

HOUSE BILL No. 2934

By Committee on Taxation

3-15

9 AN ACT concerning tax increment financing; relating to redevelopment
10 project costs; amending K.S.A. 2003 Supp. 12-1770a and repealing the
11 existing section.

12

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

14 Section 1. K.S.A. 2003 Supp. 12-1770a is hereby amended to read
15 as follows: 12-1770a. As used in this act, unless the context clearly shows
16 otherwise:

17 (a) "Auto race track facility" means: (1) An auto race track facility and
18 facilities directly related and necessary to the operation of an auto race
19 track facility, including, but not limited to, grandstands, suites and viewing
20 areas, concessions, souvenir facilities, catering facilities, visitor and retail
21 centers, signage and temporary hospitality facilities, but excluding (2) ho-
22 tels, motels, restaurants and retail facilities, not directly related to or nec-
23 essary to the operation of such facility.

24 (b) "Base year assessed valuation" means the assessed valuation of all
25 real property within the boundaries of a redevelopment district on the
26 date the redevelopment district was established.

27 (c) "Blighted area" means an area which:

28 (1) Because of the presence of a majority of the following factors,
29 substantially impairs or arrests the development and growth of the mun-
30 icipality or constitutes an economic or social liability or is a menace to
31 the public health, safety, morals or welfare in its present condition and
32 use:

33 (A) A substantial number of deteriorated or deteriorating structures;

34 (B) predominance of defective or inadequate street layout;

35 (C) unsanitary or unsafe conditions;

36 (D) deterioration of site improvements;

37 (E) tax or special assessment delinquency exceeding the fair market
38 value of the real property;

39 (F) defective or unusual conditions of title including but not limited
40 to cloudy or defective titles, multiple or unknown ownership interests to
41 the property;

42 (G) improper subdivision or obsolete platting or land uses;

43 (H) the existence of conditions which endanger life or property by

- 1 fire or other causes; or
- 2 (I) conditions which create economic obsolescence; or
- 3 (2) has been identified by any state or federal environmental agency
- 4 as being environmentally contaminated to an extent that requires a re-
- 5 medial investigation; feasibility study and remediation or other similar
- 6 state or federal action; or
- 7 (3) previously was found by resolution of the governing body to be a
- 8 slum or a blighted area under K.S.A. 17-4742 *et seq.*, and amendments
- 9 thereto.
- 10 (d) “Conservation area” means any improved area comprising 15%
- 11 or less of the land area within the corporate limits of a city in which 50%
- 12 or more of the structures in the area have an age of 35 years or more,
- 13 which area is not yet blighted, but may become a blighted area due to
- 14 the existence of a combination of two or more of the following factors:
- 15 (1) Dilapidation, obsolescence or deterioration of the structures;
- 16 (2) illegal use of individual structures;
- 17 (3) the presence of structures below minimum code standards;
- 18 (4) building abandonment;
- 19 (5) excessive vacancies;
- 20 (6) overcrowding of structures and community facilities; or
- 21 (7) inadequate utilities and infrastructure.
- 22 (e) “De minimus” means an amount less than 15% of the land area
- 23 within a redevelopment district.
- 24 (f) “Developer” means any person, firm, corporation, partnership or
- 25 limited liability company, other than a city.
- 26 (g) “Eligible area” means a blighted area, conservation area, enter-
- 27 prise zone, historic theater, major tourism area or a major commercial
- 28 entertainment and tourism area as determined by the secretary.
- 29 (h) “Enterprise zone” means an area within a city that was designated
- 30 as an enterprise zone prior to July 1, 1992, pursuant to K.S.A. 12-17,107
- 31 through 12-17,113, and amendments thereto, prior to its repeal and the
- 32 conservation, development or redevelopment of the area is necessary to
- 33 promote the general and economic welfare of such city.
- 34 (i) “Environmental increment” means the increment determined
- 35 pursuant to subsection (b) of K.S.A. 12-1771a, and amendments thereto.
- 36 (j) “Environmentally contaminated area” means an area of land hav-
- 37 ing contaminated groundwater or soil which is deemed environmentally
- 38 contaminated by the department of health and environment or the United
- 39 States environmental protection agency.
- 40 (k) “Feasibility study” means a study which shows whether a rede-
- 41 velopment or special bond project’s benefits and tax increment revenue
- 42 and other available revenues under K.S.A. 12-1774 (a)(1), and amend-
- 43 ments thereto, are expected to exceed or be sufficient to pay for the

1 redevelopment or special bond project costs and the effect, if any, the
2 redevelopment or special bond project will have on any outstanding spe-
3 cial obligation bonds as authorized pursuant to subsection (a)(1)(D) of
4 K.S.A. 12-1774, and amendments thereto.

5 (l) “Historic theater” means a building constructed prior to 1940
6 which was constructed for the purpose of staging entertainment, includ-
7 ing motion pictures, vaudeville shows or operas, that is operated by a
8 nonprofit corporation and is designated by the state historic preservation
9 officer as eligible to be on the Kansas register of historic places or is a
10 member of the Kansas historic theatre association.

11 (m) “Historic theater sales tax increment” means the amount of state
12 and local sales tax revenue imposed pursuant to K.S.A. 12-187 *et seq.*, 79-
13 3601 *et seq.* and 79-3701 *et seq.*, and amendments thereto, collected from
14 taxpayers doing business within the historic theater that is in excess of
15 the amount of such taxes collected prior to the designation of the building
16 as a historic theater for purposes of this act.

17 (n) “Major tourism area” means an area for which the secretary has
18 made a finding the capital improvements costing not less than
19 \$100,000,000 will be built in the state to construct an auto race track
20 facility.

21 (o) “Real property taxes” means all taxes levied on an ad valorem basis
22 upon land and improvements thereon.

23 (p) “Redevelopment project area” or “project area” means an area
24 designated by a city within a redevelopment district.

25 (q) “Redevelopment project costs” means those costs necessary to
26 implement a redevelopment plan, including, but not limited to costs in-
27 curred for:

- 28 (1) Acquisition of property within the redevelopment project area;
- 29 (2) payment of relocation assistance;
- 30 (3) site preparation including utility relocations;
- 31 (4) sanitary and storm sewers and lift stations;
- 32 (5) drainage conduits, channels, levees and river walk canal facilities;
- 33 (6) street grading, paving, graveling, macadamizing, curbing, gutter-
34 ing and surfacing;
- 35 (7) street light fixtures, connection and facilities;
- 36 (8) underground gas, water, heating and electrical services and con-
37 nections located within the public right-of-way;
- 38 (9) sidewalks and pedestrian underpasses or overpasses;
- 39 (10) drives and driveway approaches located within the public right-
40 of-way;
- 41 (11) water mains and extensions;
- 42 (12) plazas and arcades;
- 43 (13) parking facilities;

- 1 (14) landscaping and plantings, fountains, shelters, benches, sculp-
2 tures, lighting, decorations and similar amenities; ~~and~~
- 3 (15) *museums and related public areas; and*
- 4 (16) all related expenses to redevelop and finance the redevelopment
5 project.
- 6 Redevelopment project costs shall not include costs incurred in con-
7 nection with the construction of buildings or other structures to be owned
8 by or leased to a developer, however, the “redevelopment project costs”
9 shall include costs incurred in connection with the construction of build-
10 ings or other structures to be owned or leased to a developer which in-
11 cludes an auto race track facility *or a river walk canal facility* or is in a
12 redevelopment district including some or all of the land and buildings
13 comprising a state mental institution closed pursuant to section 2 of chap-
14 ter 219 of the 1995 Session Laws of Kansas.
- 15 (r) “Redevelopment district” means the specific area declared to be
16 an eligible area in which the city may develop one or more redevelopment
17 projects.
- 18 (s) “Redevelopment district plan” or “district plan” means the pre-
19 liminary plan that identifies all of the proposed redevelopment project
20 areas and identifies in a general manner all of the buildings, facilities and
21 improvements in each that are proposed to be constructed or improved
22 in each redevelopment project area.
- 23 (t) “Redevelopment project” means the approved project to imple-
24 ment a project plan for the development of the established redevelop-
25 ment district.
- 26 (u) “Redevelopment project plan” or “project plan” means the plan
27 adopted by a municipality for the development of a redevelopment pro-
28 ject or projects which conforms with K.S.A. 12-1772, and amendments
29 thereto, in a redevelopment district.
- 30 (v) “Secretary” means the secretary of commerce.
- 31 (w) “Substantial change” means, as applicable, a change wherein the
32 proposed plan or plans differ substantially from the intended purpose for
33 which the district plan or project plan was approved.
- 34 (x) “Tax increment” means that amount of real property taxes col-
35 lected from real property located within the redevelopment district that
36 is in excess of the amount of real property taxes which is collected from
37 the base year assessed valuation.
- 38 (y) “Taxing subdivision” means the county, city, unified school district
39 and any other taxing subdivision levying real property taxes, the territory
40 or jurisdiction of which includes any currently existing or subsequently
41 created redevelopment district.
- 42 (z) “Special bond project” means a redevelopment project with at
43 least a \$50,000,000 capital investment and \$50,000,000 in projected gross

1 annual sales revenues or for areas outside of metropolitan statistical areas,
2 as defined by the federal office of management and budget the secretary
3 finds the project meets the requirements of subsection (g) and would be
4 of regional or statewide importance, but a “special bond project” shall
5 not include a project for a gambling casino.

6 (aa) “Marketing study” means a study conducted to examine the im-
7 pact of the redevelopment or special bond project upon similar businesses
8 in the projected market area.

9 (bb) “Projected market area” means any area within the state in
10 which the redevelopment or special bond project is projected to have a
11 substantial fiscal or market impact upon businesses in such area.

12 (cc) “River walk canal facilities” means a canal and related water fea-
13 tures located adjacent to a river which flows through a major commercial
14 entertainment and tourism area and facilities related or contiguous
15 thereto, including, but not limited to pedestrian walkways and prome-
16 nades, landscaping and parking facilities.

17 (dd) “Commence work” means the manifest commencement of ac-
18 tual operations on the development site, such as, erecting a building,
19 excavating the ground to lay a foundation or a basement or work of like
20 description which a person with reasonable diligence can see and rec-
21 ognize as being done with the intention and purpose to continue work
22 until the project is completed.

23 (ee) “Major commercial entertainment and tourism area” may in-
24 clude, but not be limited to, a major multi-sport athletic complex.

25 (ff) “Major multi-sport athletic complex” means an athletic complex
26 that is utilized for the training of athletes, the practice of athletic teams,
27 the playing of athletic games or the hosting of events. Such project may
28 include playing fields, parking lots and other developments.

29 Sec. 2. K.S.A. 2003 Supp. 12-1770a is hereby repealed.

30 Sec. 3. This act shall take effect and be in force from and after its
31 publication in the statute book.