry groups or SIC codes (and/or related NAICS codes): 2833  
16 (325411), 2834 (325412), 2835 (325412, 325413), 2836 (325414), 2869  
17 (325193, 325199), 2873 (325311), 2879 (32532), 3821 (339111), 3826  
18 (334516), 384 (339111, 339112, 339113, 334510, 334517), 3851 (339113,  
19 339115), 807 (621511, 621512), 8731 (54171), 8734 (54138, 54194).

20 (d) “Bioscience employee” means any employee, officer or director  
21 of a bioscience company who is employed after the effective date of this  
22 act and who is also a state taxpayer.

23 (e) “Bioscience facility” means real property, buildings, laboratory  
24 space, incubator space, office space, and all improvements thereof, and  
25 any facilities directly related and necessary to the operation of a biosci-  
26 ence facility.

27 (f) “Bioscience facilities project” means the purchase, construction,  
28 renovation, expansion or improvement of a bioscience facility. Such pro-  
29 jects may also include, without limitation, any improvements, road con-  
30 struction, alteration, relocation and construction of facilities to provide  
31 utility service for any of the bioscience facilities, along with any fixtures,  
32 equipment, and machinery, and any demolition and relocation expenses  
33 used in connection with any such project, and including any capital used  
34 to promote and facilitate such bioscience facilities.

35 (g) “Bioscience research” means any original investigation for the ad-  
36 vancement of scientific or technological knowledge of bioscience and any  
37 activity that seeks to utilize, synthesize, or apply existing knowledge, in-  
38 formation or resources to the resolution of a specific problem, question  
39 or issue of bioscience.

40 (h) “Biotechnology” means, without limitation, those fields focusing  
41 on technological developments in such areas as molecular biology, genetic  
42 engineering, genomics, proteomics, physiomics, nanotechnology, biode-  
43 fense, biocomputing, bioinformatics and future developments associated

1 with biotechnology.

2 (i) "Financial assistance" means, without limitation, the payment or  
3 transfer of cash or cash equivalents to a bioscience company by a taxpayer  
4 to be used for operational and related expenditures, fixed assets, real  
5 estate construction costs, expansion or renovation, acquisition and devel-  
6 opment, start-up and materials costs, tenant renovation, working capital,  
7 salaries, research, development, manufacturing and marketing expenses.

8 (j) "Life sciences" means, without limitation, the areas of medical  
9 sciences, pharmaceutical sciences, biological sciences, zoology, botany,  
10 horticulture, ecology, toxicology, organic chemistry, physical chemistry,  
11 physiology and any future advances associated with life sciences.

12 (k) "NAICS" means the north American industry classification  
13 system.

14 (l) "NOL" means a bioscience company's net operating loss that may  
15 be carried forward pursuant to the Kansas income tax act.

16 (m) "NOL certificate" means the certificate issued to a recipient tax-  
17 payer for use in claiming NOL on its income tax return.

18 (n) "NOL notice" means the written notice provided to a bioscience  
19 company by the Kansas department of revenue notifying the bioscience  
20 company that it is qualified to sell its NOL in compliance with this act.

21 (o) "Recipient taxpayer" means a taxpayer that enters into a written  
22 agreement with a bioscience company concerning the terms and condi-  
23 tions of the financial assistance made in exchange for the NOL certificate  
24 issued by the Kansas department of revenue.

25 (p) "SIC industry groups" or "SIC codes" means the standard indus-  
26 trial classification system promulgated by the United States department  
27 of labor in the 1987 standard industrial classification manual, as may be  
28 amended or revised from time-to-time.

29 (q) "State" means the state of Kansas.

30 (r) "Surrendered tax benefit" means the amount of the NOL multi-  
31 plied by the recipient taxpayer's applicable state income tax rate for the  
32 year in which the NOL is transferred.

33 (s) "Tangible personal property" includes capital equipment, instru-  
34 ments, apparatus and supplies used in laboratories, including, without  
35 limitation, microscopes, machines, glassware, chemical reagents, com-  
36 puters, computer software and technical books and manuals.

37 (t) "Taxpayer" means a person, corporation, limited liability company,  
38 S corporation, partnership, registered limited liability partnership, foun-  
39 dation, association, nonprofit entity, sole proprietorship, business trust,  
40 group or other entity that is subject to the Kansas income tax act K.S.A.  
41 79-3201 *et seq.* and amendments thereto.

42 (u) "This act" means the Kansas bioscience tax investment incentive  
43 act.

1 New Sec. 36. (a) The Kansas department of revenue shall establish  
2 an NOL certificate transfer program (“NOL transfer program”) to allow  
3 a bioscience company with an unused NOL, to surrender, sell or transfer  
4 such NOL for use by a recipient taxpayer.

5 (b) As part of the NOL transfer program, the Kansas department of  
6 revenue shall establish an application process to determine whether an  
7 applicant is a bioscience company that is authorized to surrender, sell or  
8 transfer NOL to a recipient taxpayer in exchange for financial assistance.  
9 If the Kansas department of revenue determines that an applicant is qual-  
10 ified, then the Kansas department of revenue shall issue an NOL notice  
11 to the bioscience company.

12 (c) No application to participate in the NOL transfer program will be  
13 approved if the bioscience company has surrendered tax benefits in excess  
14 of \$1,000,000.

15 (d) Once an NOL notice has been issued, the bioscience company  
16 shall be permitted to surrender, sell or transfer, subject to the limitation  
17 set forth above in subsection (c), the NOL to a recipient taxpayer regard-  
18 less of whether the bioscience company continues to meet the eligibility  
19 criteria in subsequent years. The Kansas department of revenue shall  
20 require a recipient taxpayer to enter into a written agreement with the  
21 bioscience company setting forth the terms and conditions of the financial  
22 assistance to be made in exchange for the NOL certificate.

23 (e) The Kansas department of revenue shall issue an NOL certificate  
24 to the recipient taxpayer in an amount that is equal to at least 100% of  
25 the amount of the surrendered tax benefit of the bioscience company in  
26 exchange for the financial assistance to be made by the recipient taxpayer  
27 to the bioscience company. The recipient taxpayer shall attach the NOL  
28 certificate to any tax return that the recipient taxpayer is required to file  
29 under the Kansas income tax act on which the recipient taxpayer claims  
30 an NOL deduction. The recipient taxpayer shall otherwise apply the NOL  
31 carryover deduction as evidenced by the NOL certificate according to the  
32 provisions of this act.

33 (f) A recipient taxpayer who purchases or receives the NOL may not  
34 be affiliated with the bioscience company that is surrendering, selling or  
35 transferring its NOL. For purposes of this section, a recipient taxpayer  
36 will be deemed to be affiliated with a bioscience company if it directly or  
37 indirectly owns or controls 51% or more of the voting rights or 51% or  
38 more of the value of all classes of stock or other equity interest of the  
39 bioscience company that is surrendering, selling or transferring its NOL.

40 (g) A bioscience company that has surrendered, sold or transferred  
41 an unused NOL carryover pursuant to the provisions of this act shall not  
42 be allowed a deduction for such NOL.

43 New Sec. 37. Sections 37 to 43, inclusive, and amendments thereto,

1 shall be known and may be cited as the bioscience research and devel-  
2 opment voucher program act.

3 New Sec. 38. The bioscience research and development voucher  
4 program act will incentivize individuals and organizations engaged in the  
5 business of bioscience to locate and grow in the state in order to make  
6 Kansas a national leader in bioscience, advance scientific knowledge, pro-  
7 mote research and development, and improve the quality of life for the  
8 citizens of the state.

9 New Sec. 39. As used in sections 37 to 43, inclusive, and amend-  
10 ments thereto, the following words and phrases have the following mean-  
11 ings unless a different meaning clearly appears from the content:

12 (a) “Authority” means the Kansas bioscience authority as created by  
13 section 4 and amendments thereto.

14 (b) “Bioscience” means, without limitation, the use of compositions,  
15 methods and organisms in cellular and molecular research, development  
16 and manufacturing processes for such diverse areas as pharmaceuticals,  
17 medical therapeutics, medical diagnostics, medical devices, medical in-  
18 struments, biochemistry, microbiology, veterinary medicine, plant biol-  
19 ogy, agriculture, industrial, environmental and homeland security appli-  
20 cations of bioscience and future developments in the biosciences.  
21 Bioscience includes biotechnology and life sciences.

22 (c) “Bioscience company” means a corporation, limited liability com-  
23 pany, S corporation, partnership, registered limited liability partnership,  
24 foundation, association, nonprofit entity, sole proprietorship, business  
25 trust, person, group or other entity that is engaged in the business of  
26 bioscience in the state and has business operations in the state, including,  
27 without limitation, research, development, or production directed to-  
28 wards developing or providing bioscience products or processes for spe-  
29 cific commercial or public purposes and are identified by the following  
30 SIC industry groups or SIC codes (and/or related NAICS codes): 2833  
31 (325411), 2834 (325412), 2835 (325412, 325413), 2836 (325414), 2869  
32 (325193, 325199), 2873 (325311), 2879 (32532), 3821 (339111), 3826  
33 (334516), 384 (339111, 339112, 339113, 334510, 334517), 3851 (339113,  
34 339115), 807 (621511, 621512), 8731 (54171), 8734 (54138, 54194).

35 (d) “Bioscience research” means any original investigation for the ad-  
36 vancement of scientific or technological knowledge of bioscience and any  
37 activity that seeks to utilize, synthesize, or apply existing knowledge, in-  
38 formation or resources to the resolution of a specific problem, question  
39 or issue of bioscience.

40 (e) “Biotechnology” means, without limitation, those fields focusing  
41 on technological developments in such areas as molecular biology, genetic  
42 engineering, genomics, proteomics, physiomics, nanotechnology, biode-  
43 fense, biocomputing, bioinformatics and future developments associated

1 with biotechnology.

2 (f) "KTEC" means the Kansas technology enterprise corporation cre-  
3 ated by K.S.A. 74-8101 *et seq.*, and amendments thereto.

4 (g) "Life sciences" means the areas of medical sciences, pharmaceu-  
5 tical sciences, biological sciences, zoology, botany, horticulture, ecology,  
6 toxicology, organic chemistry, physical chemistry, physiology and any fu-  
7 ture advances associated with life sciences.

8 (h) "Medium-size bioscience company" means a bioscience company  
9 with 51 to 150 employees.

10 (i) "NAICS" means the north American industry classification  
11 system.

12 (j) "Qualified company" means a small bioscience company or me-  
13 dium-size bioscience company that may be granted a funding voucher.

14 (k) "Small bioscience company" means a bioscience company with 50  
15 or fewer employees.

16 (l) "SIC industry groups" or "SIC codes" means the standard indus-  
17 trial classification system promulgated by the United States department  
18 of labor in the 1987 standard industrial classification manual, as may be  
19 amended or revised from time-to-time.

20 (m) "State" means the state of Kansas.

21 (n) "This act" means the bioscience research and development  
22 voucher program act.

23 New Sec. 40. (a) There is established and created in the state treas-  
24 ury a fund entitled the bioscience research and development voucher  
25 fund for the purpose of enabling small bioscience companies and me-  
26 dium-size bioscience companies to undertake bioscience research and  
27 development work in the state in partnership with Kansas universities.

28 (b) The bioscience research and development voucher fund may re-  
29 ceive state appropriations, gifts, grants, federal funds, revolving funds and  
30 any other public or private funds.

31 (c) Moneys deposited in the bioscience research and development  
32 voucher fund shall be disbursed by the state treasurer with the consent  
33 of the chairperson of the authority.

34 (d) Any unallocated or unencumbered balances in the bioscience re-  
35 search and development voucher fund shall not be subject to appropri-  
36 ation and shall be invested in the bioscience authority, and any income  
37 earned from the investments along with the unallotted or unencumbered  
38 balances in the bioscience research and development voucher fund shall  
39 not lapse, and shall be made available solely for the purposes and benefits  
40 of the bioscience research and development voucher program act.

41 New Sec. 41. (a) There is created and established under the author-  
42 ity a bioscience research and development voucher program to provide  
43 vouchers to small bioscience companies and medium-size bioscience



1 companies to undertake bioscience research and development work in  
2 partnership with universities and colleges in the state.

3 (b) The purpose of the bioscience research and development voucher  
4 program is to:

5 (1) Accelerate the transfer of bioscience knowledge and technological  
6 innovation, improve economic competitiveness and stimulate economic  
7 growth in small bioscience companies and medium-size bioscience  
8 companies;

9 (2) support bioscience research and development activities in order  
10 to develop commercial products, processes or services;

11 (3) stimulate bioscience enterprises within the state; and

12 (4) encourage partnerships and collaborative bioscience projects be-  
13 tween private enterprises, bioscience companies and universities in the  
14 state.

15 New Sec. 42. (a) On terms mutually acceptable to the authority and  
16 KTEC the authority may contract with KTEC, to review applications and  
17 to certify whether an applicant is a qualified company.

18 (b) On terms mutually acceptable to the authority and KTEC, the  
19 authority may contract with KTEC to develop application criteria and an  
20 application process subject to the following limitations. The proposed  
21 bioscience research and development project must be likely to:

22 (1) Produce a measurable result and be technically sound;

23 (2) lead to innovative technology or new knowledge;

24 (3) lead to commercially successful products, processes or services;

25 (4) stimulate economic growth; or

26 (5) enhance employment opportunities within the state.

27 (c) As part of the application process, the applicant shall provide the  
28 following information to the authority:

29 (1) Verification that the applicant is a small bioscience company or  
30 medium-size bioscience company;

31 (2) a technical research plan that is sufficient for outside expert  
32 review;

33 (3) a detailed financial analysis that includes the commitment of re-  
34 sources by the applicant and others;

35 (4) sufficient detail concerning proposed project partners, type and  
36 amount of work to be performed by each partner and expected product  
37 or service with estimated costs to be reflected in the negotiated contract  
38 or agreement; and

39 (5) a statement of the economic development potential of the project.

40 (d) Before providing the qualified company with a certificate author-  
41 izing voucher, funding from the authority through KTEC, the authority  
42 may negotiate with the qualified company the ownership of patents, cop-  
43 yrights, trademarks, proprietary technology and any other intellectual

1 property rights, royalties and equity relating to the bioscience research  
2 and development project on behalf of the research and development  
3 voucher fund for the purpose of reinvesting and sustaining a continuous  
4 fund to carry out the provisions of this act.

5 New Sec. 43. (a) Project funding in the bioscience research and de-  
6 velopment voucher program shall have the following limitations:

7 (1) At least 51% of any voucher award funds from the bioscience  
8 research and development fund shall be expended with the university in  
9 the state under contract and shall not exceed 50% of the cost of the  
10 research;

11 (2) the maximum amount of voucher funds awarded to a qualified  
12 company shall not exceed \$1,000,000, each year for two years, equal to a  
13 maximum of \$2,000,000 and shall be up to and not exceed 50% cost of  
14 the research; and

15 (3) at a minimum, the qualified company shall match the project  
16 award by a one-to-one dollar ratio for each year of the project. The au-  
17 thority has sole discretion to authorize an in-kind contribution in lieu of  
18 part of the industry match if the authority determines that the financial  
19 limitations of the qualified company warrant this authorization.

20 New Sec. 44. Sections 44 to 52, inclusive, and amendments thereto,  
21 shall be known and may be cited as the bioscience research matching  
22 funds act.

23 New Sec. 45. In order to be competitive in our economic and edu-  
24 cational endeavors, it is critical that Kansas make bioscience research and  
25 development a priority that is specifically targeted to improving our na-  
26 tional ranking in bioscience research and development at state universities  
27 and colleges. The commitment necessary to improve Kansas' perform-  
28 ance requires significant investment in bioscience research and devel-  
29 opment. Matching funds will be available to match research dollars from  
30 federal, private and other sources of funding.

31 New Sec. 46. As used in sections 44 to 52, inclusive, and amend-  
32 ments thereto, the following words and phrases have the following mean-  
33 ings unless a different meaning clearly appears from the content:

34 (a) "Authority" means the Kansas bioscience authority as created by  
35 section 4 and amendments thereto.

36 (b) "Board" means the board of directors of the authority.

37 (c) "Bioscience" means the use of compositions, methods and organ-  
38 isms in cellular and molecular research, development and manufacturing  
39 processes for such diverse areas as pharmaceuticals, medical therapeutics,  
40 medical diagnostics, medical devices, medical instruments, biochemistry,  
41 microbiology, veterinary medicine, plant biology, agriculture, industrial,  
42 environmental and homeland security applications of bioscience and fu-  
43 ture developments in the biosciences. Bioscience includes biotechnology

1 and life sciences.

2 (d) "Bioscience research" means any original investigation for the ad-  
3 vancement of scientific or technological knowledge of bioscience and any  
4 activity that seeks to utilize, synthesize, or apply existing knowledge, in-  
5 formation or resources to the resolution of a specific problem, question  
6 or issue of bioscience.

7 (e) "Biotechnology" means, without limitation, those fields focusing  
8 on technological developments in such areas as molecular biology, genetic  
9 engineering, genomics, proteomics, physiomics, nanotechnology, biode-  
10 fense, biocomputing, bioinformatics and future developments associated  
11 with biotechnology.

12 (e) "Life sciences" means, without limitation, the areas of medical  
13 sciences, pharmaceutical sciences, biological sciences, zoology, botany,  
14 horticulture, ecology, toxicology, organic chemistry, physical chemistry,  
15 physiology and any future advances associated with life sciences.

16 (f) "State" means the state of Kansas.

17 (g) "This act" means the bioscience research matching funds act.

18 New Sec. 47. (a) There is hereby created the bioscience research  
19 matching fund.

20 (b) The bioscience research matching fund shall be administered by  
21 the authority and shall be for the benefit of universities in the state.

22 (c) In order to qualify for the bioscience research and development  
23 moneys to be made available through the bioscience research matching  
24 fund, recipients must be a university in the state. Universities in the state  
25 are eligible and encouraged to jointly apply for funds from the bioscience  
26 research matching fund. The bioscience research matching fund shall be  
27 used to promote bioscience research and to recruit, employ, fund and  
28 endow bioscience faculty, research positions and scientists at universities  
29 in the state.

30 New Sec. 48. (a) In order to obtain moneys from the bioscience re-  
31 search matching fund:

32 (1) A university in the state must provide the authority with the re-  
33 search grant proposal for federal, state or private funds submitted with a  
34 letter of intent to apply for a match to one of the funding agencies iden-  
35 tified in section 50, and amendments thereto; and

36 (2) a university in the state shall apply to the authority for a match  
37 from the bioscience research matching fund in writing within two weeks  
38 of the notice of a grant award of federal, state or private funds, and include  
39 an approved budget and an official notice of the grant award from the  
40 funding agency.

41 (b) Upon receipt of an application to receive funds to match federal  
42 funds from one of the funding agencies identified in section 50, and  
43 amendments thereto, the authority shall determine the eligibility for

1 matching funds based on a finding that the bioscience research will have  
2 economic or commercial value to the state.

3 (c) The authority shall promptly review applications for matching  
4 funds for consistency with this act.

5 (d) The board shall ensure that no commitments for matching funds  
6 shall be made in excess of funds available for any given year.

7 New Sec. 49. (a) The matching funds authorized by this act are to  
8 be used to attract federal funds to the state for bioscience research and  
9 to create endowment-funded positions for bioscience faculty, research  
10 positions and scientists at universities in the state.

11 (b) The board may approve multi-year bioscience research grants.

12 New Sec. 50. (a) Funds used under the provisions of this act shall  
13 adhere to the following criteria:

14 (1) Be used for the purposes of matching an approved grant from a  
15 federal agency, including, without limitation, any of the following:

- 16 (A) The national science foundation;
- 17 (B) the national institutes of health;
- 18 (C) the department of agriculture;
- 19 (D) the environmental protection agency;
- 20 (E) the department of education;
- 21 (F) the national aeronautics and space administration;
- 22 (G) the department of energy;
- 23 (H) the department of defense;
- 24 (I) the department of transportation; and
- 25 (J) the department of commerce.

26 (2) Proposals for federal funds that contain a specific state or federal  
27 match requirement, for the purposes of this act, shall not be matched at  
28 a rate of more than 50%, except that any portion of the match over 50%  
29 may be borne by the university;

30 (3) proposals for federal funds that do not contain a specific state or  
31 federal match requirement, for the purposes of this article, shall not be  
32 matched at a rate of more than 10%, provided that the state share is  
33 matched dollar for dollar by the college or university for a combined  
34 match of not more than 20%, except that any portion of the match over  
35 20% may be borne by the university; and

36 (4) a state financial match requirement of at least \$20,000 for equip-  
37 ment matching and at least \$50,000 for research project matching.

38 New Sec. 51. The authority shall present a report on the use of funds  
39 from the bioscience research matching fund by April 1 of each even-  
40 numbered year to the governor's office and the Kansas legislature.

41 New Sec. 52. The authority has the authority to establish guidelines  
42 by which eligible institutions may receive funds from the bioscience re-  
43 search matching fund through the promulgation of administrative rules

1 and regulations.

2 New Sec. 53. If any provision of this act, or the acts contained in this  
3 act, or the application thereof is held invalid, the invalidity shall not affect  
4 other provisions or applications of the act, or the acts contained in this  
5 act, which can be given effect without the invalid provision or application,  
6 and to this end the provisions of this act, and the acts contained in this  
7 act, are severable.

8 Sec. 54. K.S.A. 2003 Supp. 74-8017 and 74-8905 are hereby  
9 repealed.

10 Sec. 55. This act shall take effect and be in force from and after its  
11 publication in the statute book.