

*[As Amended by Senate Committee of the Whole]*

*As Amended by Senate Committee*

*Session of 2009*

## SENATE BILL No. 138

By Committee on Commerce

1-28

12 AN ACT concerning tax increment financing; regarding bond revenue  
13 sources; amending K.S.A. 2008 Supp. ~~12-1770a, 12-1774~~, 12-17,166,  
14 12-17,175, 79-3620 and 79-3620b and repealing the existing sections.

15  
16 *Be it enacted by the Legislature of the State of Kansas:*

17 ~~Section 1. K.S.A. 2008 Supp. 12-1770a is hereby amended to read~~  
18 ~~as follows: 12-1770a. As used in this act, and amendments thereto, the~~  
19 ~~following words and phrases shall have the following meanings unless a~~  
20 ~~different meaning clearly appears from the content:~~

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

28 ~~—(b) “Base year assessed valuation” means the assessed valuation of all~~  
29 ~~real property within the boundaries of a redevelopment district on the~~  
30 ~~date the redevelopment district was established.~~

31 ~~—(c) “Blighted area” means an area which:~~

32 ~~—(1) Because of the presence of a majority of the following factors,~~  
33 ~~substantially impairs or arrests the development and growth of the mu-~~  
34 ~~nicipality or constitutes an economic or social liability or is a menace to~~  
35 ~~the public health, safety, morals or welfare in its present condition and~~  
36 ~~use:~~

37 ~~—(A) A substantial number of deteriorated or deteriorating structures;~~

38 ~~—(B) predominance of defective or inadequate street layout;~~

39 ~~—(C) unsanitary or unsafe conditions;~~

40 ~~—(D) deterioration of site improvements;~~

41 ~~—(E) tax or special assessment delinquency exceeding the fair market~~  
42 ~~value of the real property;~~

43 ~~—(F) defective or unusual conditions of title including but not limited~~

1 to cloudy or defective titles, multiple or unknown ownership interests to  
2 the property;  
3 —(G) improper subdivision or obsolete platting or land uses;  
4 —(H) the existence of conditions which endanger life or property by  
5 fire or other causes; or  
6 —(I) conditions which create economic obsolescence; or  
7 —(2) has been identified by any state or federal environmental agency  
8 as being environmentally contaminated to an extent that requires a re-  
9 medial investigation, feasibility study and remediation or other similar  
10 state or federal action; or  
11 —(3) a majority of the property is a 100-year floodplain area; or  
12 —(4) previously was found by resolution of the governing body to be a  
13 slum or a blighted area under K.S.A. 17-4742 et seq., and amendments  
14 thereto.  
15 —(d) “Conservation area” means any improved area comprising 15%  
16 or less of the land area within the corporate limits of a city in which 50%  
17 or more of the structures in the area have an age of 35 years or more,  
18 which area is not yet blighted, but may become a blighted area due to  
19 the existence of a combination of two or more of the following factors:  
20 —(1) Dilapidation, obsolescence or deterioration of the structures;  
21 —(2) illegal use of individual structures;  
22 —(3) the presence of structures below minimum code standards;  
23 —(4) building abandonment;  
24 —(5) excessive vacancies;  
25 —(6) overcrowding of structures and community facilities; or  
26 —(7) inadequate utilities and infrastructure.  
27 —(e) “De minimus” means an amount less than 15% of the land area  
28 within a redevelopment district.  
29 —(f) “Developer” means any person, firm, corporation, partnership or  
30 limited liability company, other than a city and other than an agency,  
31 political subdivision or instrumentality of the state or a county when re-  
32 lating to a bioscience development district.  
33 —(g) “Eligible area” means a blighted area, conservation area, enter-  
34 prise zone, intermodal transportation area, major tourism area or a major  
35 commercial entertainment and tourism area or bioscience development  
36 area.  
37 —(h) “Enterprise zone” means an area within a city that was designated  
38 as an enterprise zone prior to July 1, 1992, pursuant to K.S.A. 12-17,107  
39 through 12-17,113, and amendments thereto, prior to its repeal and the  
40 conservation, development or redevelopment of the area is necessary to  
41 promote the general and economic welfare of such city.  
42 —(i) “Environmental increment” means the increment determined  
43 pursuant to subsection (b) of K.S.A. 12-1771a, and amendments thereto.

1 ~~—(j) “Environmentally contaminated area” means an area of land hav-~~  
2 ~~ing contaminated groundwater or soil which is deemed environmentally~~  
3 ~~contaminated by the department of health and environment or the United~~  
4 ~~States environmental protection agency.~~  
5 ~~—(k) (1) “Feasibility study” means:~~  
6 ~~—(A) A study which shows whether a redevelopment project’s or bio-~~  
7 ~~science development project’s benefits and tax increment revenue and~~  
8 ~~other available revenues under subsection (a)(1) of K.S.A. 12-1774, and~~  
9 ~~amendments thereto, are expected to exceed or be sufficient to pay for~~  
10 ~~the redevelopment or bioscience development project costs, and~~  
11 ~~—(B) the effect, if any, the redevelopment project costs or bioscience~~  
12 ~~development project will have on any outstanding special obligation bonds~~  
13 ~~payable from the revenues described in subsection (a)(1)(D) of K.S.A.~~  
14 ~~12-1774, and amendments thereto.~~  
15 ~~—(2) For a redevelopment project or bioscience project financed by~~  
16 ~~bonds payable from revenues described in subsection (a)(1)(D) of K.S.A.~~  
17 ~~12-1774, and amendments thereto, the feasibility study must also include:~~  
18 ~~—(A) A statement of how the taxes obtained from the project will con-~~  
19 ~~tribute significantly to the economic development of the jurisdiction in~~  
20 ~~which the project is located;~~  
21 ~~—(B) a statement concerning whether a portion of the local sales and~~  
22 ~~use taxes are pledged to other uses and are unavailable as revenue for the~~  
23 ~~redevelopment project. If a portion of local sales and use taxes is so com-~~  
24 ~~mitted, the applicant shall describe the following:~~  
25 ~~—(i) The percentage of sales and use taxes collected that are so com-~~  
26 ~~mitted, and~~  
27 ~~—(ii) the date or dates on which the local sales and use taxes pledged~~  
28 ~~to other uses can be pledged for repayment of special obligation bonds;~~  
29 ~~—(C) an anticipated principal and interest payment schedule on the~~  
30 ~~bonds;~~  
31 ~~—(D) following approval of the redevelopment plan, the feasibility~~  
32 ~~study shall be supplemented to include a copy of the minutes of the~~  
33 ~~governing body meeting or meetings of any city whose bonding authority~~  
34 ~~will be utilized in the project, evidencing that a redevelopment plan has~~  
35 ~~been created, discussed, and adopted by the city in a regularly scheduled~~  
36 ~~open public meeting; and~~  
37 ~~—(E) the failure to include all information enumerated in this subsec-~~  
38 ~~tion in the feasibility study for a redevelopment or bioscience project shall~~  
39 ~~not affect the validity of bonds issued pursuant to this act.~~  
40 ~~—(l) “Major tourism area” means an area for which the secretary has~~  
41 ~~made a finding the capital improvements costing not less than~~  
42 ~~\$100,000,000 will be built in the state to construct an auto race track~~  
43 ~~facility.~~

- 1 ~~—(m) “Real property taxes” means all taxes levied on an ad valorem~~  
2 ~~basis upon land and improvements thereon, except that when relating to~~  
3 ~~a bioscience development district, as defined in this section, “real prop-~~  
4 ~~erty taxes” does not include property taxes levied for schools, pursuant to~~  
5 ~~K.S.A. 72-6431, and amendments thereto.~~
- 6 ~~—(n) “Redevelopment project area” means an area designated by a city~~  
7 ~~within a redevelopment district or, if the redevelopment district is estab-~~  
8 ~~lished for an intermodal transportation area, an area designated by a city~~  
9 ~~within or outside of the redevelopment district.~~
- 10 ~~—(o) “Redevelopment project costs” means: (1) Those costs necessary~~  
11 ~~to implement a redevelopment project plan or a bioscience development~~  
12 ~~project plan, including costs incurred for:~~
- 13 ~~—(A) Acquisition of property within the redevelopment project area;~~  
14 ~~—(B) payment of relocation assistance pursuant to a relocation assis-~~  
15 ~~tance plan as provided in K.S.A. 12-1777, and amendments thereto;~~  
16 ~~—(C) site preparation including utility relocations *whether located*~~  
17 ~~*within or outside the redevelopment district as determined by the city;*~~  
18 ~~—(D) sanitary and storm sewers and lift stations *whether located within*~~  
19 ~~*or outside the redevelopment district as determined by the city;*~~  
20 ~~—(E) drainage conduits, channels, levees and river walk canal facilities~~  
21 ~~*whether located within or outside the redevelopment district as deter-*~~  
22 ~~*mined by the city;*~~
- 23 ~~—(F) street grading, paving, graveling, macadamizing, curbing, gutter-~~  
24 ~~ing and surfacing *whether located within or outside the redevelopment*~~  
25 ~~*district as determined by the city;*~~
- 26 ~~—(G) street light fixtures, connection and facilities *whether located*~~  
27 ~~*within or outside the redevelopment district as determined by the city;*~~  
28 ~~—(H) underground gas, water, heating and electrical services and con-~~  
29 ~~nections located within the public right-of-way *whether located within or*~~  
30 ~~*outside the redevelopment district as determined by the city;*~~
- 31 ~~—(I) sidewalks and pedestrian underpasses or overpasses *whether lo-*~~  
32 ~~*cated within or outside the redevelopment district as determined by the*~~  
33 ~~*city;*~~
- 34 ~~—(J) drives and driveway approaches located within the public right-~~  
35 ~~of-way *whether located within or outside the redevelopment district as*~~  
36 ~~*determined by the city;*~~
- 37 ~~—(K) water mains and extensions *whether located within or outside the*~~  
38 ~~*redevelopment district as determined by the city;*~~
- 39 ~~—(L) plazas and arcades;~~  
40 ~~—(M) major multi-sport athletic complex;~~  
41 ~~—(N) museum facility;~~  
42 ~~—(O) parking facilities including multilevel parking facilities;~~  
43 ~~—(P) landscaping and plantings, fountains, shelters, benches, sculp-~~

1 tures, lighting, decorations and similar amenities;  
2 ~~—(Q) related expenses to redevelop and finance the redevelopment~~  
3 ~~project;~~  
4 ~~—(R) for purposes of an incubator project, such costs shall also include~~  
5 ~~wet lab equipment including hoods, lab tables, heavy water equipment~~  
6 ~~and all such other equipment found to be necessary or appropriate for a~~  
7 ~~commercial incubator wet lab facility by the city in its resolution estab-~~  
8 ~~lishing such redevelopment district or a bioscience development district;~~  
9 ~~and~~  
10 ~~—(S) costs for the acquisition of land for and the construction and in-~~  
11 ~~stallation of publicly-owned infrastructure improvements which serve an~~  
12 ~~intermodal transportation area and are located outside of a redevelop-~~  
13 ~~ment district.~~  
14 ~~—(2) Redevelopment project costs shall not include: (A) Costs incurred~~  
15 ~~in connection with the construction of buildings or other structures to be~~  
16 ~~owned by or leased to a developer, however, the “redevelopment project~~  
17 ~~costs” shall include costs incurred in connection with the construction of~~  
18 ~~buildings or other structures to be owned or leased to a developer which~~  
19 ~~includes an auto race track facility or a multilevel parking facility.~~  
20 ~~—(B) In addition, for a redevelopment project financed with special~~  
21 ~~obligation bonds payable from the revenues described in subsection~~  
22 ~~(a)(1)(D) of K.S.A. 12-1774, and amendments thereto, redevelopment~~  
23 ~~project costs shall not include:~~  
24 ~~—(i) Fees and commissions paid to developers, real estate agents, fi-~~  
25 ~~nancial advisors or any other consultants who represent the developers~~  
26 ~~or any other businesses considering locating in or located in a redevelop-~~  
27 ~~ment district;~~  
28 ~~—(ii) salaries for local government employees;~~  
29 ~~—(iii) moving expenses for employees of the businesses locating within~~  
30 ~~the redevelopment district;~~  
31 ~~—(iv) property taxes for businesses that locate in the redevelopment~~  
32 ~~district;~~  
33 ~~—(v) lobbying costs;~~  
34 ~~—(vi) a bond origination fee charged by the city pursuant to K.S.A. 12-~~  
35 ~~1742, and amendments thereto;~~  
36 ~~—(vii) any personal property, as defined in K.S.A. 79-102, and amend-~~  
37 ~~ments thereto; and~~  
38 ~~—(viii) travel, entertainment and hospitality.~~  
39 ~~—(p) “Redevelopment district” means the specific area declared to be~~  
40 ~~an eligible area in which the city may develop one or more redevelopment~~  
41 ~~projects.~~  
42 ~~—(q) “Redevelopment district plan” or “district plan” means the pre-~~  
43 ~~liminary plan that identifies all of the proposed redevelopment project~~

- 1 areas and identifies in a general manner all of the buildings, facilities and  
2 improvements in each that are proposed to be constructed or improved  
3 in each redevelopment project area or, if the redevelopment district is  
4 established for an intermodal transportation area, in or outside of the  
5 redevelopment district.
- 6 —(r) “Redevelopment project” means the approved project to imple-  
7 ment a project plan for the development of the established redevelop-  
8 ment district.
- 9 —(s) “Redevelopment project plan” means the plan adopted by a mu-  
10 nicipality for the development of a redevelopment project or projects  
11 which conforms with K.S.A. 12-1772, and amendments thereto, in a re-  
12 development district.
- 13 —(t) “Substantial change” means, as applicable, a change wherein the  
14 proposed plan or plans differ substantially from the intended purpose for  
15 which the district plan or project plan was approved.
- 16 —(u) “Tax increment” means that amount of real property taxes col-  
17 lected from real property located within the redevelopment district that  
18 is in excess of the amount of real property taxes which is collected from  
19 the base year assessed valuation.
- 20 —(v) “Taxing subdivision” means the county, city, unified school district  
21 and any other taxing subdivision levying real property taxes, the territory  
22 or jurisdiction of which includes any currently existing or subsequently  
23 created redevelopment district including a bioeconomy development  
24 district.
- 25 —(w) “River walk canal facilities” means a canal and related water fea-  
26 tures which flows through a redevelopment district and facilities related  
27 or contiguous thereto, including, but not limited to pedestrian walkways  
28 and promenades, landscaping and parking facilities.
- 29 —(x) “Major commercial entertainment and tourism area” may include,  
30 but not be limited to, a major multi-sport athletic complex.
- 31 —(y) “Major multi-sport athletic complex” means an athletic complex  
32 that is utilized for the training of athletes, the practice of athletic teams,  
33 the playing of athletic games or the hosting of events. Such project may  
34 include playing fields, parking lots and other developments including  
35 grandstands, suites and viewing areas, concessions, souvenir facilities, ca-  
36 tering facilities, visitor centers, signage and temporary hospitality facili-  
37 ties, but excluding hotels, motels, restaurants and retail facilities, not di-  
38 rectly related to or necessary to the operation of such facility.
- 39 —(z) “Bioeconomy” means the use of compositions, methods and organ-  
40 isms in cellular and molecular research, development and manufacturing  
41 processes for such diverse areas as pharmaceuticals, medical therapeutics,  
42 medical diagnostics, medical devices, medical instruments, biochemistry,  
43 microbiology, veterinary medicine, plant biology, agriculture, industrial

- 1 environmental and homeland security applications of bioscience and fu-  
2 ture developments in the biosciences. Bioscience includes biotechnology  
3 and life sciences.
- 4 —(aa) “Bioscience development area” means an area that:
- 5 —(1) Is or shall be owned, operated, or leased by, or otherwise under  
6 the control of the Kansas bioscience authority;
- 7 —(2) is or shall be used and maintained by a bioscience company; or  
8 —(3) includes a bioscience facility.
- 9 —(bb) “Bioscience development district” means the specific area, cre-  
10 ated under K.S.A. 12-1771, and amendments thereto, where one or more  
11 bioscience development projects may be undertaken.
- 12 —(cc) “Bioscience development project” means an approved project to  
13 implement a project plan in a bioscience development district.
- 14 —(dd) “Bioscience development project plan” means the plan adopted  
15 by the authority for a bioscience development project pursuant to K.S.A.  
16 12-1772, and amendments thereto, in a bioscience development district.
- 17 —(ee) “Bioscience facility” means real property and all improvements  
18 thereof used to conduct bioscience research, including, without limita-  
19 tion, laboratory space, incubator space, office space and any and all fa-  
20 cilities directly related and necessary to the operation of a bioscience  
21 facility.
- 22 —(ff) “Bioscience project area” means an area designated by the au-  
23 thority within a bioscience development district.
- 24 —(gg) “Biotechnology” means those fields focusing on technological  
25 developments in such areas as molecular biology, genetic engineering,  
26 genomics, proteomics, physiomics, nanotechnology, biodefense, biocom-  
27 puting, bioinformatics and future developments associated with  
28 biotechnology.
- 29 —(hh) “Board” means the board of directors of the Kansas bioscience  
30 authority.
- 31 —(ii) “Life sciences” means the areas of medical sciences, pharmaceu-  
32 tical sciences, biological sciences, zoology, botany, horticulture, ecology,  
33 toxicology, organic chemistry, physical chemistry, physiology and any fu-  
34 ture advances associated with life sciences.
- 35 —(jj) “Revenue increase” means that amount of real property taxes col-  
36 lected from real property located within the bioscience development dis-  
37 trict that is in excess of the amount of real property taxes which is col-  
38 lected from the base year assessed valuation.
- 39 —(kk) “Taxpayer” means a person, corporation, limited liability com-  
40 pany, S corporation, partnership, registered limited liability partnership,  
41 foundation, association, nonprofit entity, sole proprietorship, business  
42 trust, group or other entity that is subject to the Kansas income tax act,  
43 K.S.A. 79-3201 et seq., and amendments thereto.

- 1 ~~—(ll) “Floodplain increment” means the increment determined pur-~~  
2 ~~suant to subsection (b) of K.S.A. 2007 Supp. 12-1771c, and amendments~~  
3 ~~thereto.~~
- 4 ~~—(mm) “100-year floodplain area” means an area of land existing in a~~  
5 ~~100-year floodplain as determined by either an engineering study of a~~  
6 ~~Kansas certified engineer or by the United States federal emergency man-~~  
7 ~~agement agency.~~
- 8 ~~—(nn) “Major motorsports complex” means a complex in Shawnee~~  
9 ~~county that is utilized for the hosting of competitions involving motor~~  
10 ~~vehicles, including, but not limited to, automobiles, motorcycles or other~~  
11 ~~self-propelled vehicles other than a motorized bicycle or motorized~~  
12 ~~wheelchair. Such project may include racetracks, all facilities directly re-~~  
13 ~~lated and necessary to the operation of a motorsports complex, including,~~  
14 ~~but not limited to, parking lots, grandstands, suites and viewing areas,~~  
15 ~~eonecessions, souvenir facilities, catering facilities, visitor and retail cen-~~  
16 ~~ters, signage and temporary hospitality facilities, but excluding hotels,~~  
17 ~~motels, restaurants and retail facilities not directly related to or necessary~~  
18 ~~to the operation of such facility.~~
- 19 ~~—(oo) “Intermodal transportation area” means an area of not less than~~  
20 ~~800 acres to be developed primarily to handle the transfer, storage and~~  
21 ~~distribution of freight through railway and trucking operations.~~
- 22 ~~—(pp) “Muscum facility” means a separate newly constructed museum~~  
23 ~~building and facilities directly related and necessary to the operation~~  
24 ~~thereof, including gift shops and restaurant facilities, but excluding hotels,~~  
25 ~~motels, restaurants and retail facilities not directly related to or necessary~~  
26 ~~to the operation of such facility. The museum facility shall be owned by~~  
27 ~~the state, a city, county, other political subdivision of the state or a non-~~  
28 ~~profit corporation, shall be managed by the state, a city, county, other~~  
29 ~~political subdivision of the state or a non-profit corporation and may not~~  
30 ~~be leased to any developer and shall not be located within any retail or~~  
31 ~~commercial building.~~
- 32 ~~—Sec. 2.—K.S.A. 2008 Supp. 12-1774 is hereby amended to read as~~  
33 ~~follows: 12-1774. (a) (1) Any city shall have the power to issue special~~  
34 ~~obligation bonds in one or more series to finance the undertaking of any~~  
35 ~~redevelopment project or bioscience development project in accordance~~  
36 ~~with the provisions of this act. Such special obligation bonds shall be made~~  
37 ~~payable, both as to principal and interest.~~
- 38 ~~—(A) From tax increments allocated to, and paid into a special fund of~~  
39 ~~the city under the provisions of K.S.A. 12-1775, and amendments thereto;~~  
40 ~~—(B) from revenues of the city derived from or held in connection with~~  
41 ~~the undertaking and carrying out of any redevelopment project or projects~~  
42 ~~or bioscience development project or projects under this act including~~  
43 ~~environmental increments;~~

- 1 ~~—(C) from any private sources, contributions or other financial assistance from the state or federal government;~~  
2  
3 ~~—(D) from a pledge of a portion or all of the revenue received by the~~  
4 ~~city from any transient guest and local sales and use taxes which are~~  
5 ~~collected from taxpayers doing business within that portion of the city's~~  
6 ~~redevelopment district or bioscience development district established~~  
7 ~~pursuant to K.S.A. 12-1771, and amendments thereto, occupied by a re-~~  
8 ~~development project or bioscience development project. A city proposing~~  
9 ~~to finance a major motorsports complex pursuant to this paragraph shall~~  
10 ~~prepare a project plan which shall include:~~  
11 ~~—(i) A summary of the feasibility study done, as defined in K.S.A. 12-~~  
12 ~~1770a, and amendments thereto, which will be an open record;~~  
13 ~~—(ii) a reference to the district plan established under K.S.A. 12-1771,~~  
14 ~~and amendments thereto, that identifies the project area that is set forth~~  
15 ~~in the project plan that is being considered;~~  
16 ~~—(iii) a description and map of the location of the facility that is the~~  
17 ~~subject of the special bond project or major motorsports complex;~~  
18 ~~—(iv) the relocation assistance plan required by K.S.A. 12-1777, and~~  
19 ~~amendments thereto;~~  
20 ~~—(v) a detailed description of the buildings and facilities proposed to~~  
21 ~~be constructed or improved; and~~  
22 ~~—(vi) any other information the governing body deems necessary to~~  
23 ~~advise the public of the intent of the special bond project or major mo-~~  
24 ~~torsports complex plan.~~  
25 ~~—The project plan shall be prepared in consultation with the planning~~  
26 ~~commission of the city. Such project plan shall also be prepared in con-~~  
27 ~~sultation with the planning commission of the county, if any, if a major~~  
28 ~~motorsports complex is located wholly outside the boundaries of the city.~~  
29 ~~—(E) from a pledge of a portion or all increased revenue received by~~  
30 ~~the city from: (i) Franchise fees collected from utilities and other busi-~~  
31 ~~nesses using public right-of-way within the redevelopment district; (ii)~~  
32 ~~from a pledge of all or a portion of the revenue received by the city from~~  
33 ~~sales taxes; or (iii) both of the above;~~  
34 ~~—(F) with the approval of the county, from a pledge of a portion or all~~  
35 ~~of the revenues received by the county from any transient guest, local~~  
36 ~~sales and use taxes which are collected from taxpayers doing business~~  
37 ~~within that portion of the redevelopment district established pursuant to~~  
38 ~~K.S.A. 12-1771, and amendments thereto;~~  
39 ~~—(G) by any combination of these methods.~~  
40 ~~—The city may pledge such revenue to the repayment of such special~~  
41 ~~obligation bonds prior to, simultaneously with, or subsequent to the is-~~  
42 ~~suance of such special obligation bonds.~~  
43 ~~—(2) Bonds issued under paragraph (1) of subsection (a) shall not be~~

1 general obligations of the city, nor in any event shall they give rise to a  
2 charge against its general credit or taxing powers, or be payable out of  
3 any funds or properties other than any of those set forth in paragraph (1)  
4 of this subsection and such bonds shall so state on their face.

5 ~~—(3)—~~ Bonds issued under the provisions of paragraph (1) of this sub-  
6 section shall be special obligations of the city and are declared to be  
7 negotiable instruments. They shall be executed by the mayor and clerk  
8 of the city and sealed with the corporate seal of the city. All details per-  
9 taining to the issuance of such special obligation bonds and terms and  
10 conditions thereof shall be determined by ordinance of the city. All special  
11 obligation bonds issued pursuant to this act and all income or interest  
12 therefrom shall be exempt from all state taxes except inheritance taxes.  
13 Such special obligation bonds shall contain none of the recitals set forth  
14 in K.S.A. 10-112, and amendments thereto. Such special obligation bonds  
15 shall, however, contain the following recitals, viz., the authority under  
16 which such special obligation bonds are issued, they are in conformity  
17 with the provisions, restrictions and limitations thereof, and that such  
18 special obligation bonds and the interest thereon are to be paid from the  
19 money and revenue received as provided in paragraph (1) of this  
20 subsection.

21 ~~—(b) (1)—~~ Subject to the provisions of paragraph (2) of this subsection,  
22 any city shall have the power to issue full faith and credit tax increment  
23 bonds to finance the undertaking of any redevelopment project in ac-  
24 cordance with the provisions of K.S.A. 12-1770 et seq., and amendments  
25 thereto, other than a project that will create a major tourism area. Such  
26 full faith and credit tax increment bonds shall be made payable, both as  
27 to principal and interest: (A) From the revenue sources identified in par-  
28 agraph (1) of subsection (a) or by any combination of these sources, and  
29 (B) subject to the provisions of paragraph (2) of this subsection, from a  
30 pledge of the city's full faith and credit to use its ad valorem taxing au-  
31 thority for repayment thereof in the event all other authorized sources of  
32 revenue are not sufficient.

33 ~~—(2)—~~ Except as provided in paragraph (3) of this subsection, before the  
34 governing body of any city proposes to issue full faith and credit tax in-  
35 crement bonds as authorized by this subsection, the feasibility study re-  
36 quired by K.S.A. 12-1772, and amendments thereto, shall demonstrate  
37 that the benefits derived from the project will exceed the cost and that  
38 the income therefrom will be sufficient to pay the costs of the project.  
39 No full faith and credit tax increment bonds shall be issued unless the  
40 governing body states in the resolution required by K.S.A. 12-1772, and  
41 amendments thereto, that it may issue such bonds to finance the proposed  
42 redevelopment project.

43 ~~—~~The governing body may issue the bonds unless within 60 days follow-

1 ing the date of the public hearing on the proposed project plan a protest  
2 petition signed by 3% of the qualified voters of the city is filed with the  
3 city clerk in accordance with the provisions of K.S.A. 25-3601 et seq., and  
4 amendments thereto. If a sufficient petition is filed, no full faith and credit  
5 tax increment bonds shall be issued until the issuance of the bonds is  
6 approved by a majority of the voters voting at an election thereon. Such  
7 election shall be called and held in the manner provided by the general  
8 bond law.

9 —The failure of the voters to approve the issuance of full faith and credit  
10 tax increment bonds shall not prevent the city from issuing special obli-  
11 gation bonds in accordance with this section.

12 —No such election shall be held in the event the board of county com-  
13 missioners or the board of education determines, as provided in K.S.A.  
14 12-1771, and amendments thereto, that the proposed redevelopment dis-  
15 trict will have an adverse effect on the county or school district.

16 —(3)—As an alternative to paragraph (2) of this subsection, any city which  
17 adopts a redevelopment project plan but does not state its intent to issue  
18 full faith and credit tax increment bonds in the resolution required by  
19 K.S.A. 12-1772, and amendments thereto, and has not acquired property  
20 in the redevelopment project area may issue full faith and credit tax in-  
21 crement bonds if the governing body of the city adopts a resolution stating  
22 its intent to issue the bonds and the issuance of the bonds is approved by  
23 a majority of the voters voting at an election thereon. Such election shall  
24 be called and held in the manner provided by the general bond law.

25 —The failure of the voters to approve the issuance of full faith and credit  
26 tax increment bonds shall not prevent the city from issuing special obli-  
27 gation bonds pursuant to paragraph (1) of subsection (a). Any project plan  
28 adopted by a city prior to the effective date of this act in accordance with  
29 K.S.A. 12-1772, and amendments thereto, shall not be invalidated by any  
30 requirements of this act.

31 —(4)—During the progress of any redevelopment project in which the  
32 redevelopment project costs will be financed, in whole or in part, with  
33 the proceeds of full faith and credit tax increment bonds, the city may  
34 issue temporary notes in the manner provided in K.S.A. 10-123, and  
35 amendments thereto, to pay the redevelopment project costs for the pro-  
36 ject. Such temporary notes shall not be issued and the city shall not ac-  
37 quire property in the redevelopment project area until the requirements  
38 of paragraph (2) or (3) of this subsection, whichever is applicable, have  
39 been met.

40 —(5)—Full faith and credit tax increment bonds issued under this sub-  
41 section shall be general obligations of the city and are declared to be  
42 negotiable instruments. They shall be issued in accordance with the gen-  
43 eral bond law. All such bonds and all income or interest therefrom shall

1 be exempt from all state taxes except inheritance taxes. The amount of  
2 the full faith and credit tax increment bonds issued and outstanding which  
3 exceeds 3% of the assessed valuation of the city shall be within the bonded  
4 debt limit applicable to such city.

5 ~~—(6) Any city issuing special obligation bonds or full faith and credit~~  
6 ~~tax increment bonds under the provisions of this act may refund all or~~  
7 ~~part of such issue pursuant to the provisions of K.S.A. 10-116a, and~~  
8 ~~amendments thereto.~~

9 ~~—(c) Any increment in ad valorem property taxes resulting from a re-~~  
10 ~~development project in the established redevelopment district under-~~  
11 ~~taken in accordance with the provisions of this act, shall be apportioned~~  
12 ~~to a special fund for the payment of the redevelopment project costs,~~  
13 ~~including the payment of principal and interest on any special obligation~~  
14 ~~bonds or full faith and credit tax increment bonds issued to finance such~~  
15 ~~project pursuant to this act and may be pledged to the payment of prin-~~  
16 ~~cipal and interest on such bonds.~~

17 ~~—(d) A city may use the proceeds of special obligation bonds or full~~  
18 ~~faith and credit tax increment bonds, or any uncommitted funds derived~~  
19 ~~from sources set forth in this section to pay the redevelopment project~~  
20 ~~costs as defined in K.S.A. 12-1770a, and amendments thereto, to imple-~~  
21 ~~ment the redevelopment project plan.~~

22 ~~Sec. 3.~~ **Section 1.** K.S.A. 2008 Supp. 12-17,166 is hereby amended  
23 to read as follows: 12-17,166. (a) One or more projects may be undertaken  
24 by a city or county within an established STAR bond project district. Any  
25 city or county proposing to undertake a STAR bond project, shall prepare  
26 a STAR bond project plan in consultation with the planning commission  
27 of the city, and in consultation with the planning commission of the  
28 county, if any, if such project is located wholly outside the boundaries of  
29 the city. Any such project plan may be implemented in separate devel-  
30 opment stages.

31 (b) Any city or county proposing to undertake a STAR bond project  
32 within a STAR bond project district established pursuant to K.S.A. ~~2007~~  
33 **2008** Supp. 12-17,165, and amendments thereto, shall prepare a feasi-  
34 bility study. The feasibility study shall contain the following:

35 (1) Whether a STAR bond project's revenue and tax increment rev-  
36 enue and other available revenues under K.S.A. ~~2007~~ **2008** Supp. 12-  
37 17,169, and amendments thereto, are expected to exceed or be sufficient  
38 to pay for the project costs;

39 (2) the effect, if any, a STAR bond project will have on any outstand-  
40 ing special obligation bonds payable from the revenues described in  
41 K.S.A. ~~2007~~ **2008** Supp. 12-17,169, and amendments thereto;

42 (3) a statement of how the jobs and taxes obtained from the STAR  
43 bond project will contribute significantly to the economic development

- 1 of the state and region;
- 2 (4) visitation expectations;
- 3 (5) the unique quality of the project;
- 4 (6) economic impact study;
- 5 (7) market study;
- 6 (8) market impact study;
- 7 (9) integration and collaboration with other resources or businesses;
- 8 (10) the quality of service and experience provided, as measured
- 9 against national consumer standards for the specific target market;
- 10 (11) project accountability, measured according to best industry
- 11 practices;
- 12 (12) the expected return on state and local investment that the project
- 13 is anticipated to produce;
- 14 (13) a statement concerning whether a portion of the local sales and
- 15 use taxes are pledged to other uses and are unavailable as revenue for the
- 16 STAR bond project. If a portion of local sales and use taxes is so com-
- 17 mitted, the applicant shall describe the following:
- 18 (A) The percentage of city and county sales and use taxes collected
- 19 that are so committed; and
- 20 (B) the date or dates on which the city and county sales and use taxes
- 21 pledged to other uses can be pledged for repayment of bonds; and
- 22 (14) an anticipated principal and interest payment schedule on the
- 23 bond issue.
- 24 The failure to include all information enumerated in this subsection in
- 25 the feasibility study for a STAR bond project shall not affect the validity
- 26 of bonds issued pursuant to this act.
- 27 (c) If the city or county determines the project is feasible, the project
- 28 plan shall include:
- 29 (1) A summary of the feasibility study done as defined in subsection
- 30 (b) of this section, and amendments thereto;
- 31 (2) a reference to the district plan established under K.S.A. ~~2007~~
- 32 **2008** Supp. 12-17,165, and amendments thereto, that identifies the pro-
- 33 ject area that is set forth in the project plan that is being considered;
- 34 (3) a description and map of the project area to be redeveloped;
- 35 (4) the relocation assistance plan as described in K.S.A. ~~2007~~ **2008**
- 36 Supp. 12-17,172, and amendments thereto;
- 37 (5) a detailed description of the buildings and facilities proposed to
- 38 be constructed or improved in such area; and
- 39 (6) any other information the governing body of the city or county
- 40 deems necessary to advise the public of the intent of the project plan.
- 41 (d) A copy of the STAR bond project plan prepared by a city shall be
- 42 delivered to the board of county commissioners of the county and the
- 43 board of education of any school district levying taxes on property within

1 the STAR bond project area. A copy of the STAR bond project plan  
2 prepared by a county shall be delivered to the board of education of any  
3 school district levying taxes on property within the STAR bond project  
4 area.

5 (e) Upon a finding by the planning commission that the STAR bond  
6 project plan is consistent with the intent of the comprehensive plan for  
7 the development of the city, and a finding by the planning commission  
8 of the county, if any, with respect to a STAR bond project located wholly  
9 outside the boundaries of the city, that the STAR bond project plan is  
10 consistent with the intent of the comprehensive plan for the development  
11 of the county, the governing body of the city or county shall adopt a  
12 resolution stating that the city or county is considering the adoption of  
13 the STAR bond project plan. Such resolution shall:

14 (1) Give notice that a public hearing will be held to consider the  
15 adoption of the STAR bond project plan and fix the date, hour and place  
16 of such public hearing;

17 (2) describe the boundaries of the STAR bond project district within  
18 which the STAR bond project will be located and the date of establish-  
19 ment of such district;

20 (3) describe the boundaries of the area proposed to be included  
21 within the STAR bond project area; and

22 (4) state that the STAR bond project plan, including a summary of  
23 the feasibility study, market study, relocation assistance plan and financial  
24 guarantees of the prospective developer and a description and map of the  
25 area to be redeveloped or developed are available for inspection during  
26 regular office hours in the office of the city clerk or county clerk,  
27 respectively.

28 (f) (1) The date fixed for the public hearing to consider the adoption  
29 of the STAR bond project plan shall be not less than 30 nor more than  
30 70 days following the date of the adoption of the resolution fixing the  
31 date of the hearing.

32 (2) A copy of the city or county resolution providing for the public  
33 hearing shall be by certified mail, return receipt requested, sent by the  
34 city to the board of county commissioners of the county and by the city  
35 or county to the board of education of any school district levying taxes on  
36 property within the proposed STAR bond project area. Copies also shall  
37 be sent by certified mail, return receipt requested to each owner and  
38 occupant of land within the proposed STAR bond project area not more  
39 than 10 days following the date of the adoption of the resolution. The  
40 resolution shall be published once in the official city or county newspaper  
41 not less than one week nor more than two weeks preceding the date fixed  
42 for the public hearing. A sketch clearly delineating the area in sufficient  
43 detail to advise the reader of the particular land proposed to be included

1 within the STAR bond project area shall be published with the resolution.

2 (3) At the public hearing, a representative of the city or county shall  
3 present the city's or county's proposed STAR bond project plan. Follow-  
4 ing the presentation of the STAR bond project area, all interested persons  
5 shall be given an opportunity to be heard. The governing body for good  
6 cause shown may recess such hearing to a time and date certain, which  
7 shall be fixed in the presence of persons in attendance at the hearing.

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

10 (h) Upon conclusion of the public hearing, the governing body may  
11 adopt the STAR bond project plan by ordinance or resolution passed upon  
12 a two-thirds vote of the members.

13 (i) After the adoption by the city or county governing body of a STAR  
14 bond project plan, the clerk of the city or county shall transmit a copy of  
15 the description of the land within the STAR bond project district, a copy  
16 of the ordinance or resolution adopting the plan and a map or plat indi-  
17 cating the boundaries of the district to the clerk, appraiser and treasurer  
18 of the county in which the district is located and to the governing bodies  
19 of the county and school district which levy taxes upon any property in  
20 the district. Such documents shall be transmitted following the adoption  
21 or modification of the plan or a revision of the plan on or before January  
22 1 of the year in which the increment is first allocated to the taxing  
23 subdivision.

24 ~~(j) The appraiser of any county in which a STAR bond project district~~  
25 ~~is authorized by a city or county shall certify the amount of such increase~~  
26 ~~in assessed valuation of real and personal property within the STAR bond~~  
27 ~~project district to the county clerk on or before July 1 of each year.~~

28 ~~(k)~~ If the STAR bond project plan is approved, the feasibility study  
29 shall be supplemented to include a copy of the minutes of the governing  
30 body meetings of any city or county whose bonding authority will be  
31 utilized in the STAR bond project, evidencing that a STAR bond project  
32 plan has been created, discussed and adopted by the city or county in a  
33 regularly scheduled open public meeting.

34 ~~(k)~~ Any substantial changes as defined in K.S.A. ~~2007~~ **2008** Supp.  
35 12-17,162, and amendments thereto, to the STAR bond project plan as  
36 adopted shall be subject to a public hearing following publication of notice  
37 thereof at least twice in the official city or county newspaper.

38 ~~(m)~~ (l) Any STAR bond project shall be completed within 20 years  
39 from the date of the approval of the STAR bond project plan. The max-  
40 imum maturity on bonds issued to finance projects pursuant to this act  
41 shall not exceed 20 years.

42 ~~(n)~~ (m) Kansas resident employees shall be given priority considera-  
43 tion for employment in construction projects located in a STAR bond

1 project area.

2 ~~(n)~~ Any developer of a STAR bond project shall commence work  
3 on the project within two years from the date of adoption of the STAR  
4 bond project plan. Should the developer fail to commence work on the  
5 STAR bond project within the two-year period, funding for such project  
6 shall cease and the developer of such project or complex shall have one  
7 year to appeal to the secretary for reapproval of such project and the  
8 funding for it. Should the project be reapproved, the two-year period for  
9 commencement shall apply.

10 Sec. ~~4~~ **2**. K.S.A. 2008 Supp. 12-17,175 is hereby amended to read  
11 as follows: 12-17,175. For projects approved after July 1, 2005, involving  
12 the use of financing pursuant to ~~either~~ subsection (a)(1)(E) ~~or subsection~~  
13 ~~(a)(1)(F)~~ of K.S.A. 2008 Supp. 12-17,169, and amendments thereto, the  
14 secretary shall set a limit on the total amount of such special obligation  
15 bonds that may be issued for a STAR bond project. An issue of special  
16 obligation bonds must bear interest at a reasonable rate as of the time of  
17 sale of the bonds, taking into account such factors as current market  
18 conditions, the nature and degree of risk associated with repayment of  
19 the bonds and other relevant factors.

20 Sec. ~~5~~ **3**. K.S.A. 2008 Supp. 79-3620 is hereby amended to read as  
21 follows: 79-3620. (a) All revenue collected or received by the director of  
22 taxation from the taxes imposed by this act shall be remitted to the state  
23 treasurer in accordance with the provisions of K.S.A. 75-4215, and  
24 amendments thereto. Upon receipt of each such remittance, the state  
25 treasurer shall deposit the entire amount in the state treasury, less  
26 amounts withheld as provided in subsection (b) and amounts credited as  
27 provided in subsection (c) and (d), to the credit of the state general fund.

28 (b) A refund fund, designated as “sales tax refund fund” not to exceed  
29 \$100,000 shall be set apart and maintained by the director from sales tax  
30 collections and estimated tax collections and held by the state treasurer  
31 for prompt payment of all sales tax refunds including refunds authorized  
32 under the provisions of K.S.A. 79-3635, and amendments thereto. Such  
33 fund shall be in such amount, within the limit set by this section, as the  
34 director shall determine is necessary to meet current refunding require-  
35 ments under this act. In the event such fund as established by this section  
36 is, at any time, insufficient to provide for the payment of refunds due  
37 claimants thereof, the director shall certify the amount of additional funds  
38 required to the director of accounts and reports who shall promptly trans-  
39 fer the required amount from the state general fund to the sales tax refund  
40 fund, and notify the state treasurer, who shall make proper entry in the  
41 records.

42 (c) (1) The state treasurer shall credit  $\frac{5}{9}$ s of the revenue collected  
43 or received from the tax imposed by K.S.A. 79-3603, and amendments

1 thereto, at the rate of 4.9%, and deposited as provided in subsection (a),  
2 exclusive of amounts credited pursuant to subsection (d), in the state  
3 highway fund.

4 (2) The state treasurer shall credit  $\frac{5}{106}$  of the revenue collected or  
5 received from the tax imposed by K.S.A. 79-3603, and amendments  
6 thereto, at the rate of 5.3%, and deposited as provided in subsection (a),  
7 exclusive of amounts credited pursuant to subsection (d), in the state  
8 highway fund.

9 (3) On July 1, 2006, the state treasurer shall credit  $\frac{19}{265}$  of the rev-  
10 enue collected and received from the tax imposed by K.S.A. 79-3603, and  
11 amendments thereto, at the rate of 5.3%, and deposited as provided by  
12 subsection (a), exclusive of amounts credited pursuant to subsection (d),  
13 in the state highway fund.

14 (4) On July 1, 2007, the state treasurer shall credit  $\frac{13}{106}$  of the rev-  
15 enue collected and received from the tax imposed by K.S.A. 79-3603, and  
16 amendments thereto, at the rate of 5.3%, and deposited as provided by  
17 subsection (a), exclusive of amounts credited pursuant to subsection (d),  
18 in the state highway fund.

19 (d) The state treasurer shall credit all revenue collected or received  
20 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as  
21 certified by the director, from taxpayers doing business within that por-  
22 tion of a ~~redevelopment~~ *STAR bond project* district occupied by a ~~rede-~~  
23 ~~velopment~~ *STAR bond project* or taxpayers doing business with such en-  
24 tity financed by a ~~special~~ *STAR bond project* as defined in K.S.A. ~~12-1770a~~  
25 *2008 Supp. 12-17,162*, and amendments thereto, that was determined by  
26 the secretary of commerce to be of statewide as well as local importance  
27 or will create a major tourism area for the state or the project was des-  
28 ignated as a ~~special~~ *STAR bond project* as defined in K.S.A. ~~12-1770a~~  
29 *2008 Supp. 12-17,162*, and amendments thereto, to the city bond finance  
30 fund, which fund is hereby created. The provisions of this subsection shall  
31 expire when the total of all amounts credited hereunder and under sub-  
32 section (d) of K.S.A. 79-3710, and amendments thereto, is sufficient to  
33 retire the special obligation bonds issued for the purpose of financing all  
34 or a portion of the costs of such ~~redevelopment or special~~ *STAR bond*  
35 *project*.

36 ~~Sec. 6-4.~~ K.S.A. 2008 Supp. 79-3620b is hereby amended to read as  
37 follows: 79-3620b. Moneys credited to the city bond finance fund in ac-  
38 cordance with the provisions of subsections (d) of K.S.A. 79-3620 and (d)  
39 of K.S.A. 79-3710, and amendments thereto, shall be distributed bian-  
40 nually to cities which have issued special obligation bonds to finance, in  
41 whole or in part, a ~~redevelopment~~ *STAR bond project* which was deter-  
42 mined by the secretary of commerce to be of statewide as well as local  
43 importance or will create a major tourism area for the state as defined in

1 K.S.A. ~~12-1770a~~ 2008 *Supp.* 12-17,162, and amendments thereto. The  
2 state treasurer shall make such biannual distributions on such dates as  
3 mutually agreed to by the city and the state treasurer. The total of all  
4 distributions under this section shall not exceed an amount determined  
5 to be sufficient to retire the principal and interest payable on such special  
6 obligation bonds. Moneys paid to cities hereunder shall be deposited in  
7 a special fund of the city to pay the costs described herein.  
8 Sec. ~~7~~ **5**. K.S.A. 2008 *Supp.* ~~12-1770a, 12-1774~~, 12-17,166, 12-  
9 17,175, 79-3620 and 79-3620b are hereby repealed.  
10 Sec. ~~8~~ **6**. This act shall take effect and be in force from and after its  
11 publication in the statute book.