

SENATE BILL No. 35

AN ACT concerning bonds; pertaining to interest rates; pertaining to bond revenue sources; amending K.S.A. 2008 Supp. 10-1009, 12-17,166, 79-3620 and 79-3620b and repealing the existing sections.

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

Section 1. K.S.A. 2008 Supp. 10-1009 is hereby amended to read as follows: 10-1009. (a) The maximum stated rate of interest which may be fixed on fixed-rate bonds issued by a municipality or taxing subdivision of the state of Kansas shall be determined on the day the bonds are sold and shall not exceed the daily yield for the ten-year treasury bonds published by The Bond Buyer, in New York, New York, on the Monday next preceding the day on which the bonds are sold, plus (1) three percent, if the interest on the bonds is excluded from gross income for federal income tax purposes or (2) four percent, if the interest on the bonds is included in gross income for federal income tax purposes.

(b) The maximum stated rate of interest which may be fixed on variable-rate bonds issued by a municipality or taxing subdivision of the state of Kansas shall be determined on the date on which the rate is determined in accordance with the resolution or ordinance of the issuer and shall not exceed the daily yield for the ten-year treasury bonds published by The Bond Buyer, in New York, New York, on the Monday next preceding such date, plus (1) three percent, if the interest on the bonds is excluded from gross income for federal income tax purposes or (2) four percent, if the interest on the bonds is included in gross income for federal income tax purposes.

(c) Except as provided for variable rate bonds, the maximum rate of interest specified in this section shall be applicable to bonds issued after the effective date of this act. The maximum rate of interest on variable rate bonds issued prior to the effective date of this act shall be the higher of (1) the maximum rate of interest specified by subsection (a) or (b) of this section, as in effect prior to the effective date of this act, (2) the maximum rate of interest specified in this section or (3) the rate for such variable rate bonds specified in the documents authorizing the issuance thereof.

(d) *Notwithstanding the foregoing, for the period from the effective date of this act until and including June 30, 2010, the maximum stated rate of interest which may be fixed on fixed-rate or variable-rate bonds issued by a municipality or taxing subdivision of the state of Kansas shall be determined on the day the bonds are sold and shall not exceed the daily yield for the ten-year treasury bonds published by The Bond Buyer, in New York, New York, on the Monday next preceding the day on which the bonds are sold, plus (1) 5%, if the interest on the bonds is excluded from gross income for federal income tax purposes or (2) 6%, if the interest on the bonds is included in gross income for federal income tax purposes.*

Sec. 2. On and after July 1, 2009, K.S.A. 2008 Supp. 12-17,166 is hereby amended to read as follows: 12-17,166. (a) One or more projects may be undertaken by a city or county within an established STAR bond project district. Any city or county proposing to undertake a STAR bond project, shall prepare a STAR bond project plan in consultation with the planning commission of the city, and in consultation with the planning commission of the county, if any, if such project is located wholly outside the boundaries of the city. Any such project plan may be implemented in separate development stages.

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

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

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

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

(4) visitation expectations;

(5) the unique quality of the project;

- (6) economic impact study;
- (7) market study;
- (8) market impact study;
- (9) integration and collaboration with other resources or businesses;
- (10) the quality of service and experience provided, as measured against national consumer standards for the specific target market;
- (11) project accountability, measured according to best industry practices;
- (12) the expected return on state and local investment that the project is anticipated to produce;
- (13) a statement concerning whether a portion of the local sales and use taxes are pledged to other uses and are unavailable as revenue for the STAR bond project. If a portion of local sales and use taxes is so committed, the applicant shall describe the following:
 - (A) The percentage of city and county sales and use taxes collected that are so committed; and
 - (B) the date or dates on which the city and county sales and use taxes pledged to other uses can be pledged for repayment of bonds; and
- (14) an anticipated principal and interest payment schedule on the bond issue.

The failure to include all information enumerated in this subsection in the feasibility study for a STAR bond project shall not affect the validity of bonds issued pursuant to this act.

(c) If the city or county determines the project is feasible, the project plan shall include:

- (1) A summary of the feasibility study done as defined in subsection (b) of this section, and amendments thereto;
- (2) a reference to the district plan established under K.S.A. 2008 Supp. 12-17,165, and amendments thereto, that identifies the project area that is set forth in the project plan that is being considered;
- (3) a description and map of the project area to be redeveloped;
- (4) the relocation assistance plan as described in K.S.A. 2008 Supp. 12-17,172, and amendments thereto;
- (5) a detailed description of the buildings and facilities proposed to be constructed or improved in such area; and
- (6) any other information the governing body of the city or county deems necessary to advise the public of the intent of the project plan.

(d) A copy of the STAR bond project plan prepared by a city shall be delivered to the board of county commissioners of the county and the board of education of any school district levying taxes on property within the STAR bond project area. A copy of the STAR bond project plan prepared by a county shall be delivered to the board of education of any school district levying taxes on property within the STAR bond project area.

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

- (1) Give notice that a public hearing will be held to consider the adoption of the STAR bond project plan and fix the date, hour and place of such public hearing;
- (2) describe the boundaries of the STAR bond project district within which the STAR bond project will be located and the date of establishment of such district;
- (3) describe the boundaries of the area proposed to be included within the STAR bond project area; and
- (4) state that the STAR bond project plan, including a summary of the feasibility study, market study, relocation assistance plan and financial guarantees of the prospective developer and a description and map of the area to be redeveloped or developed are available for inspection during regular office hours in the office of the city clerk or county clerk, respectively.

(f) (1) The date fixed for the public hearing to consider the adoption

of the STAR bond project plan shall be not less than 30 nor more than 70 days following the date of the adoption of the resolution fixing the date of the hearing.

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

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

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

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

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

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

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

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

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

~~(n)~~ (m) Kansas resident employees shall be given priority consideration for employment in construction projects located in a STAR bond project area.

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

Sec. 3. From and after July 1, 2009, K.S.A. 2008 Supp. 79-3620 is hereby amended to read as follows: 79-3620. (a) All revenue collected or received by the director of taxation from the taxes imposed by this act shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury, less amounts withheld as provided in subsection (b) and amounts credited as provided in subsection (c) and (d), to the credit of the state general fund.

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

(c) (1) The state treasurer shall credit $\frac{5}{98}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 4.9%, and deposited as provided in subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

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

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

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

(d) The state treasurer shall credit all revenue collected or received from the tax imposed by K.S.A. 79-3603, and amendments thereto, as certified by the director, from taxpayers doing business within that portion of a ~~redevelopment~~ STAR bond project district occupied by a ~~redevelopment~~ STAR bond project or taxpayers doing business with such entity financed by a ~~special~~ STAR bond project as defined in K.S.A. ~~12-1770a~~ 2008 Supp. 12-17,162, and amendments thereto, that was determined by the secretary of commerce to be of statewide as well as local importance or will create a major tourism area for the state or the project was designated as a ~~special~~ STAR bond project as defined in K.S.A. ~~12-1770a~~ 2008 Supp. 12-17,162, and amendments thereto, to the city bond finance fund, which fund is hereby created. The provisions of this subsection shall expire when the total of all amounts credited hereunder and under subsection (d) of K.S.A. 79-3710, and amendments thereto, is sufficient to retire the special obligation bonds issued for the purpose of financing all or a portion of the costs of such ~~redevelopment or special~~ STAR bond project.

Sec. 4. From and after July 1, 2009, K.S.A. 2008 Supp. 79-3620b is hereby amended to read as follows: 79-3620b. Moneys credited to the city bond finance fund in accordance with the provisions of subsections (d) of K.S.A. 79-3620 and (d) of K.S.A. 79-3710, and amendments thereto, shall be distributed biannually to cities which have issued special obligation bonds to finance, in whole or in part, a ~~redevelopment~~ STAR bond project which was determined by the secretary of commerce to be of

statewide as well as local importance or will create a major tourism area for the state as defined in K.S.A. ~~12-1770a~~ 2008 Supp. 12-17,162, and amendments thereto. The state treasurer shall make such biannual distributions on such dates as mutually agreed to by the city and the state treasurer. The total of all distributions under this section shall not exceed an amount determined to be sufficient to retire the principal and interest payable on such special obligation bonds. Moneys paid to cities hereunder shall be deposited in a special fund of the city to pay the costs described herein.

Sec. 5. K.S.A. 2008 Supp. 10-1009 is hereby repealed.

Sec. 6. From and after July 1, 2009, K.S.A. 2008 Supp. 12-17,166, 79-3620 and 79-3620b are hereby repealed.

Sec. 7. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the
SENATE, and passed that body

SENATE adopted

Conference Committee Report _____

President of the Senate.

Secretary of the Senate.

Passed the HOUSE

as amended _____

HOUSE adopted

Conference Committee Report _____

Speaker of the House.

Chief Clerk of the House.

APPROVED _____

Governor.