

**SENATE BILL No. 302**

By Committee on Financial Institutions and Insurance

1-19

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1 AN ACT concerning financial institutions; relating to banks and banking;  
2 amending K.S.A. 9-1134 and 60-513 and K.S.A. 2017 Supp. 9-701, 9-  
3 808, 9-809, 9-1133, 9-1703, 39-709, 58-3974, 75-3036 and 75-3170a  
4 and repealing the existing sections; also repealing K.S.A. 17-5101, 17-  
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2 5824, 17-5825, 17-5826, 17-5827, 17-5830, 17-5831 and 17-5832 and  
3 K.S.A. 2017 Supp. 17-5225d, 17-5610, 17-5701, 17-5828 and 17-5829.

4

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

6 New Section 1. (a) Any state stock bank, national bank, federal  
7 savings association or federal savings bank organized under the laws of the  
8 United States and located in this state may become a mutual state bank  
9 upon the affirmative vote of not less than  $\frac{2}{3}$  of the institution's outstanding  
10 voting shares. Any state stock bank, national bank, federal savings  
11 association or federal savings bank desiring to become a mutual state bank  
12 shall apply to the commissioner for permission to convert to a mutual state  
13 bank and: (1) Submit a transcript of the minutes of the meeting of the  
14 institution's stockholders showing approval of the proposed conversion;

15 (2) select a name for the bank that is not the name of any other bank  
16 doing business in the same city or town or located within a 15-mile radius  
17 of the converted institution. The name shall be accepted or rejected by the  
18 commissioner, although any bank may request exemption from the  
19 commissioner from this paragraph; and

20 (3) provide any other information required in the application form  
21 prescribed by the commissioner.

22 (b) A national bank operating in a stock form must also convert to a  
23 mutual form prior to converting to a mutual state bank and shall submit  
24 appropriate documentation to the commissioner to show that the  
25 appropriate federal regulator has approved such stock to mutual  
26 conversion.

27 (c) Upon receipt of each of the items required by this section the  
28 commissioner shall make or cause to be made such investigation as the  
29 commissioner deems necessary to determine whether:

30 (1) All state and federal requirements for a conversion have been  
31 satisfied;

32 (2) the conversion or the financial condition of the bank will not  
33 adversely affect the interests of the depositors;

34 (3) the resulting mutual state bank will have an adequate capital  
35 structure in accordance with K.S.A. 9-901a et seq., and amendments  
36 thereto; and

37 (4) the competence, experience or integrity of the proposed  
38 management personnel indicates that approving the conversion would be  
39 in the interest of the depositors of the bank and in the interest of the public.

40 (d) If the commissioner determines each of the matters in subsection  
41 (c) favorably, the conversion shall be approved, and the commissioner  
42 shall issue a certificate of authority. Upon issuance of a certificate of  
43 authority, the articles of incorporation, duly executed as required by the

1 Kansas corporation code, shall be filed with the Kansas secretary of state's  
2 office.

3 (e) In any conversion authorized by this section, the resulting mutual  
4 state bank by operation of law shall continue all trust functions being  
5 exercised by the national bank, federal savings association or federal  
6 savings bank and shall be substituted for the national bank, federal savings  
7 association or federal savings bank and shall have the right to exercise  
8 trust or fiduciary powers created by any instrument designating the  
9 national bank, federal savings association or federal savings bank, even  
10 though such instruments are not yet effective.

11 (f) In any conversion authorized by this section, the resulting mutual  
12 state bank shall succeed by operation of law without any conveyance or  
13 transfer by the act of the national bank, federal savings association or  
14 federal savings bank to all the actual or potential assets, real property,  
15 tangible personal property, intangible personal property, rights, franchises  
16 and interests, including those in a fiduciary capacity of the national bank,  
17 federal savings association or federal savings bank and shall be subject to  
18 all of the liabilities of the national bank, federal savings association or  
19 federal savings bank.

20 (g) In any conversion authorized by this section the corporate  
21 existence of the national bank, federal savings association or federal  
22 savings bank shall be continued in the resulting mutual state bank, and the  
23 resulting mutual state bank shall be deemed to be the identical corporate  
24 entity as the national bank, federal savings association or federal savings  
25 bank.

26 (h) Within a reasonable time after the effective date of the conversion,  
27 the resulting mutual state bank shall divest all assets and liabilities that do  
28 not conform to state banking laws and rules and regulations. The length of  
29 this transition period shall be determined by the commissioner.

30 (i) This section shall be a part of and supplemental to the state  
31 banking code.

32 New Sec. 2. (a) Any savings and loan association or savings bank is  
33 hereby authorized to exercise by its board of directors or duly authorized  
34 officers or agents, subject to law, the power to make investments in the  
35 capital stock, obligations, or other securities of any corporation organized  
36 under the laws of this state, if such corporation's entire capital stock is  
37 available for purchase only by Kansas chartered savings and loan  
38 associations and savings banks and by federal associations having their  
39 home offices in Kansas.

40 (b) No savings and loan association or savings bank may make any  
41 investment under this section if the association's aggregate outstanding  
42 investment under this section would exceed 3% of the association's assets.  
43 Not less than  $\frac{1}{2}$  of the investment permitted under this section that exceeds

1 1% of the association's assets shall be used primarily for community, inner  
2 city, and community development purposes.

3 (c) This section shall be a part of and supplemental to the state  
4 banking code.

5 New Sec. 3. (a) Subject to the terms of its articles of incorporation  
6 and bylaws, and regulations of the commissioner, a mutual state bank may:  
7 (1) Raise funds through deposit, share or other accounts, including demand  
8 deposits accounts, hereafter referred to as "accounts"; and

9 (2) issue passbooks, certificates or other evidence of accounts.

10 (b) No mutual state bank shall permit any overdraft, including an  
11 intraday overdraft, on behalf of an affiliate, or incur any overdraft in its  
12 account at a federal reserve bank or federal home loan bank on behalf of  
13 an affiliate.

14 (c) A mutual state bank may require no less than a 14-day notice prior  
15 to payment of savings accounts if the articles of incorporation or bylaws of  
16 the bank or the rules and regulations of the commissioner so provide.

17 (d) If a mutual state bank does not pay all withdrawals in full, subject  
18 to the right of the bank, where applicable, to require notice, the payment of  
19 withdrawals from accounts shall be subject to the provisions prescribed by  
20 the bank's articles of incorporation or bylaws or the rules and regulations  
21 of the commissioner. Except as authorized in writing by the  
22 commissioner, any mutual state bank that fails to make full payment of any  
23 withdrawal when due shall be deemed to be in an unsafe or unsound  
24 condition.

25 (e) A depositor of a mutual state bank shall be a voting member and  
26 shall have such ownership interest in the bank as may be provided in the  
27 articles of incorporation and bylaws of the bank.

28 (f) The articles of incorporation and the bylaws of a mutual state bank  
29 may provide that all borrowers from the bank are members and, if so, shall  
30 provide for their rights and privileges.

31 (g) All savings accounts and demand accounts shall have the same  
32 priority upon liquidation.

33 (h) This section shall be a part of and supplemental to the state  
34 banking code.

35 Sec. 4. K.S.A. 9-1134 is hereby amended to read as follows: 9-1134.  
36 If any provision of K.S.A. 9-1132-~~or~~, 9-1133; or 17-2268 ~~and 17-5831~~, and  
37 amendments thereto, or the application thereof to any person or  
38 circumstance is held invalid, such invalidity shall not affect other  
39 provisions or applications of such statutes which can be given effect  
40 without the invalid provision or application, and to this end the provisions  
41 of such statutes are declared to be severable.

42 Sec. 5. K.S.A. 60-513 is hereby amended to read as follows: 60-513.

43 (a) The following actions shall be brought within two years:

- 1 (1) An action for trespass upon real property.
- 2 (2) An action for taking, detaining or injuring personal property,  
3 including actions for the specific recovery thereof.
- 4 (3) An action for relief on the ground of fraud, but the cause of action  
5 shall not be deemed to have accrued until the fraud is discovered.
- 6 (4) An action for injury to the rights of another, not arising on  
7 contract, and not herein enumerated.
- 8 (5) An action for wrongful death.
- 9 (6) An action to recover for an ionizing radiation injury as provided  
10 in K.S.A. 60-513a, 60-513b and 60-513c, and amendments thereto.
- 11 (7) An action arising out of the rendering of or failure to render  
12 professional services by a health care provider, not arising on contract.
- 13 (b) Except as provided in subsections (c) and (d), the causes of action  
14 listed in subsection (a) shall not be deemed to have accrued until the act  
15 giving rise to the cause of action first causes substantial injury, or, if the  
16 fact of injury is not reasonably ascertainable until some time after the  
17 initial act, then the period of limitation shall not commence until the fact  
18 of injury becomes reasonably ascertainable to the injured party, but in no  
19 event shall an action be commenced more than 10 years beyond the time  
20 of the act giving rise to the cause of action.
- 21 (c) A cause of action arising out of the rendering of or the failure to  
22 render professional services by a health care provider shall be deemed to  
23 have accrued at the time of the occurrence of the act giving rise to the  
24 cause of action, unless the fact of injury is not reasonably ascertainable  
25 until some time after the initial act, then the period of limitation shall not  
26 commence until the fact of injury becomes reasonably ascertainable to the  
27 injured party, but in no event shall such an action be commenced more  
28 than four years beyond the time of the act giving rise to the cause of  
29 action.
- 30 (d) A negligence cause of action by a corporation or association  
31 against an officer or director of the corporation or association shall not be  
32 deemed to have accrued until the act giving rise to the cause of action first  
33 causes substantial injury, or, if the fact of injury is not reasonably  
34 ascertainable until some time after the initial act, then the period of  
35 limitation shall not commence until the fact of injury becomes reasonably  
36 ascertainable to the injured party, but in no event shall such an action be  
37 commenced more than five years beyond the time of the act giving rise to  
38 the cause of action. All other causes of action by a corporation or  
39 association against an officer or director of the corporation or association  
40 shall not be deemed to have accrued until the act giving rise to the cause of  
41 action first causes substantial injury and there exists a disinterested  
42 majority of nonculpable directors of the corporation or association, or, if  
43 the fact of injury is not reasonably ascertainable until some time after the

1 initial act, then the period of limitation shall not commence until the fact  
2 of injury becomes reasonably ascertainable and there exists a disinterested  
3 majority of nonculpable directors of the corporation or association, but in  
4 no event shall such an action be commenced more than 10 years beyond  
5 the time of the act giving rise to the cause of action. For purposes of this  
6 subsection, the term "negligence cause of action" shall not include a cause  
7 of action seeking monetary damages for any breach of the officer's or  
8 director's duty of loyalty to the corporation or association, for acts or  
9 omissions not in good faith or which involve intentional misconduct or a  
10 knowing violation of law, for liability under K.S.A. ~~17-5812~~, 17-6410, 17-  
11 6423, 17-6424 or 17-6603, and amendments thereto, or for any transaction  
12 from which the officer or director derived an improper personal benefit.

13 (e) The provisions of this section as it was constituted prior to July 1,  
14 1996, shall continue in force and effect for a period of two years from that  
15 date with respect to any act giving rise to a cause of action occurring prior  
16 to that date.

17 Sec. 6. K.S.A. 2017 Supp. 9-701 is hereby amended to read as  
18 follows: 9-701. Unless otherwise clearly indicated by the context, the  
19 following words when used in the state banking code, for the purposes of  
20 the state banking code, shall have the meanings respectively ascribed to  
21 them in this section:

22 (a) "Bank" means a state bank, *savings and loan association or*  
23 *savings bank* incorporated under the laws of Kansas.

24 (b) "Business of banking" means receiving or accepting money on  
25 deposit, and may include the performance of related activities that are not  
26 exclusive to banks, including paying drafts or checks, lending money or  
27 any other activity authorized by applicable law. "Business of banking"  
28 shall not include any activity conducted by a student bank.

29 (c) "Trust company" means a trust company incorporated under the  
30 laws of Kansas and which does not accept deposits.

31 (d) "Commissioner" means the Kansas state bank commissioner.

32 (e) "Executive officer" means a person who participates or has  
33 authority to participate, other than in the capacity of a director, in major  
34 policymaking functions of the bank or trust company, whether or not the  
35 officer has an official title, the title designates the officer as an assistant or  
36 the officer is serving without salary or other compensation. The  
37 chairperson of the board, the president, every vice president, the cashier,  
38 the secretary and the treasurer of a company or bank are considered  
39 executive officers.

40 (1) A bank may, by resolution of the board of directors or by the  
41 bylaws of the bank or trust company, exempt an officer from participation,  
42 other than in the capacity of a director, in major policymaking functions of  
43 the bank or trust company if the officer does not actually participate

1 therein.

2 (2) The commissioner may make the determination that a person is an  
3 executive officer if the commissioner determines that the criteria are met  
4 despite the existence of a resolution allowed pursuant to this subsection.

5 (f) "Demand deposit" means a deposit that: (1) (A) Is payable on  
6 demand;

7 (B) is issued with an original maturity or required notice period of  
8 less than seven days;

9 (C) represents funds for which the depository institution does not  
10 reserve the right to require at least seven days' written notice of an  
11 intended withdrawal; or

12 (D) represents funds for which the depository institution does reserve  
13 the right to require at least seven days' written notice of an intended  
14 withdrawal; and

15 (2) is not also a negotiable order of withdraw account.

16 (3) "Demand deposit" does not include "time deposits" or "savings  
17 deposits" as defined in this section.

18 (g) "Time deposit," also known as a certificate of deposit, means a  
19 deposit that the depositor does not have a right and is not permitted to  
20 make withdrawals from within six days after the date of deposit unless the  
21 deposit is subject to an early withdrawal penalty of at least seven days'  
22 simple interest on amounts withdrawn within the first six days after  
23 deposit. A time deposit from which partial early withdrawals are permitted  
24 must impose additional early withdrawal penalties for at least seven days'  
25 simple interest on amounts withdrawn within six days after each partial  
26 withdrawal. If such additional early withdrawal penalties are not  
27 contractually imposed, the account ceases to be a time deposit, but may  
28 become a savings deposit if the account meets the requirements for a  
29 savings deposit.

30 (h) "Savings deposit" means a deposit or account with respect to  
31 which the depositor is not required by the deposit contract, but may at any  
32 time, be required by the depository institution to give written notice of an  
33 intended withdrawal not less than seven days before such withdrawal is  
34 made and that is not payable on a specified date or at the expiration of a  
35 specified time after the date of deposit.

36 (i) "Public moneys" means all moneys coming into the custody of the  
37 United States government or any board, commission or agency thereof,  
38 and also shall mean all moneys coming into the custody of any officer of  
39 any municipal or quasi-municipal or public corporation, the state or any  
40 political subdivision thereof, pursuant to any provision of law authorizing  
41 any such official to collect or receive the same.

42 (j) "Municipal corporation" means any city incorporated under the  
43 laws of Kansas.

1 (k) "Quasi-municipal corporation" means any county, township,  
2 school district, drainage district, rural water district or any other  
3 governmental subdivision in the state of Kansas having authority to  
4 receive or hold moneys or funds.

5 (l) "Certificate of authority" means a certificate signed and sealed by  
6 the commissioner evidencing the authority of a bank or trust company to  
7 transact a general banking or trust business as provided by law.

8 (m) "Trust business" means engaging in, or holding out to the public  
9 as willing to engage in, the business of acting as a fiduciary for hire,  
10 except that no accountant, attorney, credit union, insurance broker,  
11 insurance company, investment adviser, real estate broker or sales agent,  
12 savings and loan association, savings bank, securities broker or dealer, real  
13 estate title insurance company or real estate escrow company shall be  
14 deemed to be engaged in a trust company business with respect to  
15 fiduciary services customarily performed by those persons or entities for  
16 compensation as a traditional incident to their regular business activities.

17 (n) "Community and economic development entity" means an entity  
18 that makes investments or conducts activities that primarily benefit low-  
19 income and moderate-income individuals, low-income and moderate-  
20 income areas, or other areas targeted by a governmental entity for  
21 redevelopment, or would receive consideration as "qualified investments"  
22 under the community reinvestment act pub. L. 95-128, title VIII, 91 stat.  
23 1147, 12 U.S.C. § 2901 et seq., and any state tax credit equity fund  
24 established pursuant to K.S.A. 74-8904, and amendments thereto.

25 (o) "Depository institution" means any state bank, national banking  
26 association, state savings and loan or federal savings association, without  
27 regard to the state where the institution is chartered or the state in which  
28 the institution's main office is located.

29 (p) "Student bank" means any nonprofit program offered by a high  
30 school accredited by the state board of education, where deposits are  
31 received, checks are paid or money is lent for limited in-school purposes.

32 (q) *"Stock state bank" means a bank that has an ownership structure*  
33 *represented by shares of stock.*

34 (r) *"Mutual state bank" means a bank that does not have an*  
35 *ownership structure represented by shares of stock.*

36 (s) *"Savings and loan association" or "savings bank" means a bank*  
37 *having qualified thrift investments that equal or exceed 65% of its*  
38 *portfolio assets, and its qualified thrift investments continue to equal or*  
39 *exceed 65% of its portfolio assets in nine out of every 12 months. For*  
40 *purposes of this subsection, "portfolio assets" and "qualified thrift*  
41 *investments" have the same meanings as those terms are defined in 12*  
42 *U.S.C. § 1467a, as in effect on July 1, 2018.*

43 Sec. 7. K.S.A. 2017 Supp. 9-808 is hereby amended to read as

1 follows: 9-808. (a) Any national bank, federal savings association or  
2 federal savings bank organized under the laws of the United States and  
3 located in this state may become a *stock* state bank upon the affirmative  
4 vote of not less than  $\frac{2}{3}$  of the institution's outstanding voting stock. Any  
5 national bank, federal savings association or federal savings bank desiring  
6 to become a *stock* state bank shall apply to the commissioner for  
7 permission to convert to a *stock* state bank and:

8 (1) ~~Shall~~ Submit a transcript of the minutes of the meeting of the  
9 institution's stockholders showing approval of the proposed conversion;

10 (2) ~~the name selected~~ *select a name* for the bank *that* shall not be the  
11 name of any other bank: ~~(A)~~ doing business in the same city or town; or

12 ~~(B)~~ *located* within a 15-mile radius of the ~~location of the~~ converted  
13 institution. The name shall be accepted or rejected by the commissioner,  
14 although any bank may request exemption from the commissioner from  
15 this paragraph; and

16 (3) provide any other information required in the application form  
17 prescribed by the commissioner.

18 (b) A federal savings association or federal savings bank operating in  
19 a mutual form must also convert to a stock form prior to converting to a  
20 state bank and shall submit appropriate documentation to the  
21 commissioner to show that the appropriate federal regulator has approved  
22 such mutual to stock conversion.

23 (c) Upon receipt of each of the items required by this section the  
24 commissioner shall make or cause to be made such investigation as the  
25 commissioner deems necessary to determine whether:

26 (1) All state and federal requirements for a conversion have been  
27 satisfied;

28 (2) the conversion or the financial condition of the bank will not  
29 adversely affect the interests of the depositors;

30 (3) the resulting state bank will have an adequate capital structure in  
31 accordance with K.S.A. 9-901a et seq., and amendments thereto; and

32 (4) the competence, experience or integrity of the proposed  
33 management personnel indicates that approving the conversion would be  
34 in the interest of the depositors of the bank and in the interest of the public.

35 (d) If the commissioner determines each of the matters in subsection  
36 (c) favorably, the conversion shall be approved, and the commissioner  
37 shall issue a certificate of authority. Upon issuance of a certificate of  
38 authority, the articles of incorporation, duly executed as required by the  
39 Kansas ~~corporate~~ *corporation* code, shall be filed with the Kansas  
40 secretary of state's office.

41 (e) In any conversion authorized by this section, the resulting *stock*  
42 state bank by operation of law shall continue all trust functions being  
43 exercised by the national bank, federal savings association or federal

1 savings bank and shall be substituted for the national bank, federal savings  
2 association or federal savings bank and shall have the right to exercise  
3 trust or fiduciary powers created by any instrument designating the  
4 national bank, federal savings association or federal savings bank, even  
5 though such instruments are not yet effective.

6 (f) In any conversion authorized by this section, the resulting *stock*  
7 state bank shall succeed by operation of law without any conveyance or  
8 transfer by the act of the national bank, federal savings association or  
9 federal savings bank to all the actual or potential assets, real property,  
10 tangible personal property, intangible personal property, rights, franchises  
11 and interests, including those in a fiduciary capacity of the national bank,  
12 federal savings association or federal savings bank and shall be subject to  
13 all of the liabilities of the national bank, federal savings association or  
14 federal savings bank.

15 (g) In any conversion authorized by this section the corporate  
16 existence of the national bank, federal savings association or federal  
17 savings bank shall be continued in the resulting *stock* state bank, and the  
18 resulting *stock* state bank shall be deemed to be the identical corporate  
19 entity as the national bank, federal savings association or federal savings  
20 bank.

21 (h) Within a reasonable time after the effective date of the conversion,  
22 the resulting *stock state* bank shall divest all assets and liabilities that do  
23 not conform to state banking laws and rules and regulations. The length of  
24 this transition period shall be determined by the commissioner.

25 Sec. 8. K.S.A. 2017 Supp. 9-809 is hereby amended to read as  
26 follows: 9-809. (a) Any *stock* state bank may convert to a national bank  
27 upon the affirmative vote of not less than  $\frac{2}{3}$  of the bank's outstanding  
28 voting stock.

29 (b) The *stock* state bank shall provide a copy of the application  
30 submitted to the comptroller of currency to the commissioner within 10  
31 days after the date the state bank applies for approval to convert to a  
32 national banking association from the office of the comptroller of the  
33 currency.

34 (c) The *stock* state bank shall provide to the commissioner written  
35 notice of approval by the comptroller of currency to convert to a national  
36 bank within 10 days of receiving the approval.

37 (d) Within 15 days following the issuance of a charter certificate to  
38 the *stock state* bank by the comptroller, the *stock state* bank shall surrender  
39 its state certificate of authority or charter and shall certify in writing that  
40 notice of the conversion has been given to the Kansas secretary of state's  
41 office.

42 Sec. 9. K.S.A. 2017 Supp. 9-1133 is hereby amended to read as  
43 follows: 9-1133. The provisions of K.S.A. 17-2268 ~~and 17-583~~, and

1 amendments thereto, apply to an action brought against a director or  
2 officer of an insured depository institution, regardless of whether the  
3 action was filed before, on, or after May 20, 1993, unless the action was  
4 finally adjudicated before May 20, 1993. The provisions of this section  
5 shall not apply to executive officers as defined in K.S.A. 9-701 and 17-  
6 2268 and ~~17-5831~~, and amendments thereto.

7 Sec. 10. K.S.A. 2017 Supp. 9-1703 is hereby amended to read as  
8 follows: 9-1703. (a) The expense of every regular examination, together  
9 with the expense of administering the banking and savings and loan laws,  
10 including salaries, travel expenses, supplies and equipment shall be paid  
11 by the banks and savings and loan associations of the state. Prior to the  
12 beginning of each fiscal year, the commissioner shall make an estimate of  
13 the expenses to be incurred by the department during such fiscal year.  
14 From this total amount, the commissioner shall deduct the estimated  
15 amount of the anticipated annual income to the fund from all sources other  
16 than bank and savings and loan association assessments. The  
17 commissioner shall allocate and assess the remainder to the banks and  
18 savings and loan associations in the state on the basis of their total assets,  
19 as reflected in the last March 31 report called for by the federal deposit  
20 insurance corporation under the provisions of section 7 of the federal  
21 deposit insurance act, 12 U.S.C. § 1817 ~~or K.S.A. 17-5610, and~~  
22 ~~amendments thereto~~, except that the annual assessment will not be less  
23 than \$1,000 for any bank or savings and loan association.

24 (b) (1) The expense of every regular trust examination, together with  
25 the expense of administering trust laws, including salaries, travel expenses,  
26 supplies and equipment, shall be paid by the trust companies and trust  
27 departments of banks of this state. Prior to the beginning of each fiscal  
28 year, the commissioner shall make an estimate of the trust expenses to be  
29 incurred by the department during such fiscal year. The commissioner  
30 shall allocate and assess the trust departments in the state on the basis of  
31 their total fiduciary assets, as reflected in the last December 31 report  
32 called for by the federal deposit insurance corporation under the provisions  
33 of section 7 of the federal deposit insurance act, 12 U.S.C. § 1817 ~~or~~  
34 ~~K.S.A. 17-5610, and amendments thereto~~, except that the annual  
35 assessment shall not be less than \$1,000 for any active trust department.  
36 The commissioner shall allocate and assess the trust companies in the state  
37 on the basis of their fiduciary assets as reflected in the last December 31  
38 report filed with the commissioner pursuant to K.S.A. 9-1704, and  
39 amendments thereto, except that the annual assessment will not be less  
40 than \$1,000 for any active trust company. A trust department or trust  
41 company which has no fiduciary assets, as reflected in the last December  
42 31 report called for by the federal deposit insurance corporation under the  
43 provisions of section 7 of the federal deposit insurance act, 12 U.S.C. §

1 1817 or K.S.A. 17-5610, and amendments thereto, may be granted inactive  
2 status by the commissioner and the annual assessment shall not be more  
3 than \$100 for the inactive trust department.

4 (2) No inactive trust department or trust company shall accept any  
5 fiduciary assets or exercise any part of or all of its trust authority until such  
6 time as it has applied for and received prior written approval of the  
7 commissioner to reactivate its trust authority.

8 (c) (1) A statement of each assessment made under the provisions of  
9 subsection (a) or (b) shall be sent by the commissioner on July 1 or the  
10 next business day thereafter, to each bank, savings and loan association,  
11 trust department and trust company that exists as a corporate entity with  
12 the secretary of state's office and is authorized by the commissioner to  
13 conduct banking, savings and loan or trust business. The assessment may  
14 be collected by the commissioner as needed and in such installment  
15 periods as the commissioner deems appropriate, but no more frequently  
16 than monthly. When the commissioner issues an invoice to collect the  
17 assessment, payment shall be due within 15 days of the date of the invoice.  
18 The commissioner may impose a penalty upon any bank, savings and loan  
19 association, trust department or trust company which fails to pay its annual  
20 assessment when it is 15 days or more past due. The penalty shall be  
21 assessed in the amount of \$50 for each day the assessment is past due.

22 (2) The commissioner shall remit all moneys received from such  
23 examination fees to the state treasurer in accordance with the provisions of  
24 K.S.A. 75-4215, and amendments thereto. Upon receipt of each such  
25 remittance, the state treasurer shall deposit the entire amount in the state  
26 treasury and credit 10% of each deposit to the state general fund with the  
27 balance transferred to the bank commissioner fee fund. All expenditures  
28 from the bank commissioner fee fund shall be made in accordance with  
29 appropriation acts upon warrants of the director of accounts and reports  
30 issued pursuant to vouchers approved by the commissioner or by a person  
31 or persons designated by the commissioner.

32 (d) The amount of expenses incurred and the cost of service  
33 performed on account of any bank, trust department or trust company or  
34 other corporation which are outside the normal expenses of an  
35 examination required under the provisions of K.S.A. 9-1701 or 17-5612,  
36 and amendments thereto, shall be charged to and paid by the bank, trust  
37 department, trust company or corporation for which such expenses were  
38 incurred or cost of services performed.

39 (e) As used in this section, "savings and loan association" means a  
40 Kansas state-chartered savings and loan association.

41 (f) (1) In the event a bank, savings and loan association or trust  
42 company is merged into, consolidated with or the assets and liabilities of  
43 which are purchased and assumed by another bank, savings and loan

1 association or trust company between the preceding March 31 and June  
2 30, for banks and savings and loan associations, or the preceding  
3 December 31 and June 30, for trust companies, the surviving or acquiring  
4 bank, savings and loan association or trust company is obligated to pay the  
5 assessment based on the value of the assets of all institutions involved with  
6 the merger, consolidation or assumption for the following fiscal year  
7 commencing July 1.

8 (2) In the event a bank, savings and loan association or trust company  
9 is merged into, consolidated with or the assets and liabilities of which are  
10 purchased and assumed by another bank, savings and loan association or  
11 trust company after July 1, the surviving entity shall be obligated to pay  
12 the unpaid portion of the assessment for the remainder of the fiscal year  
13 commencing July 1 which would have been due of the institution being  
14 merged, consolidated or assumed.

15 Sec. 11. K.S.A. 2017 Supp. 39-709 is hereby amended to read as  
16 follows: 39-709. (a) *General eligibility requirements for assistance for*  
17 *which federal moneys are expended.* Subject to the additional requirements  
18 below, assistance in accordance with plans under which federal moneys  
19 are expended may be granted to any needy person who:

20 (1) Has insufficient income or resources to provide a reasonable  
21 subsistence compatible with decency and health. Where a husband and  
22 wife or cohabiting partners are living together, the combined income or  
23 resources of both shall be considered in determining the eligibility of  
24 either or both for such assistance unless otherwise prohibited by law. The  
25 secretary, in determining need of any applicant for or recipient of  
26 assistance shall not take into account the financial responsibility of any  
27 individual for any applicant or recipient of assistance unless such applicant  
28 or recipient is such individual's spouse, cohabiting partner or such  
29 individual's minor child or minor stepchild if the stepchild is living with  
30 such individual. The secretary in determining need of an individual may  
31 provide such income and resource exemptions as may be permitted by  
32 federal law. For purposes of eligibility for temporary assistance for needy  
33 families, for food assistance and for any other assistance provided through  
34 the Kansas department for children and families under which federal  
35 moneys are expended, the secretary for children and families shall  
36 consider one motor vehicle owned by the applicant for assistance,  
37 regardless of the value of such vehicle, as exempt personal property and  
38 shall consider any equity in any boat, personal water craft, recreational  
39 vehicle, recreational off-highway vehicle or all-terrain vehicle, as defined  
40 by K.S.A. 8-126, and amendments thereto, or any additional motor vehicle  
41 owned by the applicant for assistance to be a nonexempt resource of the  
42 applicant for assistance except that any additional motor vehicle used by  
43 the applicant, the applicant's spouse or the applicant's cohabiting partner

1 for the primary purpose of earning income may be considered as exempt  
2 personal property in the secretary's discretion.

3 (2) Is a citizen of the United States or is an alien lawfully admitted to  
4 the United States and who is residing in the state of Kansas.

5 (b) *Temporary assistance for needy families.* Assistance may be  
6 granted under this act to any dependent child, or relative, subject to the  
7 general eligibility requirements as set out in subsection (a), who resides in  
8 the state of Kansas or whose parent or other relative with whom the child  
9 is living resides in the state of Kansas. Such assistance shall be known as  
10 temporary assistance for needy families. Where the husband and wife or  
11 cohabiting partners are living together, both shall register for work under  
12 the program requirements for temporary assistance for needy families in  
13 accordance with criteria and guidelines prescribed by rules and regulations  
14 of the secretary.

15 (1) As used in this subsection, "family group" or "household" means  
16 the applicant or recipient for TANF, child care subsidy or employment  
17 services and all individuals living together in which there is a relationship  
18 of legal responsibility or a qualifying caretaker relationship. This will  
19 include a cohabiting boyfriend or girlfriend living with the person legally  
20 responsible for the child. The family group shall not be eligible for TANF  
21 if the family group contains at least one adult member who has received  
22 TANF, including the federal TANF assistance received in any other state,  
23 for 24 calendar months beginning on and after October 1, 1996, unless the  
24 secretary determines a hardship exists and grants an extension allowing  
25 receipt of TANF until the 36-month limit is reached. No extension beyond  
26 36 months shall be granted. Hardship provisions for a recipient include:

27 (A) Is a caretaker of a disabled family member living in the  
28 household;

29 (B) has a disability which precludes employment on a long-term basis  
30 or requires substantial rehabilitation;

31 (C) needs a time limit extension to overcome the effects of domestic  
32 violence/sexual assault;

33 (D) is involved with prevention and protection services (PPS) and has  
34 an open social service plan; or

35 (E) is determined by the 24<sup>th</sup> month to have an extreme hardship other  
36 than what is designated in criteria listed in subparagraphs (A) through (D).  
37 This determination will be made by the executive review team.

38 (2) All adults applying for TANF shall be required to complete a  
39 work program assessment as specified by the Kansas department for  
40 children and families, including those who have been disqualified for or  
41 denied TANF due to non-cooperation, drug testing requirements or fraud.  
42 Adults who are not otherwise eligible for TANF, such as ineligible aliens,  
43 relative/non-relative caretakers and adults receiving supplemental security

1 income are not required to complete the assessment process. During the  
2 application processing period, applicants must complete at least one  
3 module or its equivalent of the work program assessment to be considered  
4 eligible for TANF benefits, unless good cause is found to be exempt from  
5 the requirements. Good cause exemptions shall only include:

6 (A) The applicant can document an existing certification verifying  
7 completion of the work program assessment;

8 (B) the applicant has a valid offer of employment or is employed a  
9 minimum of 20 hours a week;

10 (C) the applicant is a parenting teen without a GED or high school  
11 diploma;

12 (D) the applicant is enrolled in job corps;

13 (E) the applicant is working with a refugee social services agency; or

14 (F) the applicant has completed the work program assessment within  
15 the last 12 months.

16 (3) The department for children and families shall maintain a  
17 sufficient level of dedicated work program staff to enable the agency to  
18 conduct work program case management services to TANF recipients in a  
19 timely manner and in full accordance with state law and agency policy.

20 (4) TANF mandatory work program applicants and recipients shall  
21 participate in work components that lead to competitive, integrated  
22 employment. Components are defined by the federal government as being  
23 either primary or secondary. In order to meet federal work participation  
24 requirements, households need to meet at least 30 hours of participation  
25 per week, at least 20 hours of which need to be primary and at least 10  
26 hours may be secondary components in one parent households where the  
27 youngest child is six years of age or older. Participation hours shall be 55  
28 hours in two parent households (35 hours per week if child care is not  
29 used). The maximum assignment is 40 hours per week per individual. For  
30 two parent families to meet the federal work participation rate both parents  
31 must participate in a combined total of 55 hours per week, 50 hours of  
32 which must be in primary components, or one or both parents could be  
33 assigned a combined total of 35 hours per week (30 hours of which must  
34 be primary components) if department for children and families paid child  
35 care is not received by the family. Single parent families with a child under  
36 age six meet the federal participation requirement if the parent is engaged  
37 in work or work activities for at least 20 hours per week in a primary work  
38 component. The following components meet federal definitions of primary  
39 hours of participation: Full or part-time employment, apprenticeship, work  
40 study, self-employment, job corps, subsidized employment, work  
41 experience sites, on-the-job training, supervised community service,  
42 vocational education, job search and job readiness. Secondary components  
43 include: Job skills training, education directly related to employment such

1 as adult basic education and English as a second language, and completion  
2 of a high school diploma or GED.

3 (5) A parent or other adult caretaker personally providing care for a  
4 child under the age of three months in their TANF household is exempt  
5 from work participation activities until the month the child turns three  
6 months of age. Such three-month limitation shall not apply to a parent or  
7 other adult caretaker who is personally providing care for a child born  
8 significantly premature, with serious medical conditions or with a  
9 disability as defined by the secretary, in consultation with the secretary of  
10 health and environment, and adopted in the rules and regulations. The  
11 three-month period is defined as two consecutive months starting with the  
12 month after childbirth. The exemption for caring for a child under three  
13 months cannot be claimed:

14 (A) By either parent when two parents are in the home and the  
15 household meets the two-parent definition for federal reporting purposes;

16 (B) by one parent or caretaker when the other parent or caretaker is in  
17 the home, and available, capable and suitable to provide care and the  
18 household does not meet the two-parent definition for federal reporting  
19 purposes;

20 (C) by a person age 19 or younger when such person is pregnant or a  
21 parent of a child in the home and the person does not possess a high school  
22 diploma or its equivalent. Such person shall become exempt the month  
23 such person turns age 20; or

24 (D) by any person assigned to a work participation activity for  
25 substance use disorders.

26 (6) TANF work experience placements shall be reviewed after 90  
27 days and are limited to six months per 24-month lifetime limit. A client's  
28 progress shall be reviewed prior to each new placement regardless of the  
29 length of time they are at the work experience site.

30 (7) TANF participants with disabilities shall engage in required  
31 employment activities to the maximum extent consistent with their  
32 abilities. TANF participants shall provide current documentation by a  
33 qualified medical practitioner that details the abilities to engage in  
34 employment and any limitations in work activities along with the expected  
35 duration of such limitations. Disability is defined as a physical or mental  
36 impairment constituting or resulting in a substantial impediment to  
37 employment for such individual.

38 (8) Non-cooperation is the failure of the applicant or recipient to  
39 comply with all requirements provided in state and federal law, federal and  
40 state rules and regulations and agency policy. The period of ineligibility  
41 for TANF benefits based on non-cooperation with work programs shall be  
42 as follows:

43 (A) For a first penalty, three months and full cooperation with work

1 program activities;

2 (B) for a second penalty, six months and full cooperation with work  
3 program activities;

4 (C) for a third penalty, one year and full cooperation with work  
5 program activities; and

6 (D) for a fourth or subsequent penalty, 10 years.

7 (9) Individuals that have not cooperated with TANF work programs  
8 shall be ineligible to participate in the food assistance program. The  
9 comparable penalty shall be applied to only the individual in the food  
10 assistance program who failed to comply with the TANF work  
11 requirement. The agency shall impose the same penalty to the member of  
12 the household who failed to comply with TANF requirements. The penalty  
13 periods are three months, six months, one year, or 10 years.

14 (10) Non-cooperation is the failure of the applicant or recipient to  
15 comply with all requirements provided in state and federal law, federal and  
16 state rules and regulations and agency policy. The period of ineligibility  
17 for child care subsidy or TANF benefits based on parents' non-cooperation  
18 with child support services shall be as follows:

19 (A) For the first penalty, three months and cooperation with child  
20 support services prior to regaining eligibility;

21 (B) for a second penalty, six months and cooperation with child  
22 support services prior to regaining eligibility;

23 (C) for a third penalty, one year and cooperation with child support  
24 services prior to regaining eligibility; and

25 (D) for a fourth penalty, 10 years.

26 (11) Individuals that have not cooperated without good cause with  
27 child support services shall be ineligible to participate in the food  
28 assistance program. The period of disqualification ends once it has been  
29 determined that such individual is cooperating with child support services.

30 (12) (A) Any individual who is found to have committed fraud or is  
31 found guilty of the crime of theft pursuant to K.S.A. 39-720 and K.S.A.  
32 2017 Supp. 21-5801, and amendments thereto, in either the TANF or child  
33 care program shall render all adults in the family unit ineligible for TANF  
34 assistance. Adults in the household who were determined to have  
35 committed fraud or were convicted of the crime of theft pursuant to K.S.A.  
36 39-720 and K.S.A. 2017 Supp. 21-5801, and amendments thereto, shall  
37 render themselves and all adult household members ineligible for their  
38 lifetime for TANF, even if fraud was committed in only one program.  
39 Households who have been determined to have committed fraud or were  
40 convicted of the crime of theft pursuant to K.S.A. 39-720 and K.S.A. 2017  
41 Supp. 21-5801, and amendments thereto, shall be required to name a  
42 protective payee as approved by the secretary or the secretary's designee to  
43 administer TANF benefits or food assistance on behalf of the children. No

1 adult in a household may have access to the TANF cash assistance benefit.

2 (B) Any individual that has failed to cooperate with a fraud  
3 investigation shall be ineligible to participate in the TANF cash assistance  
4 program and the child care subsidy program until the department for  
5 children and families determines that such individual is cooperating with  
6 the fraud investigation. The department for children and families shall  
7 maintain a sufficient level of fraud investigative staff to enable the  
8 department to conduct fraud investigations in a timely manner and in full  
9 accordance with state law and department rules and regulations or policies.

10 (13) (A) Food assistance shall not be provided to any person  
11 convicted of a felony offense occurring on or after July 1, 2015, which  
12 includes as an element of such offense the manufacture, cultivation,  
13 distribution, possession or use of a controlled substance or controlled  
14 substance analog. For food assistance, the individual shall be permanently  
15 disqualified if they have been convicted of a state or federal felony offense  
16 occurring on or after July 1, 2015, involving possession or use of a  
17 controlled substance or controlled substance analog.

18 (B) Notwithstanding the provisions of subparagraph (A), an  
19 individual shall be eligible for food assistance if the individual enrolls in  
20 and participates in a drug treatment program approved by the secretary,  
21 submits to and passes a drug test and agrees to submit to drug testing if  
22 requested by the department pursuant to a drug testing plan.

23 An individual's failure to submit to testing or failure to successfully  
24 pass a drug test shall result in ineligibility for food assistance until a drug  
25 test is successfully passed. Failure to successfully complete a drug  
26 treatment program shall result in ineligibility for food assistance until a  
27 drug treatment plan approved by the secretary is successfully completed,  
28 the individual passes a drug test and agrees to submit to drug testing if  
29 requested by the department pursuant to a drug testing plan.

30 (C) The provisions of subparagraph (B) shall not apply to any  
31 individual who has been convicted for a second or subsequent felony  
32 offense as provided in subparagraph (A).

33 (14) No TANF cash assistance shall be used to purchase alcohol,  
34 cigarettes, tobacco products, lottery tickets, concert tickets, professional or  
35 collegiate sporting event tickets or tickets for other entertainment events  
36 intended for the general public or sexually oriented adult materials. No  
37 TANF cash assistance shall be used in any retail liquor store, casino,  
38 gaming establishment, jewelry store, tattoo parlor, massage parlor, body  
39 piercing parlor, spa, nail salon, lingerie shop, tobacco paraphernalia store,  
40 vapor cigarette store, psychic or fortune telling business, bail bond  
41 company, video arcade, movie theater, swimming pool, cruise ship, theme  
42 park, dog or horse racing facility, parimutuel facility, or sexually oriented  
43 business or any retail establishment which provides adult-oriented

1 entertainment in which performers disrobe or perform in an unclothed  
2 state for entertainment, or in any business or retail establishment where  
3 minors under age 18 are not permitted. No TANF cash assistance shall be  
4 used for purchases at points of sale outside the state of Kansas.

5 (15) (A) The secretary for children and families shall place a  
6 photograph of the recipient, if agreed to by such recipient of public  
7 assistance, on any Kansas benefits card issued by the Kansas department  
8 for children and families that the recipient uses in obtaining food, cash or  
9 any other services. When a recipient of public assistance is a minor or  
10 otherwise incapacitated individual, a parent or legal guardian of such  
11 recipient may have a photograph of such parent or legal guardian placed  
12 on the card.

13 (B) Any Kansas benefits card with a photograph of a recipient shall  
14 be valid for voting purposes as a public assistance identification card in  
15 accordance with the provisions of K.S.A. 25-2908, and amendments  
16 thereto.

17 (C) As used in this paragraph and its subparagraphs, "Kansas benefits  
18 card" means any card issued to provide food assistance, cash assistance or  
19 child care assistance, including, but not limited to, the vision card, EBT  
20 card and Kansas benefits card.

21 (D) The Kansas department for children and families shall monitor all  
22 recipient requests for a Kansas benefits card replacement and, upon the  
23 fourth such request in a 12-month period, send a notice alerting the  
24 recipient that the recipient's account is being monitored for potential  
25 suspicious activity. If a recipient makes an additional request for  
26 replacement subsequent to such notice, the department shall refer the  
27 investigation to the department's fraud investigation unit.

28 (16) The secretary for children and families shall adopt rules and  
29 regulations:

30 (A) In determining eligibility for the child care subsidy program,  
31 including an income of a cohabiting partner in a child care household; and

32 (B) in determining and maintaining eligibility for non-TANF child  
33 care, requiring that all included adults shall be employed a minimum of 20  
34 hours per week or more as defined by the secretary or meet the following  
35 specific qualifying exemptions:

36 (i) Adults who are not capable of meeting the requirement due to a  
37 documented physical or mental condition;

38 (ii) adults who are former TANF recipients who need child care for  
39 employment after their TANF case has closed and earned income is a  
40 factor in the closure in the two months immediately following TANF  
41 closure;

42 (iii) adult parents included in a case in which the only child receiving  
43 benefits is the child of a minor parent who is working on completion of

1 high school or obtaining a GED;

2 (iv) adults who are participants in a food assistance employment and  
3 training program; or

4 (v) adults who are participants in an early head start child care  
5 partnership program and are working or in school or training.

6 The department for children and families shall provide child care for  
7 the pursuit of any degree or certification if the occupation has at least an  
8 average job outlook listed in the occupational outlook of the U.S.  
9 department of labor, bureau of labor statistics. For occupations with less  
10 than an average job outlook, educational plans shall require approval of  
11 the secretary or secretary's designee. Child care may also be approved if  
12 the student provides verification of a specific job offer that will be  
13 available to such student upon completion of the program. Child care for  
14 post-secondary education shall be allowed for a lifetime maximum of 24  
15 months per adult. The 24 months may not have to be consecutive. Students  
16 shall be engaged in paid employment for a minimum of 15 hours per  
17 week. In a two-parent adult household, child care would not be allowed if  
18 both parents are adults and attending a formal education or training  
19 program at the same time. The household may choose which one of the  
20 parents is participating as a post-secondary student. The other parent shall  
21 meet another approvable criteria for child care subsidy.

22 (17) (A) The secretary for children and families is prohibited from  
23 requesting or implementing a waiver or program from the U.S. department  
24 of agriculture for the time limited assistance provisions for able-bodied  
25 adults aged 18 through 49 without dependents in a household under the  
26 food assistance program. The time on food assistance for able-bodied  
27 adults aged 18 through 49 without dependents in the household shall be  
28 limited to three months in a 36-month period if such adults are not meeting  
29 the requirements imposed by the U.S. department of agriculture that they  
30 must work for at least 20 hours per week or participate in a federally  
31 approved work program or its equivalent.

32 (B) Each food assistance household member who is not otherwise  
33 exempt from the following work requirements shall: Register for work;  
34 participate in an employment and training program, if assigned to such a  
35 program by the department; accept a suitable employment offer; and not  
36 voluntarily quit a job of at least 30 hours per week.

37 (C) Any recipient who has not complied with the work requirements  
38 under subparagraph (B) shall be ineligible to participate in the food  
39 assistance program for the following time period and until the recipient  
40 complies with such work requirements:

41 (i) For a first penalty, three months;

42 (ii) for a second penalty, six months; and

43 (iii) for a third penalty and any subsequent penalty, one year.

1 (18) Eligibility for the food assistance program shall be limited to  
2 those individuals who are citizens or who meet qualified non-citizen status  
3 as determined by U.S. department of agriculture. Non-citizen individuals  
4 who are unable or unwilling to provide qualifying immigrant  
5 documentation, as defined by the U.S. department of agriculture, residing  
6 within a household shall not be included when determining the household's  
7 size for the purposes of assigning a benefit level to the household for food  
8 assistance or comparing the household's monthly income with the income  
9 eligibility standards. The gross non-exempt earned and unearned income  
10 and resources of disqualified individuals shall be counted in its entirety as  
11 available to the remaining household members.

12 (19) The secretary for children and families shall not enact the state  
13 option from the U.S. department of agriculture for broad-based categorical  
14 eligibility for households applying for food assistance according to the  
15 provisions of 7 C.F.R. § 273.2(j)(2)(ii).

16 (20) No federal or state funds shall be used for television, radio or  
17 billboard advertisements that are designed to promote food assistance  
18 benefits and enrollment. No federal or state funding shall be used for any  
19 agreements with foreign governments designed to promote food  
20 assistance.

21 (21) (A) The secretary for children and families shall not apply gross  
22 income standards for food assistance higher than the standards specified in  
23 7 U.S.C. § 2015(c) unless expressly required by federal law. Categorical  
24 eligibility exempting households from such gross income standards  
25 requirements shall not be granted for any non-cash, in-kind or other  
26 benefit unless expressly required by federal law.

27 (B) The secretary for children and families shall not apply resource  
28 limits standards for food assistance that are higher than the standards  
29 specified in 7 U.S.C. § 2015(g)(1) unless expressly required by federal  
30 law. Categorical eligibility exempting households from such resource  
31 limits shall not be granted for any non-cash, in-kind or other benefit unless  
32 expressly required by federal law.

33 (c) (1) On and after January 1, 2017, the department for children and  
34 families shall conduct an electronic check for any false information  
35 provided on an application for TANF and other benefits programs  
36 administered by the department. For TANF cash assistance, food  
37 assistance and the child care subsidy program, the department shall verify  
38 the identity of all adults in the assistance household.

39 (2) The department of administration shall provide monthly to the  
40 Kansas department for children and families the social security numbers or  
41 alternate taxpayer identification numbers of all persons who claim a  
42 Kansas lottery prize in excess of \$5,000 during the reported month. The  
43 Kansas department for children and families shall verify if individuals

1 with such winnings are receiving TANF cash assistance, food assistance or  
2 assistance under the child care subsidy program and take appropriate  
3 action. The Kansas department for children and families shall use data  
4 received under this subsection solely, and for no other purpose, to  
5 determine if any recipient's eligibility for benefits has been affected by  
6 lottery prize winnings. The Kansas department for children and families  
7 shall not publicly disclose the identity of any lottery prize winner,  
8 including recipients who are determined to have illegally received  
9 benefits.

10 (d) *Temporary assistance for needy families; assignment of support*  
11 *rights and limited power of attorney.* By applying for or receiving  
12 temporary assistance for needy families such applicant or recipient shall be  
13 deemed to have assigned to the secretary on behalf of the state any  
14 accrued, present or future rights to support from any other person such  
15 applicant may have in such person's own behalf or in behalf of any other  
16 family member for whom the applicant is applying for or receiving aid. In  
17 any case in which an order for child support has been established and the  
18 legal custodian and obligee under the order surrenders physical custody of  
19 the child to a caretaker relative without obtaining a modification of legal  
20 custody and support rights on behalf of the child are assigned pursuant to  
21 this section, the surrender of physical custody and the assignment shall  
22 transfer, by operation of law, the child's support rights under the order to  
23 the secretary on behalf of the state. Such assignment shall be of all  
24 accrued, present or future rights to support of the child surrendered to the  
25 caretaker relative. The assignment of support rights shall automatically  
26 become effective upon the date of approval for or receipt of such aid  
27 without the requirement that any document be signed by the applicant,  
28 recipient or obligee. By applying for or receiving temporary assistance for  
29 needy families, or by surrendering physical custody of a child to a  
30 caretaker relative who is an applicant or recipient of such assistance on the  
31 child's behalf, the applicant, recipient or obligee is also deemed to have  
32 appointed the secretary, or the secretary's designee, as an attorney-in-fact  
33 to perform the specific act of negotiating and endorsing all drafts, checks,  
34 money orders or other negotiable instruments representing support  
35 payments received by the secretary in behalf of any person applying for,  
36 receiving or having received such assistance. This limited power of  
37 attorney shall be effective from the date the secretary approves the  
38 application for aid and shall remain in effect until the assignment of  
39 support rights has been terminated in full.

40 (e) *Requirements for medical assistance for which federal moneys or*  
41 *state moneys or both are expended.* (1) When the secretary has adopted a  
42 medical care plan under which federal moneys or state moneys or both are  
43 expended, medical assistance in accordance with such plan shall be

1 granted to any person who is a citizen of the United States or who is an  
2 alien lawfully admitted to the United States and who is residing in the state  
3 of Kansas, whose resources and income do not exceed the levels  
4 prescribed by the secretary. In determining the need of an individual, the  
5 secretary may provide for income and resource exemptions and protected  
6 income and resource levels. Resources from inheritance shall be counted.  
7 A disclaimer of an inheritance pursuant to K.S.A. 59-2291, and  
8 amendments thereto, shall constitute a transfer of resources. The secretary  
9 shall exempt principal and interest held in irrevocable trust pursuant to  
10 K.S.A. 16-303(c), and amendments thereto, from the eligibility  
11 requirements of applicants for and recipients of medical assistance. Such  
12 assistance shall be known as medical assistance.

13 (2) For the purposes of medical assistance eligibility determinations  
14 on or after July 1, 2004, if an applicant or recipient owns property in joint  
15 tenancy with some other party and the applicant or recipient of medical  
16 assistance has restricted or conditioned their interest in such property to a  
17 specific and discrete property interest less than 100%, then such  
18 designation will cause the full value of the property to be considered an  
19 available resource to the applicant or recipient. Medical assistance  
20 eligibility for receipt of benefits under the title XIX of the social security  
21 act, commonly known as medicaid, shall not be expanded, as provided for  
22 in the patient protection and affordable care act, public law 111-148, 124  
23 stat. 119, and the health care and education reconciliation act of 2010,  
24 public law 111-152, 124 stat. 1029, unless the legislature expressly  
25 consents to, and approves of, the expansion of medicaid services by an act  
26 of the legislature.

27 (3) (A) Resources from trusts shall be considered when determining  
28 eligibility of a trust beneficiary for medical assistance. Medical assistance  
29 is to be secondary to all resources, including trusts, that may be available  
30 to an applicant or recipient of medical assistance.

31 (B) If a trust has discretionary language, the trust shall be considered  
32 to be an available resource to the extent, using the full extent of discretion,  
33 the trustee may make any of the income or principal available to the  
34 applicant or recipient of medical assistance. Any such discretionary trust  
35 shall be considered an available resource unless: (i) At the time of creation  
36 or amendment of the trust, the trust states a clear intent that the trust is  
37 supplemental to public assistance; and (ii) the trust: (a) Is funded from  
38 resources of a person who, at the time of such funding, owed no duty of  
39 support to the applicant or recipient of medical assistance; or (b) is funded  
40 not more than nominally from resources of a person while that person  
41 owed a duty of support to the applicant or recipient of medical assistance.

42 (C) For the purposes of this paragraph, "public assistance" includes,  
43 but is not limited to, medicaid, medical assistance or title XIX of the social

1 security act.

2 (4) (A) When an applicant or recipient of medical assistance is a party  
3 to a contract, agreement or accord for personal services being provided by  
4 a nonlicensed individual or provider and such contract, agreement or  
5 accord involves health and welfare monitoring, pharmacy assistance, case  
6 management, communication with medical, health or other professionals,  
7 or other activities related to home health care, long term care, medical  
8 assistance benefits, or other related issues, any moneys paid under such  
9 contract, agreement or accord shall be considered to be an available  
10 resource unless the following restrictions are met: (i) The contract,  
11 agreement or accord must be in writing and executed prior to any services  
12 being provided; (ii) the moneys paid are in direct relationship with the fair  
13 market value of such services being provided by similarly situated and  
14 trained nonlicensed individuals; (iii) if no similarly situated nonlicensed  
15 individuals or situations can be found, the value of services will be based  
16 on federal hourly minimum wage standards; (iv) such individual providing  
17 the services will report all receipts of moneys as income to the appropriate  
18 state and federal governmental revenue agencies; (v) any amounts due  
19 under such contract, agreement or accord shall be paid after the services  
20 are rendered; (vi) the applicant or recipient shall have the power to revoke  
21 the contract, agreement or accord; and (vii) upon the death of the applicant  
22 or recipient, the contract, agreement or accord ceases.

23 (B) When an applicant or recipient of medical assistance is a party to  
24 a written contract for personal services being provided by a licensed health  
25 professional or facility and such contract involves health and welfare  
26 monitoring, pharmacy assistance, case management, communication with  
27 medical, health or other professionals, or other activities related to home  
28 health care, long term care, medical assistance benefits or other related  
29 issues, any moneys paid in advance of receipt of services for such  
30 contracts shall be considered to be an available resource.

31 (5) Any trust may be amended if such amendment is permitted by the  
32 Kansas uniform trust code.

33 (f) *Eligibility for medical assistance of resident receiving medical*  
34 *care outside state.* A person who is receiving medical care including long-  
35 term care outside of Kansas whose health would be endangered by the  
36 postponement of medical care until return to the state or by travel to return  
37 to Kansas, may be determined eligible for medical assistance if such  
38 individual is a resident of Kansas and all other eligibility factors are met.  
39 Persons who are receiving medical care on an ongoing basis in a long-term  
40 medical care facility in a state other than Kansas and who do not return to  
41 a care facility in Kansas when they are able to do so, shall no longer be  
42 eligible to receive assistance in Kansas unless such medical care is not  
43 available in a comparable facility or program providing such medical care

1 in Kansas. For persons who are minors or who are under guardianship, the  
2 actions of the parent or guardian shall be deemed to be the actions of the  
3 child or ward in determining whether or not the person is remaining  
4 outside the state voluntarily.

5 (g) *Medical assistance; assignment of rights to medical support and*  
6 *limited power of attorney; recovery from estates of deceased recipients.* (1)

7 (A) Except as otherwise provided in K.S.A. 39-786 and 39-787, and  
8 amendments thereto, or as otherwise authorized on and after September  
9 30, 1989, under section 303 of the federal medicare catastrophic coverage  
10 act of 1988, whichever is applicable, by applying for or receiving medical  
11 assistance under a medical care plan in which federal funds are expended,  
12 any accrued, present or future rights to support and any rights to payment  
13 for medical care from a third party of an applicant or recipient and any  
14 other family member for whom the applicant is applying shall be deemed  
15 to have been assigned to the secretary on behalf of the state. The  
16 assignment shall automatically become effective upon the date of approval  
17 for such assistance without the requirement that any document be signed  
18 by the applicant or recipient. By applying for or receiving medical  
19 assistance the applicant or recipient is also deemed to have appointed the  
20 secretary, or the secretary's designee, as an attorney in fact to perform the  
21 specific act of negotiating and endorsing all drafts, checks, money orders  
22 or other negotiable instruments, representing payments received by the  
23 secretary in on behalf of any person applying for, receiving or having  
24 received such assistance. This limited power of attorney shall be effective  
25 from the date the secretary approves the application for assistance and  
26 shall remain in effect until the assignment has been terminated in full. The  
27 assignment of any rights to payment for medical care from a third party  
28 under this subsection shall not prohibit a health care provider from directly  
29 billing an insurance carrier for services rendered if the provider has not  
30 submitted a claim covering such services to the secretary for payment.  
31 Support amounts collected on behalf of persons whose rights to support  
32 are assigned to the secretary only under this subsection and no other shall  
33 be distributed pursuant to K.S.A. 39-756(d), and amendments thereto,  
34 except that any amounts designated as medical support shall be retained by  
35 the secretary for repayment of the unreimbursed portion of assistance.  
36 Amounts collected pursuant to the assignment of rights to payment for  
37 medical care from a third party shall also be retained by the secretary for  
38 repayment of the unreimbursed portion of assistance.

39 (B) Notwithstanding the provisions of subparagraph (A), the  
40 secretary of health and environment, or the secretary's designee, is hereby  
41 authorized to and shall exercise any of the powers specified in  
42 subparagraph (A) in relation to performance of such secretary's duties  
43 pertaining to medical subrogation, estate recovery or any other duties

1 assigned to such secretary in article 74 of chapter 75 of the Kansas Statutes  
2 Annotated, and amendments thereto.

3 (2) The amount of any medical assistance paid after June 30, 1992,  
4 under the provisions of subsection (e) is: (A) A claim against the property  
5 or any interest therein belonging to and a part of the estate of any deceased  
6 recipient or, if there is no estate, the estate of the surviving spouse, if any,  
7 shall be charged for such medical assistance paid to either or both; and (B)  
8 a claim against any funds of such recipient or spouse in any account under  
9 K.S.A. 9-1215, 17-2263, ~~17-2264~~, ~~17-5828~~ or ~~17-5829~~ or 17-2264, and  
10 amendments thereto. There shall be no recovery of medical assistance  
11 correctly paid to or on behalf of an individual under subsection (e) except  
12 after the death of the surviving spouse of the individual, if any, and only at  
13 a time when the individual has no surviving child who is under 21 years of  
14 age or is blind or permanently and totally disabled. Transfers of real or  
15 personal property by recipients of medical assistance without adequate  
16 consideration are voidable and may be set aside. Except where there is a  
17 surviving spouse, or a surviving child who is under 21 years of age or is  
18 blind or permanently and totally disabled, the amount of any medical  
19 assistance paid under subsection (e) is a claim against the estate in any  
20 guardianship or conservatorship proceeding. The monetary value of any  
21 benefits received by the recipient of such medical assistance under long-  
22 term care insurance, as defined by K.S.A. 40-2227, and amendments  
23 thereto, shall be a credit against the amount of the claim provided for such  
24 medical assistance under this subsection. The secretary of health and  
25 environment is authorized to enforce each claim provided for under this  
26 subsection. The secretary of health and environment shall not be required  
27 to pursue every claim, but is granted discretion to determine which claims  
28 to pursue. All moneys received by the secretary of health and environment  
29 from claims under this subsection shall be deposited in the social welfare  
30 fund. The secretary of health and environment may adopt rules and  
31 regulations for the implementation and administration of the medical  
32 assistance recovery program under this subsection.

33 (3) By applying for or receiving medical assistance under the  
34 provisions of article 7 of chapter 39 of the Kansas Statutes Annotated, and  
35 amendments thereto, such individual or such individual's agent, fiduciary,  
36 guardian, conservator, representative payee or other person acting on  
37 behalf of the individual consents to the following definitions of estate and  
38 the results therefrom:

39 (A) If an individual receives any medical assistance before July 1,  
40 2004, pursuant to article 7 of chapter 39 of the Kansas Statutes Annotated,  
41 and amendments thereto, which forms the basis for a claim under  
42 paragraph (2), such claim is limited to the individual's probatable estate as  
43 defined by applicable law; and

1 (B) if an individual receives any medical assistance on or after July 1,  
2 2004, pursuant to article 7 of chapter 39 of the Kansas Statutes Annotated,  
3 and amendments thereto, which forms the basis for a claim under  
4 paragraph (2), such claim shall apply to the individual's medical assistance  
5 estate. The medical assistance estate is defined as including all real and  
6 personal property and other assets in which the deceased individual had  
7 any legal title or interest immediately before or at the time of death to the  
8 extent of that interest or title. The medical assistance estate includes,  
9 without limitation assets conveyed to a survivor, heir or assign of the  
10 deceased recipient through joint tenancy, tenancy in common,  
11 survivorship, transfer-on-death deed, payable-on-death contract, life estate,  
12 trust, annuities or similar arrangement.

13 (4) The secretary of health and environment or the secretary's  
14 designee is authorized to file and enforce a lien against the real property of  
15 a recipient of medical assistance in certain situations, subject to all prior  
16 liens of record and transfers for value to a bona fide purchaser of record.  
17 The lien must be filed in the office of the register of deeds of the county  
18 where the real property is located within one year from the date of death of  
19 the recipient and must contain the legal description of all real property in  
20 the county subject to the lien.

21 (A) After the death of a recipient of medical assistance, the secretary  
22 of health and environment or the secretary's designee may place a lien on  
23 any interest in real property owned by such recipient.

24 (B) The secretary of health and environment or the secretary's  
25 designee may place a lien on any interest in real property owned by a  
26 recipient of medical assistance during the lifetime of such recipient. Such  
27 lien may be filed only after notice and an opportunity for a hearing has  
28 been given. Such lien may be enforced only upon competent medical  
29 testimony that the recipient cannot reasonably be expected to be  
30 discharged and returned home. A six-month period of compensated  
31 inpatient care at a nursing home or other medical institution shall  
32 constitute a determination by the department of health and environment  
33 that the recipient cannot reasonably be expected to be discharged and  
34 returned home. To return home means the recipient leaves the nursing or  
35 medical facility and resides in the home on which the lien has been placed  
36 for a continuous period of at least 90 days without being readmitted as an  
37 inpatient to a nursing or medical facility. The amount of the lien shall be  
38 for the amount of assistance paid by the department of health and  
39 environment until the time of the filing of the lien and for any amount paid  
40 thereafter for such medical assistance to the recipient. After the lien is filed  
41 against any real property owned by the recipient, such lien will be  
42 dissolved if the recipient is discharged, returns home and resides upon the  
43 real property to which the lien is attached for a continuous period of at

1 least 90 days without being readmitted as an inpatient to a nursing or  
2 medical facility. If the recipient is readmitted as an inpatient to a nursing or  
3 medical facility for a continuous period of less than 90 days, another  
4 continuous period of at least 90 days shall be completed prior to  
5 dissolution of the lien.

6 (5) The lien filed by the secretary of health and environment or the  
7 secretary's designee for medical assistance correctly received may be  
8 enforced before or after the death of the recipient by the filing of an action  
9 to foreclose such lien in the Kansas district court or through an estate  
10 probate court action in the county where the real property of the recipient  
11 is located. However, it may be enforced only:

12 (A) After the death of the surviving spouse of the recipient;

13 (B) when there is no child of the recipient, natural or adopted, who is  
14 20 years of age or less residing in the home;

15 (C) when there is no adult child of the recipient, natural or adopted,  
16 who is blind or disabled residing in the home; or

17 (D) when no brother or sister of the recipient is lawfully residing in  
18 the home, who has resided there for at least one year immediately before  
19 the date of the recipient's admission to the nursing or medical facility, and  
20 has resided there on a continuous basis since that time.

21 (6) The lien remains on the property even after a transfer of the title  
22 by conveyance, sale, succession, inheritance or will unless one of the  
23 following events occur:

24 (A) The lien is satisfied. The recipient, the heirs, personal  
25 representative or assigns of the recipient may discharge such lien at any  
26 time by paying the amount of the lien to the secretary of health and  
27 environment or the secretary's designee;

28 (B) the lien is terminated by foreclosure of prior lien of record or  
29 settlement action taken in lieu of foreclosure; or

30 (C) the value of the real property is consumed by the lien, at which  
31 time the secretary of health and environment or the secretary's designee  
32 may force the sale for the real property to satisfy the lien.

33 (7) If the secretary for aging and disability services or the secretary of  
34 health and environment, or both, or such secretary's designee has not filed  
35 an action to foreclose the lien in the Kansas district court in the county  
36 where the real property is located within 10 years from the date of the  
37 filing of the lien, then the lien shall become dormant, and shall cease to  
38 operate as a lien on the real estate of the recipient. Such dormant lien may  
39 be revived in the same manner as a dormant judgment lien is revived under  
40 K.S.A. 60-2403 et seq., and amendments thereto.

41 (8) Within seven days of receipt of notice by the secretary for  
42 children and families or the secretary's designee of the death of a recipient  
43 of medical assistance under this subsection, the secretary for children and

1 families or the secretary's designee shall give notice of such recipient's  
2 death to the secretary of health and environment or the secretary's  
3 designee.

4 (9) All rules and regulations adopted on and after July 1, 2013, and  
5 prior to July 1, 2014, to implement this subsection shall continue to be  
6 effective and shall be deemed to be duly adopted rules and regulations of  
7 the secretary of health and environment until revised, amended, revoked or  
8 nullified pursuant to law.

9 (h) *Placement under the revised Kansas code for care of children or*  
10 *revised Kansas juvenile justice code; assignment of support rights and*  
11 *limited power of attorney.* In any case in which the secretary for children  
12 and families pays for the expenses of care and custody of a child pursuant  
13 to K.S.A. 2017 Supp. 38-2201 et seq. or 38-2301 et seq., and amendments  
14 thereto, including the expenses of any foster care placement, an  
15 assignment of all past, present and future support rights of the child in  
16 custody possessed by either parent or other person entitled to receive  
17 support payments for the child is, by operation of law, conveyed to the  
18 secretary. Such assignment shall become effective upon placement of a  
19 child in the custody of the secretary or upon payment of the expenses of  
20 care and custody of a child by the secretary without the requirement that  
21 any document be signed by the parent or other person entitled to receive  
22 support payments for the child. When the secretary pays for the expenses  
23 of care and custody of a child or a child is placed in the custody of the  
24 secretary, the parent or other person entitled to receive support payments  
25 for the child is also deemed to have appointed the secretary, or the  
26 secretary's designee, as attorney in fact to perform the specific act of  
27 negotiating and endorsing all drafts, checks, money orders or other  
28 negotiable instruments representing support payments received by the  
29 secretary on behalf of the child. This limited power of attorney shall be  
30 effective from the date the assignment to support rights becomes effective  
31 and shall remain in effect until the assignment of support rights has been  
32 terminated in full.

33 (i) No person who voluntarily quits employment or who is fired from  
34 employment due to gross misconduct as defined by rules and regulations  
35 of the secretary or who is a fugitive from justice by reason of a felony  
36 conviction or charge or violation of a condition of probation or parole  
37 imposed under federal or state law shall be eligible to receive public  
38 assistance benefits in this state. Any recipient of public assistance who  
39 fails to timely comply with monthly reporting requirements under criteria  
40 and guidelines prescribed by rules and regulations of the secretary shall be  
41 subject to a penalty established by the secretary by rules and regulations.

42 (j) If the applicant or recipient of temporary assistance for needy  
43 families is a mother of the dependent child, as a condition of the mother's

1 eligibility for temporary assistance for needy families the mother shall  
2 identify by name and, if known, by current address the father of the  
3 dependent child except that the secretary may adopt by rules and  
4 regulations exceptions to this requirement in cases of undue hardship. Any  
5 recipient of temporary assistance for needy families who fails to cooperate  
6 with requirements relating to child support services under criteria and  
7 guidelines prescribed by rules and regulations of the secretary shall be  
8 subject to a penalty established by the secretary.

9 (k) By applying for or receiving child care benefits or food  
10 assistance, the applicant or recipient shall be deemed to have assigned,  
11 pursuant to K.S.A. 39-756, and amendments thereto, to the secretary on  
12 behalf of the state only accrued, present or future rights to support from  
13 any other person such applicant may have in such person's own behalf or  
14 in behalf of any other family member for whom the applicant is applying  
15 for or receiving aid. The assignment of support rights shall automatically  
16 become effective upon the date of approval for or receipt of such aid  
17 without the requirement that any document be signed by the applicant or  
18 recipient. By applying for or receiving child care benefits or food  
19 assistance, the applicant or recipient is also deemed to have appointed the  
20 secretary, or the secretary's designee, as an attorney in fact to perform the  
21 specific act of negotiating and endorsing all drafts, checks, money orders  
22 or other negotiable instruments representing support payments received by  
23 the secretary in behalf of any person applying for, receiving or having  
24 received such assistance. This limited power of attorney shall be effective  
25 from the date the secretary approves the application for aid and shall  
26 remain in effect until the assignment of support rights has been terminated  
27 in full. An applicant or recipient who has assigned support rights to the  
28 secretary pursuant to this subsection shall cooperate in establishing and  
29 enforcing support obligations to the same extent required of applicants for  
30 or recipients of temporary assistance for needy families.

31 (l) (1) A program of drug screening for applicants for cash assistance  
32 as a condition of eligibility for cash assistance and persons receiving cash  
33 assistance as a condition of continued receipt of cash assistance shall be  
34 established, subject to applicable federal law, by the secretary for children  
35 and families on and before January 1, 2014. Under such program of drug  
36 screening, the secretary for children and families shall order a drug  
37 screening of an applicant for or a recipient of cash assistance at any time  
38 when reasonable suspicion exists that such applicant for or recipient of  
39 cash assistance is unlawfully using a controlled substance or controlled  
40 substance analog. The secretary for children and families may use any  
41 information obtained by the secretary for children and families to  
42 determine whether such reasonable suspicion exists, including, but not  
43 limited to, an applicant's or recipient's demeanor, missed appointments and

1 arrest or other police records, previous employment or application for  
2 employment in an occupation or industry that regularly conducts drug  
3 screening, termination from previous employment due to unlawful use of a  
4 controlled substance or controlled substance analog or prior drug screening  
5 records of the applicant or recipient indicating unlawful use of a controlled  
6 substance or controlled substance analog.

7 (2) Any applicant for or recipient of cash assistance whose drug  
8 screening results in a positive test may request that the drug screening  
9 specimen be sent to a different drug testing facility for an additional drug  
10 screening. Any applicant for or recipient of cash assistance who requests  
11 an additional drug screening at a different drug testing facility shall be  
12 required to pay the cost of drug screening. Such applicant or recipient who  
13 took the additional drug screening and who tested negative for unlawful  
14 use of a controlled substance and controlled substance analog shall be  
15 reimbursed for the cost of such additional drug screening.

16 (3) Any applicant for or recipient of cash assistance who tests  
17 positive for unlawful use of a controlled substance or controlled substance  
18 analog shall be required to complete a substance abuse treatment program  
19 approved by the secretary for children and families, secretary of labor or  
20 secretary of commerce, and a job skills program approved by the secretary  
21 for children and families, secretary of labor or secretary of commerce.  
22 Subject to applicable federal laws, any applicant for or recipient of cash  
23 assistance who fails to complete or refuses to participate in the substance  
24 abuse treatment program or job skills program as required under this  
25 subsection shall be ineligible to receive cash assistance until completion of  
26 such substance abuse treatment and job skills programs. Upon completion  
27 of both substance abuse treatment and job skills programs, such applicant  
28 for or recipient of cash assistance may be subject to periodic drug  
29 screening, as determined by the secretary for children and families. Upon a  
30 second positive test for unlawful use of a controlled substance or  
31 controlled substance analog, a recipient of cash assistance shall be ordered  
32 to complete again a substance abuse treatment program and job skills  
33 program, and shall be terminated from cash assistance for a period of 12  
34 months, or until such recipient of cash assistance completes both substance  
35 abuse treatment and job skills programs, whichever is later. Upon a third  
36 positive test for unlawful use of a controlled substance or controlled  
37 substance analog, a recipient of cash assistance shall be terminated from  
38 cash assistance, subject to applicable federal law.

39 (4) If an applicant for or recipient of cash assistance is ineligible for  
40 or terminated from cash assistance as a result of a positive test for  
41 unlawful use of a controlled substance or controlled substance analog, and  
42 such applicant for or recipient of cash assistance is the parent or legal  
43 guardian of a minor child, an appropriate protective payee shall be

1 designated to receive cash assistance on behalf of such child. Such parent  
2 or legal guardian of the minor child may choose to designate an individual  
3 to receive cash assistance for such parent's or legal guardian's minor child,  
4 as approved by the secretary for children and families. Prior to the  
5 designated individual receiving any cash assistance, the secretary for  
6 children and families shall review whether reasonable suspicion exists that  
7 such designated individual is unlawfully using a controlled substance or  
8 controlled substance analog.

9 (A) In addition, any individual designated to receive cash assistance  
10 on behalf of an eligible minor child shall be subject to drug screening at  
11 any time when reasonable suspicion exists that such designated individual  
12 is unlawfully using a controlled substance or controlled substance analog.  
13 The secretary for children and families may use any information obtained  
14 by the secretary for children and families to determine whether such  
15 reasonable suspicion exists, including, but not limited to, the designated  
16 individual's demeanor, missed appointments and arrest or other police  
17 records, previous employment or application for employment in an  
18 occupation or industry that regularly conducts drug screening, termination  
19 from previous employment due to unlawful use of a controlled substance  
20 or controlled substance analog or prior drug screening records of the  
21 designated individual indicating unlawful use of a controlled substance or  
22 controlled substance analog.

23 (B) Any designated individual whose drug screening results in a  
24 positive test may request that the drug screening specimen be sent to a  
25 different drug testing facility for an additional drug screening. Any  
26 designated individual who requests an additional drug screening at a  
27 different drug testing facility shall be required to pay the cost of drug  
28 screening. Such designated individual who took the additional drug  
29 screening and who tested negative for unlawful use of a controlled  
30 substance and controlled substance analog shall be reimbursed for the cost  
31 of such additional drug screening.

32 (C) Upon any positive test for unlawful use of a controlled substance  
33 or controlled substance analog, the designated individual shall not receive  
34 cash assistance on behalf of the parent's or legal guardian's minor child,  
35 and another designated individual shall be selected by the secretary for  
36 children and families to receive cash assistance on behalf of such parent's  
37 or legal guardian's minor child.

38 (5) If a person has been convicted under federal or state law of any  
39 offense which is classified as a felony by the law of the jurisdiction and  
40 which has as an element of such offense the manufacture, cultivation,  
41 distribution, possession or use of a controlled substance or controlled  
42 substance analog, and the date of conviction is on or after July 1, 2013,  
43 such person shall thereby become forever ineligible to receive any cash

1 assistance under this subsection unless such conviction is the person's first  
2 conviction. First-time offenders convicted under federal or state law of any  
3 offense which is classified as a felony by the law of the jurisdiction and  
4 which has as an element of such offense the manufacture, cultivation,  
5 distribution, possession or use of a controlled substance or controlled  
6 substance analog, and the date of conviction is on or after July 1, 2013,  
7 such person shall become ineligible to receive cash assistance for five  
8 years from the date of conviction.

9 (6) Except for hearings before the Kansas department for children  
10 and families or, the results of any drug screening administered as part of  
11 the drug screening program authorized by this subsection shall be  
12 confidential and shall not be disclosed publicly.

13 (7) The secretary for children and families may adopt such rules and  
14 regulations as are necessary to carry out the provisions of this subsection.

15 (8) Any authority granted to the secretary for children and families  
16 under this subsection shall be in addition to any other penalties prescribed  
17 by law.

18 (9) As used in this subsection:

19 (A) "Cash assistance" means cash assistance provided to individuals  
20 under the provisions of article 7 of chapter 39 of the Kansas Statutes  
21 Annotated, and amendments thereto, and any rules and regulations adopted  
22 pursuant to such statutes.

23 (B) "Controlled substance" means the same as in K.S.A. 2017 Supp.  
24 21-5701, and amendments thereto, and 21 U.S.C. § 802.

25 (C) "Controlled substance analog" means the same as in K.S.A. 2017  
26 Supp. 21-5701, and amendments thereto.

27 Sec. 12. K.S.A. 2017 Supp. 58-3974 is hereby amended to read as  
28 follows: 58-3974. (a) The provisions of this act shall not apply to any  
29 tangible or intangible personal property which is subject to the provisions  
30 of K.S.A. 8-1101, 8-1102, 9-1918, 10-815, 17-2206a, ~~17-5564~~, 19-320,  
31 47-229, 47-230, 47-232, 47-236 ~~to~~ through 47-239, ~~inclusive~~; 59-514, 59-  
32 901 ~~to~~ through 59-905, ~~inclusive~~; 70-101, ~~70-102, 70-103 and~~ through 70-  
33 104, and amendments thereto.

34 (b) This act shall not apply to any personal property which is being  
35 administered or has been distributed under the provisions of K.S.A. 59-  
36 2701 ~~to~~ through 59-2707, ~~inclusive~~, and amendments thereto.

37 (c) This act shall not apply to any patronage dividend or capital credit  
38 held or owing by any cooperative association, society or corporation  
39 organized under the provisions of K.S.A. 17-1501 et seq., 17-1601 et seq.  
40 or 17-4601 et seq., and amendments thereto.

41 (d) This act shall not apply to any patronage dividend or any capital  
42 credit held or owing by any public utility which is a member-owned  
43 nonprofit corporation organized under the provisions of K.S.A. 17-6001 et

1 seq., and amendments thereto.

2 Sec. 13. K.S.A. 2017 Supp. 75-3036 is hereby amended to read as  
3 follows: 75-3036. (a) The state general fund is exclusively defined as the  
4 fund into which shall be placed all public moneys and revenue coming into  
5 the state treasury not specifically authorized by the constitution or by  
6 statute to be placed in a separate fund, and not given or paid over to the  
7 state treasurer in trust for a particular purpose, which unallocated public  
8 moneys and revenue shall constitute the general fund of the state. Moneys  
9 received or to be used under constitutional or statutory provisions or under  
10 the terms of a gift or payment for a particular and specific purpose are to  
11 be kept as separate funds and shall not be placed in the general fund or  
12 ever become a part of it.

13 (b) The following funds shall be used for the purposes set forth in the  
14 statutes concerning such funds and for no other governmental purposes. It  
15 is the intent of the legislature that the following funds and the moneys  
16 deposited in such funds shall remain intact and inviolate for the purposes  
17 set forth in the statutes concerning such funds: Board of accountancy fee  
18 fund, K.S.A. 1-204 and 75-1119b, and amendments thereto, and special  
19 litigation reserve fund of the board of accountancy; bank commissioner fee  
20 fund, K.S.A. 9-1703, 16a-2-302, ~~17-5610~~, ~~17-5701~~ and 75-1308, and  
21 amendments thereto, bank investigation fund, K.S.A. 9-1111b, and  
22 amendments thereto, consumer education settlement fund and litigation  
23 expense fund of the state bank commissioner; securities act fee fund and  
24 investor education and protection fund, K.S.A. 17-12a601, and  
25 amendments thereto, of the office of the securities commissioner of  
26 Kansas; credit union fee fund, K.S.A. 17-2236, and amendments thereto,  
27 of the state department of credit unions; court reporters fee fund, K.S.A.  
28 20-1a02, and amendments thereto, and bar admission fee fund, K.S.A. 20-  
29 1a03, and amendments thereto, of the judicial branch; fire marshal fee  
30 fund, K.S.A. 31-133a and 31-134, and amendments thereto, and boiler  
31 inspection fee fund, K.S.A. 44-926, and amendments thereto, of the state  
32 fire marshal; food service inspection reimbursement fund, K.S.A. 36-512,  
33 and amendments thereto, of the Kansas department of agriculture; wage  
34 claims assignment fee fund, K.S.A. 44-324, and amendments thereto, and  
35 workmen's compensation fee fund, K.S.A. 74-715, and amendments  
36 thereto, of the department of labor; veterinary examiners fee fund, K.S.A.  
37 47-820, and amendments thereto, of the state board of veterinary  
38 examiners; mined-land reclamation fund, K.S.A. 49-420, and amendments  
39 thereto, of the department of health and environment; conservation fee  
40 fund and well plugging assurance fund, K.S.A. 55-155, 55-176, 55-609,  
41 55-711 and 55-901, and amendments thereto, gas pipeline inspection fee  
42 fund, K.S.A. 66-1,155, and amendments thereto, and public service  
43 regulation fund, K.S.A. 66-1503, and amendments thereto, of the state

1 corporation commission; land survey fee fund, K.S.A. 58-2011, and  
2 amendments thereto, of the state historical society; real estate recovery  
3 revolving fund, K.S.A. 58-3074, and amendments thereto, of the Kansas  
4 real estate commission; appraiser fee fund, K.S.A. 58-4107, and  
5 amendments thereto, and appraisal management companies fee fund of the  
6 real estate appraisal board; amygdalin (laetrite) enforcement fee fund,  
7 K.S.A. 65-6b10, and amendments thereto; mortuary arts fee fund, K.S.A.  
8 65-1718, and amendments thereto, of the state board of mortuary arts;  
9 board of barbering fee fund, K.S.A. 65-1817a, and amendments thereto, of  
10 the Kansas board of barbering; cosmetology fee fund, K.S.A. 65-1951 and  
11 74-2704, and amendments thereto, of the Kansas state board of  
12 cosmetology; healing arts fee fund, K.S.A. 65-2011, 65-2855, 65-2911, 65-  
13 5413, 65-5513, 65-6910, 65-7210 and 65-7309, and amendments thereto,  
14 and medical records maintenance trust fund, of the state board of healing  
15 arts; other state fees fund, K.S.A. 2017 Supp. 65-4024b, and amendments  
16 thereto, of the Kansas department for aging and disability services; board  
17 of nursing fee fund, K.S.A. 74-1108, and amendments thereto, of the board  
18 of nursing; dental board fee fund, K.S.A. 74-1405, and amendments  
19 thereto, and special litigation reserve fund, of the Kansas dental board;  
20 optometry fee fund, K.S.A. 74-1503, and amendments thereto, and  
21 optometry litigation fund, of the board of examiners in optometry; state  
22 board of pharmacy fee fund, K.S.A. 74-1609, and amendments thereto,  
23 and state board of pharmacy litigation fund, of the state board of  
24 pharmacy; abstracters' fee fund, K.S.A. 74-3903, and amendments thereto,  
25 of the abstracters' board of examiners; athletic fee fund, K.S.A. 2017 Supp.  
26 74-50,188, and amendments thereto, of the department of commerce;  
27 hearing instrument board fee fund, K.S.A. 74-5805, and amendments  
28 thereto, and hearing instrument litigation fund of the Kansas board of  
29 examiners in fitting and dispensing of hearing instruments; commission on  
30 disability concerns fee fund, K.S.A. 74-6708, and amendments thereto, of  
31 the governor's department; technical professions fee fund, K.S.A. 74-7009,  
32 and amendments thereto, and special litigation reserve fund of the state  
33 board of technical professions; behavioral sciences regulatory board fee  
34 fund, K.S.A. 74-7506, and amendments thereto, of the behavioral sciences  
35 regulatory board; governmental ethics commission fee fund, K.S.A. 25-  
36 4119e, and amendments thereto, of the governmental ethics commission;  
37 emergency medical services board operating fund, K.S.A. 75-1514, and  
38 amendments thereto, of the emergency medical services board; fire service  
39 training program fund, K.S.A. 75-1514, and amendments thereto, of the  
40 university of Kansas; uniform commercial code fee fund, K.S.A. 2017  
41 Supp. 75-448, and amendments thereto, of the secretary of state; prairie  
42 spirit rails-to-trails fee fund of the Kansas department of wildlife, parks  
43 and tourism; water marketing fund, K.S.A. 82a-1315c, and amendments

1 thereto, of the Kansas water office; insurance department service  
2 regulation fund, K.S.A. 40-112, and amendments thereto, of the insurance  
3 department; state fair special cash fund, K.S.A. 2-220, and amendments  
4 thereto, of the state fair board; scrap metal theft reduction fee fund, K.S.A.  
5 2017 Supp. 50-6,109a, and amendments thereto; and any other fund in  
6 which fees are deposited for licensing, regulating or certifying a person,  
7 profession, commodity or product.

8 (c) If moneys received pursuant to statutory provisions for a specific  
9 purpose by a fee agency are proposed to be transferred to the state general  
10 fund or a special revenue fund to be expended for general government  
11 services and purposes in the governor's budget report submitted pursuant  
12 to K.S.A. 75-3721, and amendments thereto, or any introduced house or  
13 senate bill, the person or business entity who paid such moneys within the  
14 preceding 24-month period shall be notified by the fee agency within 30  
15 days of such submission or introduction:

16 (1) By electronic means, if the fee agency has an electronic address  
17 on record for such person or business entity. If no such electronic address  
18 is available, the fee agency shall send written notice by first class mail; or

19 (2) any agency that receives fees from a tax, fee, charge or levy paid  
20 to the commissioner of insurance shall post the notification required by  
21 this subsection on such agency's website.

22 (d) Any such moneys which are wrongfully or by mistake placed in  
23 the general fund shall constitute a proper charge against such general fund.  
24 All legislative appropriations which do not designate a specific fund from  
25 which they are to be paid shall be considered to be proper charges against  
26 the general fund of the state. All revenues received by the state of Kansas  
27 or any department, board, commission, or institution of the state of  
28 Kansas, and required to be paid into the state treasury shall be placed in  
29 and become a part of the state general fund, except as otherwise provided  
30 by law.

31 (e) The provisions of this section shall not apply to the 10% credited  
32 to the state general fund to reimburse the state general fund for accounting,  
33 auditing, budgeting, legal, payroll, personnel and purchasing services, and  
34 any and all other state governmental services, as provided in K.S.A. 75-  
35 3170a, and amendments thereto.

36 (f) Beginning on January 8, 2018, the director of the budget shall  
37 prepare a report listing the unencumbered balance of each fund in  
38 subsection (b) on June 30 of the previous fiscal year and January 1 of the  
39 current fiscal year. Such report shall be delivered to the secretary of the  
40 senate and the chief clerk of the house of representatives on or before the  
41 first day of the regular legislative session each year.

42 (g) As used in this section, "fee agency" shall include the state  
43 agencies specified in K.S.A. 75-3717(f), and amendments thereto, and any

1 other state agency that collects fees for licensing, regulating or certifying a  
 2 person, profession, commodity or product.

3 Sec. 14. K.S.A. 2017 Supp. 75-3170a is hereby amended to read as  
 4 follows: 75-3170a. (a) The 10% credit to the state general fund required by  
 5 K.S.A. 1-204, 9-1703, 16a-2-302, 17-12a601, 17-2236, ~~17-5610, 17-5701,~~  
 6 ~~20-1a02, 20-1a03, 31-133a, 31-134, 36-512, 44-324, 44-926, 47-820, 49-~~  
 7 ~~420, 55-155, 55-176, 55-609, 55-711, 55-901, 58-2011, 58-3074, 58-4107,~~  
 8 ~~65-6b10, 65-1718, 65-1817a, 65-1951, 65-2011, 65-2855, 65-2911, 65-~~  
 9 ~~4024b, 65-5413, 65-5513, 65-6910, 65-7210, 65-7309, 66-1,155, 66-1503,~~  
 10 ~~74-715, 74-1108, 74-1405, 74-1503, 74-1609, 74-2704, 74-3903, 74-~~  
 11 ~~50,188, 74-5805, 74-6708, 74-7009, 74-7506, 75-1119b, 75-1308, 75-~~  
 12 ~~1514, 84-9-801, and amendments thereto, is to reimburse the state general~~  
 13 ~~fund for accounting, auditing, budgeting, legal, payroll, personnel and~~  
 14 ~~purchasing services, and any and all other state governmental services,~~  
 15 ~~which are performed on behalf of the state agency involved by other state~~  
 16 ~~agencies which receive appropriations from the state general fund to~~  
 17 ~~provide such services.~~

18 (b) Nothing in this act or in the sections amended by this act or  
 19 referred to in subsection (a), shall be deemed to authorize remittances to be  
 20 made less frequently than is authorized under K.S.A. 75-4215, and  
 21 amendments thereto.

22 (c) Notwithstanding any provision of any statute referred to in or  
 23 amended by this act or referred to in subsection (a), whenever in any fiscal  
 24 year such 10% credit to the state general fund in relation to any particular  
 25 fee fund is \$100,000, in that fiscal year the 10% credit no longer shall  
 26 apply to moneys received from sources applicable to such fee fund and for  
 27 the remainder of such year the full 100% so received shall be credited to  
 28 such fee fund.

29 Sec. 15. K.S.A. 9-1134, 17-5101, 17-5102, 17-5201, 17-5202, 17-  
 30 5203, 17-5204, 17-5205, 17-5206, 17-5207, 17-5208, 17-5209, 17-5210,  
 31 17-5211, 17-5212, 17-5213, 17-5214, 17-5215, 17-5216, 17-5217, 17-  
 32 5218, 17-5219, 17-5220, 17-5221, 17-5225, 17-5225a, 17-5225b, 17-  
 33 5225c, 17-5226, 17-5227, 17-5228, 17-5229, 17-5230, 17-5301, 17-5302,  
 34 17-5303, 17-5304, 17-5305, 17-5306, 17-5307, 17-5308, 17-5309, 17-  
 35 5310, 17-5311, 17-5312, 17-5313, 17-5314, 17-5315, 17-5316, 17-5317,  
 36 17-5318, 17-5319, 17-5320, 17-5321, 17-5322, 17-5323, 17-5324, 17-  
 37 5325, 17-5326, 17-5327, 17-5328, 17-5329, 17-5401, 17-5402, 17-5403,  
 38 17-5404, 17-5405, 17-5406, 17-5407, 17-5408, 17-5409, 17-5410, 17-  
 39 5412, 17-5413, 17-5414, 17-5415, 17-5416, 17-5417, 17-5418, 17-5419,  
 40 17-5420, 17-5421, 17-5422, 17-5423, 17-5424, 17-5425, 17-5426, 17-  
 41 5427, 17-5428, 17-5429, 17-5430, 17-5501, 17-5501c, 17-5502, 17-5502a,  
 42 17-5503, 17-5504, 17-5505, 17-5506, 17-5508, 17-5509, 17-5510, 17-  
 43 5511, 17-5512, 17-5512a, 17-5513, 17-5514, 17-5515, 17-5516, 17-5517,

1 17-5519, 17-5520, 17-5521, 17-5522, 17-5523, 17-5524, 17-5525, 17-  
2 5526, 17-5527, 17-5528, 17-5529, 17-5530, 17-5531, 17-5532, 17-5533,  
3 17-5534, 17-5535, 17-5536, 17-5537, 17-5538, 17-5539, 17-5540, 17-  
4 5541, 17-5542, 17-5543, 17-5544, 17-5545, 17-5546, 17-5547, 17-5548,  
5 17-5549, 17-5550, 17-5551, 17-5552, 17-5553, 17-5554, 17-5555, 17-  
6 5556, 17-5557, 17-5558, 17-5559, 17-5560, 17-5561, 17-5562, 17-5563,  
7 17-5564, 17-5565, 17-5566, 17-5567, 17-5568, 17-5569, 17-5570, 17-  
8 5571, 17-5572, 17-5601, 17-5602, 17-5603, 17-5604, 17-5605, 17-5606,  
9 17-5607, 17-5609a, 17-5611, 17-5612, 17-5613, 17-5614, 17-5615, 17-  
10 5616, 17-5617, 17-5618, 17-5619, 17-5620, 17-5621, 17-5622, 17-5623,  
11 17-5624, 17-5625, 17-5626, 17-5627, 17-5628, 17-5629, 17-5630, 17-  
12 5631, 17-5632, 17-5633, 17-5634, 17-5635, 17-5636, 17-5637, 17-5638,  
13 17-5639, 17-5640, 17-5641, 17-5642, 17-5643, 17-5644, 17-5645, 17-  
14 5702, 17-5703, 17-5704, 17-5705, 17-5706, 17-5801, 17-5802, 17-5803,  
15 17-5804, 17-5805, 17-5806, 17-5807, 17-5808, 17-5809, 17-5810, 17-  
16 5811, 17-5812, 17-5814, 17-5816, 17-5817, 17-5818, 17-5819, 17-5820,  
17 17-5821, 17-5822, 17-5823, 17-5824, 17-5825, 17-5826, 17-5827, 17-  
18 5830, 17-5831, 17-5832 and 60-513 and K.S.A. 2017 Supp. 9-701, 9-808,  
19 9-809, 9-1133, 9-1703, 17-5225d, 17-5610, 17-5701, 17-5828, 17-5829,  
20 39-709, 58-3974, 75-3036 and 75-3170a are hereby repealed.

21 Sec. 16. This act shall take effect and be in force from and after its  
22 publication in the statute book.