

HOUSE BILL No. 2387

By Committee on Commerce, Labor and Economic Development

2-9

1 AN ACT concerning economic development; relating to STAR bonds;
2 providing funding to replace lost food sales tax revenue for STAR bond
3 districts established prior to December 31, 2022, and modifying the tax
4 increment definition for such districts; authorizing STAR bond project
5 costs for historic theaters and major amusement parks to include certain
6 additional costs; extending the deadline for the report on STAR bonds
7 by the department of commerce to certain legislative committees;
8 amending K.S.A. 12-17,162 and 12-17,169 and repealing the existing
9 sections.

10

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

12 New Section 1. (a) Commencing on March 15, 2024, and on the 15th
13 day of each month thereafter, for each STAR bond project district
14 established prior to December 31, 2022, the secretary of revenue shall
15 certify to the director of the budget and the director of accounts and reports
16 the amount of revenue that would have been generated from sales of food
17 and food ingredients if the state rate for the Kansas retailers' sales tax
18 provided in K.S.A. 79-3603, and amendments thereto, and the Kansas
19 compensating use tax provided in K.S.A. 79-3703, and amendments
20 thereto, on the sale of food and food ingredients had been 6.5%. The
21 secretary of revenue shall certify such amounts for the entirety of the
22 month that occurred two months prior.

23 (b) Commencing on March 25, 2024, and on the 25th day of each
24 month thereafter, the director of accounts and reports shall certify to the
25 state treasurer the amounts certified pursuant to subsection (a) for the
26 entirety of the previous month.

27 (c) Commencing on April 1, 2024, and on the 1st day of each month
28 thereafter, the state treasurer shall transfer from the state general fund to
29 the STAR bonds food sales tax revenue replacement fund the aggregate of
30 all amounts certified pursuant to subsection (b). The state treasurer shall
31 pay from the STAR bonds food sales tax revenue replacement fund to the
32 city bond finance fund the amount determined to account for the revenue
33 that would have been generated as certified pursuant to subsection (b) for
34 each jurisdiction.

35 (d) There is hereby created in the state treasury the STAR bonds food
36 sales tax revenue replacement fund. Such fund shall be administered by

1 the state treasurer. All expenditures from the STAR bonds food sales tax
2 revenue replacement fund shall be made in accordance with appropriations
3 acts upon warrants of the director of accounts and reports issued pursuant
4 to vouchers approved by the state treasurer or the state treasurer's
5 designee.

6 (e) This section shall be a part of and supplemental to the STAR
7 bonds financing act.

8 Sec. 2. K.S.A. 12-17,162 is hereby amended to read as follows: 12-
9 17,162. As used in the STAR bonds financing act, unless a different
10 meaning clearly appears from the context:

11 (a) "Auto race track facility" means: (1) An auto race track facility
12 and facilities directly related and necessary to the operation of an auto race
13 track facility, including, but not limited to, grandstands, suites and viewing
14 areas, concessions, souvenir facilities, catering facilities, visitor and retail
15 centers, signage and temporary hospitality facilities, but excluding (2)
16 hotels, motels, restaurants and retail facilities, not directly related to or
17 necessary to the operation of such facility.

18 (b) "Commence work" means the manifest commencement of actual
19 operations on the development site, such as, erecting a building,
20 excavating the ground to lay a foundation or a basement or work of like
21 description according to an approved plan of construction, with the
22 intention and purpose to continue work until the project is completed.

23 (c) "De minimis" means an amount less than 15% of the land area
24 within a STAR bond project district.

25 (d) "Developer" means any person, firm, corporation, partnership or
26 limited liability company other than a city and other than an agency,
27 political subdivision or instrumentality of the state. "Developer" includes
28 the names of the owners, partners, officers or principals of the developer
29 for purposes of inclusion of the name of the developer into any
30 application, document or report pursuant to this act if such application,
31 document or report is a public record.

32 (e) "Economic impact study" means a study to project the financial
33 benefit of the project to the local, regional and state economies.

34 (f) "Eligible area" means a historic theater, *major amusement park*
35 *area*, major tourism area, major motorsports complex, auto race track
36 facility, river walk canal facility, major multi-sport athletic complex, major
37 business facility or a major commercial entertainment and tourism area as
38 determined by the secretary.

39 (g) "Feasibility study" means a feasibility study as defined in K.S.A.
40 12-17,166(b), and amendments thereto.

41 (h) "Historic theater" means a building constructed prior to 1940 that
42 was constructed for the purpose of staging entertainment, including motion
43 pictures, vaudeville shows or operas, that is operated by a nonprofit

1 corporation and is designated by the state historic preservation officer as
2 eligible to be on the Kansas register of historic places or is a member of
3 the Kansas historic theatre association.

4 (i) "Historic theater sales tax increment" means the amount of state
5 and local sales tax revenue imposed pursuant to K.S.A. 12-187 et seq., 79-
6 3601 et seq. and 79-3701 et seq., and amendments thereto, collected from
7 taxpayers doing business within the historic theater that is in excess of the
8 amount of such taxes collected prior to the designation of the building as a
9 historic theater for purposes of this act.

10 (j) "Major business facility" means a significant business
11 headquarters or office building development designed to draw a substantial
12 number of new visitors to Kansas and that has agreed to provide visitor
13 tracking data to the secretary as requested by the secretary, including, but
14 not limited to, residence zip code information, to be provided or held by
15 the secretary without personally identifiable information. A major business
16 facility shall meet sales tax increment revenue requirements that shall be
17 established by the secretary independent of any associated retail businesses
18 located in the STAR bond project district pursuant to the STAR bond
19 project plan.

20 (k) "Major commercial entertainment and tourism area" means an
21 area that may include, but not be limited to, a major multi-sport athletic
22 complex.

23 (l) "Major motorsports complex" means a complex in Shawnee
24 county that is utilized for the hosting of competitions involving motor
25 vehicles, including, but not limited to, automobiles, motorcycles or other
26 self-propelled vehicles other than a motorized bicycle or motorized
27 wheelchair. Such project may include racetracks, all facilities directly
28 related and necessary to the operation of a motorsports complex,
29 including, but not limited to, parking lots, grandstands, suites and viewing
30 areas, concessions, souvenir facilities, catering facilities, visitor and retail
31 centers, signage and temporary hospitality facilities, but excluding hotels,
32 motels, restaurants and retail facilities not directly related to or necessary
33 to the operation of such facility.

34 (m) "Major tourism area" means an area for which the secretary has
35 made a finding the capital improvements costing not less than
36 \$100,000,000 will be built in the state to construct an auto race track
37 facility.

38 (n) "Major multi-sport athletic complex" means an athletic complex
39 that is utilized for the training of athletes, the practice of athletic teams, the
40 playing of athletic games or the hosting of events. Such project may
41 include playing fields, parking lots and other developments including
42 grandstands, suites and viewing areas, concessions, souvenir facilities,
43 catering facilities, visitor centers, signage and temporary hospitality

1 facilities, but excluding hotels, motels, restaurants and retail facilities, not
2 directly related to or necessary to the operation of such facility.

3 (o) "Market study" means a study to determine the ability of the
4 project to gain market share locally, regionally and nationally and the
5 ability of the project to gain sufficient market share to:

6 (1) Remain profitable past the term of repayment; and

7 (2) maintain status as a significant factor for travel decisions.

8 (p) "Market impact study" means a study to measure the impact of the
9 proposed project on similar businesses in the project's market area.

10 (q) "Museum facility" means a separate newly-constructed museum
11 building and facilities directly related and necessary to the operation
12 thereof, including gift shops and restaurant facilities, but excluding hotels,
13 motels, restaurants and retail facilities not directly related to or necessary
14 to the operation of such facility. The museum facility shall be owned by
15 the state, a city, county, other political subdivision of the state or a non-
16 profit corporation, shall be managed by the state, a city, county, other
17 political subdivision of the state or a non-profit corporation and may not
18 be leased to any developer and shall not be located within any retail or
19 commercial building.

20 (r) "Project" means a STAR bond project.

21 (s) "Project costs" means those costs necessary to implement a STAR
22 bond project plan, including costs incurred for:

23 (1) Acquisition of real property within the STAR bond project area;

24 (2) payment of relocation assistance pursuant to a relocation
25 assistance plan as provided in K.S.A. 12-17,173, and amendments thereto;

26 (3) site preparation including utility relocations;

27 (4) sanitary and storm sewers and lift stations;

28 (5) drainage conduits, channels, levees and river walk canal facilities;

29 (6) street grading, paving, graveling, macadamizing, curbing,
30 guttering and surfacing;

31 (7) street light fixtures, connection and facilities;

32 (8) underground gas, water, heating and electrical services and
33 connections located within the public right-of-way;

34 (9) sidewalks and pedestrian underpasses or overpasses;

35 (10) drives and driveway approaches located within the public right-
36 of-way;

37 (11) water mains and extensions;

38 (12) plazas and arcades;

39 (13) parking facilities and multilevel parking structures devoted to
40 parking only;

41 (14) landscaping and plantings, fountains, shelters, benches,
42 sculptures, lighting, decorations and similar amenities;

43 (15) auto race track facility;

- 1 (16) major multi-sport athletic complex;
- 2 (17) museum facility;
- 3 (18) major motorsports complex;
- 4 (19) rural redevelopment project, including costs incurred in
5 connection with the construction or renovation of buildings or other
6 structures;
- 7 (20) *historic theater, including costs incurred in connection with the*
8 *construction or renovation of a historic theater and for any personal*
9 *property as defined in K.S.A. 79-102, and amendments thereto;*
- 10 (21) *major amusement park, including costs incurred in connection*
11 *with the construction or purchase of amusement rides, as defined in K.S.A.*
12 *44-1601, and amendments thereto;*
- 13 (22) related expenses to redevelop and finance the project, except that
14 for a STAR bond project financed with special obligation bonds payable
15 from the revenues described in K.S.A. 12-17,169(a)(1), and amendments
16 thereto, such expenses shall require prior approval by the secretary of
17 commerce; and
- 18 ~~(21)~~(23) except as specified in paragraphs (1) through ~~(20)~~ (22)
19 above, "project costs" does not include:
- 20 (A) Costs incurred in connection with the construction of buildings or
21 other structures;
- 22 (B) fees and commissions paid to developers, real estate agents,
23 financial advisors or any other consultants who represent the developers or
24 any other businesses considering locating in or located in a STAR bond
25 project district;
- 26 (C) salaries for local government employees;
- 27 (D) moving expenses for employees of the businesses locating within
28 the STAR bond project district;
- 29 (E) property taxes for businesses that locate in the STAR bond project
30 district;
- 31 (F) lobbying costs;
- 32 (G) any bond origination fee charged by the city or county;
- 33 (H) any personal property as defined in K.S.A. 79-102, and
34 amendments thereto; and
- 35 (I) travel, entertainment and hospitality.
- 36 (t) "Projected market area" means any area within the state in which
37 the project is projected to have a substantial fiscal or market impact upon
38 businesses in such area.
- 39 (u) "River walk canal facilities" means a canal and related water
40 features which flow through a major commercial entertainment and
41 tourism area and facilities related or contiguous thereto, including, but not
42 limited to, pedestrian walkways and promenades, landscaping and parking
43 facilities.

1 (v) "Rural redevelopment project" means a project that is in an area
2 outside of a metropolitan area with a population of more than 50,000, that
3 is of regional importance, with capital investment of at least \$3,000,000
4 and that will enhance the quality of life in the community and region.

5 (w) "Sales tax and revenue" are those revenues available to finance
6 the issuance of special obligation bonds as identified in K.S.A. 12-17,168,
7 and amendments thereto.

8 (x) "STAR bond" means a sales tax and revenue bond.

9 (y) "STAR bond project" means an approved project to implement a
10 project plan for the development of the established STAR bond project
11 district that:

12 (1) (A) Has at least a \$75,000,000 capital investment and
13 \$75,000,000 in projected gross annual sales; or

14 (B) for metropolitan areas with a population of between 50,000 and
15 75,000, has at least a \$40,000,000 capital investment and \$40,000,000 in
16 projected gross annual sales, if the project is deemed of high value by the
17 secretary; or

18 (2) for areas outside of metropolitan areas with a population of more
19 than 50,000, the secretary finds the project:

20 (A) Is an eligible area as defined in subsection (f); and

21 (B) would be of regional or statewide importance;

22 (3) is a major tourism area as defined in subsection (m);

23 (4) is a major motorsports complex, as defined in subsection (l); ~~or~~

24 (5) is a rural redevelopment project as defined in subsection (v); *or*

25 (6) *is a major amusement park as defined in subsection (hh).*

26 (z) "STAR bond project area" means the geographic area within the
27 STAR bond project district in which there may be one or more projects.

28 (aa) "STAR bond project district" means the specific area declared to
29 be an eligible area as determined by the secretary in which the city or
30 county may develop one or more STAR bond projects. A "STAR bond
31 project district" includes a redevelopment district, as defined in K.S.A. 12-
32 1770a, and amendments thereto, created prior to the effective date of this
33 act for the Wichita Waterwalk project in Wichita, Kansas, provided, the
34 city creating such redevelopment district submits an application for
35 approval for STAR bond financing to the secretary on or before July 31,
36 2007, and receives a final letter of determination from the secretary
37 approving or disapproving the request for STAR bond financing on or
38 before November 1, 2007. No STAR bond project district shall include
39 real property which has been part of another STAR bond project district
40 unless such STAR bond project and STAR bond project district have been
41 approved by the secretary of commerce pursuant to K.S.A. 12-17,164 and
42 12-17,165, and amendments thereto, prior to March 1, 2016. A STAR bond
43 project district in a metropolitan area with a population of more than

1 50,000, shall be a contiguous parcel of real estate and shall be limited to
2 those areas being developed by the STAR bond project and any area of
3 real property reasonably anticipated to directly benefit from the
4 redevelopment project.

5 (bb) "STAR bond project district plan" means the preliminary plan
6 that identifies all of the proposed STAR bond project areas and identifies
7 in a general manner all of the buildings, facilities and improvements in
8 each that are proposed to be constructed or improved in each STAR bond
9 project area.

10 (cc) "STAR bond project plan" means the plan adopted by a city or
11 county for the development of a STAR bond project or projects in a STAR
12 bond project district.

13 (dd) "Secretary" means the secretary of commerce.

14 (ee) "Substantial change" means, as applicable, a change wherein the
15 proposed plan or plans differ substantially from the intended purpose for
16 which the STAR bond project district plan was approved.

17 (ff) (1) "Tax increment" means that portion of the revenue derived
18 from state and local sales, use and transient guest tax imposed pursuant to
19 K.S.A. 12-187 et seq., 12-1692 et seq., 79-3601 et seq. and 79-3701 et
20 seq., and amendments thereto, collected from taxpayers doing business
21 within that portion of a STAR bond project district occupied by a project
22 that is in excess of the amount of base year revenue. For purposes of this
23 subsection, the base year shall be the 12-month period immediately prior
24 to the month in which the STAR bond project district is established. The
25 department of revenue shall determine base year revenue by reference to
26 the revenue collected during the base year from taxpayers doing business
27 within the specific area in which a STAR bond project district is
28 subsequently established. The base year of a STAR bond project district,
29 following the addition of area to the STAR bond project district, shall be
30 the base year for the original area, and with respect to the additional area,
31 the base year shall be any 12-month period immediately prior to the month
32 in which additional area is added to the STAR bond project district. For
33 purposes of this subsection, revenue collected from taxpayers doing
34 business within a STAR bond project district, or within a specific area in
35 which a STAR bond project district is subsequently established shall not
36 include local sales and use tax revenue that is sourced to jurisdictions other
37 than those in which the project is located. The secretary of revenue and the
38 secretary of commerce shall certify the appropriate amount of base year
39 revenue for taxpayers relocating from within the state into a STAR bond
40 district.

41 (2) *For STAR bond project districts with a base year established*
42 *prior to December 31, 2022, there shall be added to the tax increment an*
43 *amount equal to the amount of state sales and use tax revenue that would*

1 *have been derived from the sale of food and food ingredients within the*
2 *district. For STAR bond project districts established on or after December*
3 *31, 2022, the base year revenue shall not include revenue resulting from*
4 *state sales and use tax on the sale of food and food ingredients within the*
5 *district.*

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

11 (hh) "*Major amusement park*" means a facility containing rides and
12 attractions that may include restaurants, retail establishments, hotels and
13 motels and upon which the secretary has made a finding that capital
14 improvements of not less than \$100,000,000 will be built in the state to
15 construct the major amusement park.

16 (ii) "*Major amusement park area*" means an area containing a major
17 amusement park.

18 Sec. 3. K.S.A. 12-17,169 is hereby amended to read as follows: 12-
19 17,169. (a) (1) Any city or county shall have the power to issue special
20 obligation bonds in one or more series to finance the undertaking of any
21 STAR bond project in accordance with the provisions of this act. Rural
22 redevelopment projects, as defined in K.S.A. 12-17,162, and amendments
23 thereto, may also be financed without the issuance of special obligation
24 bonds up to an amount not to exceed \$10,000,000 for each project. Such
25 special obligation bonds or rural redevelopment project costs shall be
26 made payable, both as to principal and interest:

27 (A) From revenues of the city or county derived from or held in
28 connection with the undertaking and carrying out of any STAR bond
29 project or projects under this act including historic theater sales tax
30 increments;

31 (B) from any private sources, contributions or other financial
32 assistance from the state or federal government;

33 (C) from a pledge of 100% of the tax increment revenue received by
34 the city from any local sales and use taxes, including the city's share of any
35 county sales tax, which are collected from taxpayers doing business within
36 that portion of the city's STAR bond project district established pursuant to
37 K.S.A. 12-17,165, and amendments thereto, occupied by a STAR bond
38 project, except for amounts committed to other uses by election of voters
39 or pledged to bond repayment prior to the approval of the STAR bond
40 project;

41 (D) at the option of the county in a city STAR bond project district,
42 from a pledge of all of the tax increment revenues received by the county
43 from any local sales and use taxes which are collected from taxpayers

1 doing business within that portion of the city's STAR bond project district
2 established pursuant to K.S.A. 12-17,165, and amendments thereto, except
3 for amounts committed to other uses by election of voters or pledged to
4 bond repayment prior to the approval of a STAR bond project;

5 (E) in a county STAR bond project district, from a pledge of 100% of
6 the tax increment revenue received by the county from any county sales
7 and use tax, but excluding any portions of such taxes that are allocated to
8 the cities in such county pursuant to K.S.A. 12-192, and amendments
9 thereto, which are collected from taxpayers doing business within that
10 portion of the county's STAR bond project district established pursuant to
11 K.S.A. 12-17,165, and amendments thereto, occupied by a STAR bond
12 project;

13 (F) from a pledge of all or a portion of the tax increment revenue
14 received from any state sales taxes which are collected from taxpayers
15 doing business within that portion of the city's or county's STAR bond
16 project district occupied by a STAR bond project, except that for any
17 STAR bond project district established and approved by the secretary on or
18 after January 1, 2017, such tax increment shall not include any sales tax
19 revenue from retail automobile dealers, and except that for any STAR
20 bond project district established after July 1, 2021, with existing sales tax
21 revenue at the time the district was established, such pledge shall not
22 exceed 90% of the new tax increment revenue that is in excess of the base
23 existing sales tax revenue received from any state sales taxes;

24 (G) at the option of the city or county and with approval of the
25 secretary, from all or a portion of the transient guest tax of such city or
26 county;

27 (H) at the option of the city or county and with approval of the
28 secretary: (i) From a pledge of all or a portion of increased revenue
29 received by the city or county from franchise fees collected from utilities
30 and other businesses using public right-of-way within the STAR bond
31 project district; or (ii) from a pledge of all or a portion of the revenue
32 received by a city or county from local sales taxes or local transient guest
33 and local use taxes; or

34 (I) by any combination of these methods.

35 The city or county may pledge such revenue to the repayment of such
36 special obligation bonds prior to, simultaneously with, or subsequent to the
37 issuance of such special obligation bonds.

38 (2) Bonds issued under subsection (a)(1) shall not be general
39 obligations of the city or the county, nor in any event shall they give rise to
40 a charge against its general credit or taxing powers, or be payable out of
41 any funds or properties other than any of those set forth in subsection (a)
42 (1) and such bonds shall so state on their face.

43 (3) Bonds issued under the provisions of subsection (a)(1) shall be

1 special obligations of the city or county and are declared to be negotiable
2 instruments. Such bonds shall be executed by the mayor and clerk of the
3 city or the chairperson of the board of county commissioners and the
4 county clerk and sealed with the corporate seal of the city or county. All
5 details pertaining to the issuance of such special obligation bonds and
6 terms and conditions thereof shall be determined by ordinance of the city
7 or by resolution of the county.

8 All special obligation bonds issued pursuant to this act and all income
9 or interest therefrom shall be exempt from all state taxes. Such special
10 obligation bonds shall contain none of the recitals set forth in K.S.A. 10-
11 112, and amendments thereto. Such special obligation bonds shall,
12 however, contain the following recitals: (i) The authority under which such
13 special obligation bonds are issued; (ii) such bonds are in conformity with
14 the provisions, restrictions and limitations thereof; and (iii) that such
15 special obligation bonds and the interest thereon are to be paid from the
16 money and revenue received as provided in subsection (a)(1).

17 (4) Any city or county issuing special obligation bonds under the
18 provisions of this act may refund all or part of such issue pursuant to the
19 provisions of K.S.A. 10-116a, and amendments thereto.

20 (b) (1) Subject to the provisions of subsection (b)(2), any city shall
21 have the power to issue full faith and credit tax increment bonds to finance
22 the undertaking, establishment or redevelopment of any major motorsports
23 complex, as defined in K.S.A. 12-17,162, and amendments thereto. Such
24 full faith and credit tax increment bonds shall be made payable, both as to
25 principal and interest: (A) From the revenue sources identified in
26 subsection (a)(1) or by any combination of these sources; and (B) subject
27 to the provisions of subsection (b)(2), from a pledge of the city's full faith
28 and credit to use its ad valorem taxing authority for repayment thereof in
29 the event all other authorized sources of revenue are not sufficient.

30 (2) Except as provided in subsection (b)(3), before the governing
31 body of any city proposes to issue full faith and credit tax increment bonds
32 as authorized by this subsection, the feasibility study required by K.S.A.
33 12-17,166(b), and amendments thereto, shall demonstrate that the benefits
34 derived from the project will exceed the cost and that the income
35 therefrom will be sufficient to pay the costs of the project. No full faith
36 and credit tax increment bonds shall be issued unless the governing body
37 states in the resolution required by K.S.A. 12-17,166(e), and amendments
38 thereto, that it may issue such bonds to finance the proposed STAR bond
39 project. The governing body may issue the bonds unless within 60 days
40 following the conclusion of the public hearing on the proposed STAR
41 bond project plan a protest petition signed by 3% of the qualified voters of
42 the city is filed with the city clerk in accordance with the provisions of
43 K.S.A. 25-3601 et seq., and amendments thereto. If a sufficient petition is

1 filed, no full faith and credit tax increment bonds shall be issued until the
2 issuance of the bonds is approved by a majority of the voters voting at an
3 election thereon. Such election shall be called and held in the manner
4 provided by the general bond law. The failure of the voters to approve the
5 issuance of full faith and credit tax increment bonds shall not prevent the
6 city from issuing special obligation bonds in accordance with this section.
7 No such election shall be held in the event the board of county
8 commissioners or the board of education determines, as provided in
9 K.S.A. 12-17,165, and amendments thereto, that the proposed STAR bond
10 project district will have an adverse effect on the county or school district.

11 (3) As an alternative to subsection (b)(2), any city which adopts a
12 STAR bond project plan for a major motorsports complex, but does not
13 state its intent to issue full faith and credit tax increment bonds in the
14 resolution required by K.S.A. 12-17,166(e), and amendments thereto, and
15 has not acquired property in the STAR bond project area may issue full
16 faith and credit tax increment bonds if the governing body of the city
17 adopts a resolution stating its intent to issue the bonds and the issuance of
18 the bonds is approved by a majority of the voters voting at an election
19 thereon. Such election shall be called and held in the manner provided by
20 the general bond law. The failure of the voters to approve the issuance of
21 full faith and credit tax increment bonds shall not prevent the city from
22 issuing special obligation bonds pursuant to subsection (a)(1). Any project
23 plan adopted by a city prior to the effective date of this act in accordance
24 with K.S.A. 12-1772, and amendments thereto, shall not be invalidated by
25 any requirements of this act.

26 (4) During the progress of any major motorsports complex project in
27 which the project costs will be financed, in whole or in part, with the
28 proceeds of full faith and credit tax increment bonds, the city may issue
29 temporary notes in the manner provided in K.S.A. 10-123, and
30 amendments thereto, to pay the project costs for the major motorsports
31 complex project. Such temporary notes shall not be issued and the city
32 shall not acquire property in the STAR bond project area until the
33 requirements of subsection (b)(2) or (b)(3), whichever is applicable, have
34 been met.

35 (5) Full faith and credit tax increment bonds issued under this
36 subsection shall be general obligations of the city and are declared to be
37 negotiable instruments. Such bonds shall be issued in accordance with the
38 general bond law. All such bonds and all income or interest therefrom shall
39 be exempt from all state taxes. The amount of the full faith and credit tax
40 increment bonds issued and outstanding which exceeds 3% of the assessed
41 valuation of the city shall be within the bonded debt limit applicable to
42 such city.

43 (6) Any city issuing full faith and credit tax increment bonds under

1 the provisions of this subsection may refund all or part of such issue
2 pursuant to the provisions of K.S.A. 10-116a, and amendments thereto.

3 (c) (1) For each project financed with special obligation bonds
4 payable from the revenues described in subsection (a)(1), the city or
5 county shall prepare and submit to the secretary by October 1 of each year,
6 a report describing the status of any projects within such STAR bond
7 project area, any expenditures of the proceeds of special obligation bonds
8 that have occurred since the last annual report and any expenditures of the
9 proceeds of such bonds expected to occur in the future, including the
10 amount of sales tax revenue, how such revenue has been spent, the
11 projected amount of such revenue, the anticipated use of such revenue and
12 the names of the owners, partners, officers or principals of any developer
13 and of any associated business partners of any developer that are involved
14 in the STAR bond project. The department of commerce shall compile this
15 information and submit a report annually to the governor and the
16 legislature by February 1 of each year.

17 (2) (A) In addition to the report referenced in paragraph (1), the
18 department of commerce, in cooperation with the department of revenue,
19 shall submit a report to the senate commerce committee and the house of
20 *representatives* commerce, labor and economic development committee by
21 ~~January~~ March 31 of each session. The report shall include the following
22 information for the last three calendar years and the most current year-to-
23 date information available with respect to each STAR bond district:

24 (i) The gross annual sales, gross annual sales projected pursuant to
25 the STAR bond project plan and feasibility study, gross annual sales
26 required to meet bond debt service requirements and other expenses,
27 amount of sales tax collected and the amount of any "base" sales taxes
28 being allocated to the district;

29 (ii) the total amount of bond payments and other expenses incurred;

30 (iii) the total amount of bonds issued and the balance of the bonds, by
31 district and by project in the district;

32 (iv) the remaining cash balance in the project to pay future debt
33 service and other expenses;

34 (v) any new income producing properties being brought into a district
35 and the base revenue going to the state general fund and incremental sales
36 tax increases going to the district with respect to such properties;

37 (vi) the amount of bonds issued to repay private investors in the
38 project with calculations showing the private and state share of
39 indebtedness;

40 (vii) the percentage of local effort sales tax actually committed to the
41 district compared to the state's share of sales tax percentage committed to
42 the district;

43 (viii) the number of out-of-state visitors to a project and description

1 of the data gathered pursuant to the visitor tracking plan, including, but not
2 limited to, residence zip code data, a discussion of the visitor attraction
3 properties of projects in the districts, and a comparison of the number of
4 out-of-state visitors with the number of in-state visitors; and

5 (ix) if any information or data is not available, an explanation as to
6 why it is not available.

7 (B) Either the senate commerce committee or the house committee on
8 commerce, labor and economic development may amend the information
9 required in the report with additional requests and clarification on a going
10 forward basis.

11 (3) Cities, counties and developers shall provide all information
12 requested by the secretary for the secretary's database as provided by
13 K.S.A. 2022 Supp. 74-50,227, and amendments thereto. If the city or
14 county has a website, a conspicuous link directly to the information
15 pertaining to the city or county's STAR bond project on the secretary's
16 database shall be placed on the city's or county's website. A separate link
17 shall be provided for each STAR bond project of the city or county.

18 (d) The reports pursuant to subsection (c)(1) and (2) shall include a
19 description of all state, federal and local tax incentives that apply within
20 the STAR bond district or to any business located in the district.

21 (e) A city or county may use the proceeds of special obligation bonds
22 or any uncommitted funds derived from sources set forth in this section to
23 pay the bond project costs as defined in K.S.A. 12-17,162, and
24 amendments thereto, to implement the STAR bond project plan.

25 (f) With respect to a STAR bond project district established prior to
26 January 1, 2003, for which, prior to January 1, 2003, the secretary made a
27 finding as provided in subsection (a) that a STAR bond project would
28 create a major tourism area for the state, such special obligation bonds
29 shall be payable both as to principal and interest, from a pledge of all of
30 the revenue from any transient guest, state and local sales and use taxes
31 collected from taxpayers as provided in subsection (a) whether or not
32 revenues from such taxes are received by the city.

33 Sec. 4. K.S.A. 12-17,162 and 12-17,169 are hereby repealed.

34 Sec. 5. This act shall take effect and be in force from and after its
35 publication in the statute book.