

HOUSE BILL No. 2292

By Committee on Commerce, Labor and Economic Development

Requested by Rachel Willis on behalf of the Department of Commerce

2-5

1 AN ACT concerning the STAR bonds financing act; providing for food
2 sales tax revenue replacement for STAR bond districts established prior
3 to December 31, 2022; establishing the STAR bonds food sales tax
4 revenue replacement fund; providing for transfers from the state
5 general fund to such revenue replacement fund and transfers from such
6 revenue replacement fund in the amount of sales tax revenues lost for
7 STAR bond payments due to legislative changes to the state sales tax
8 for food and food ingredients to the cities or counties that have
9 established such STAR bond districts; extending the sunset date of the
10 STAR bonds financing act to July 1, 2031; amending K.S.A. 12-17,179
11 and K.S.A. 2024 Supp. 12-17,162 and repealing the existing sections.
12

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

14 New Section 1. (a) On July 1, 2025, the secretary of revenue, in
15 consultation with the governing body of each city or county that has
16 established a STAR bond project district prior to December 31, 2022, shall
17 certify to the director of the budget and the director of accounts and reports
18 the amount of additional sales and use tax revenue that would have been
19 realized from sales of food and food ingredients within each such STAR
20 bond project district for the months of January 2024 through June 2025, if
21 the state rate for the Kansas retailers' sales tax provided in K.S.A. 79-3603,
22 and amendments thereto, and the Kansas compensating use tax provided in
23 K.S.A. 79-3703, and amendments thereto, on the sale of food and food
24 ingredients had been 6.5%. On or before September 1, 2025, the director
25 of accounts and reports shall certify to the state treasurer the amounts so
26 certified by the secretary and shall transfer from the state general fund to
27 the STAR bonds food sales tax revenue replacement fund the aggregate of
28 all amounts so certified. On or before October 15, 2025, the state treasurer
29 shall pay from the STAR bonds food sales tax revenue replacement fund to
30 the appropriate city or county bond finance, debt service or reserve fund in
31 the amount certified to the director of accounts and reports for each city or
32 county.

33 (b) (1) On or before September 15, 2025, and on or before the 15th
34 day of each month thereafter, for each STAR bond project district
35 established prior to December 31, 2022, the secretary of revenue, in

1 consultation with the governing body of each such city or county, shall
2 certify to the director of the budget and the director of accounts and reports
3 the amount of sales tax revenue that would have been realized from sales
4 of food and food ingredients during the entirety of the second month
5 preceding the month in which such certification is made, commencing on
6 September 15, 2025, for the entirety of the month of July 2025, if the state
7 rate for the Kansas retailers' sales tax provided in K.S.A. 79-3603, and
8 amendments thereto, and the Kansas compensating use tax provided in
9 K.S.A. 79-3703, and amendments thereto, on the sale of food and food
10 ingredients had been 6.5%.

11 (2) On or before September 30, 2025, and on or before the last day of
12 each month thereafter, the director of accounts and reports shall certify to
13 the state treasurer the amounts certified pursuant to paragraph (1) for the
14 entirety of the second month preceding the month in which such
15 certification is made, commencing on September 30, 2025, for the entirety
16 of the month of July 2025.

17 (3) On or before October 15, 2025, and on or before the 15th day of
18 each month thereafter, the state treasurer shall transfer from the state
19 general fund to the STAR bonds food sales tax revenue replacement fund
20 the aggregate of amounts for each STAR bond project district certified by
21 the director of accounts and reports pursuant to paragraph (2). The state
22 treasurer shall pay from the STAR bonds food sales tax revenue
23 replacement fund the amount certified pursuant to paragraph (2) for each
24 such STAR bond project district to the appropriate city or county bond
25 finance, debt service or reserve fund.

26 (c) The secretary of revenue shall determine, with respect to each
27 STAR bond district established prior to December 31, 2022, when the
28 amount of sales tax and other revenues that have been collected and
29 distributed to the city or county bond finance, debt service or reserve fund,
30 including transfers pursuant to this section, is sufficient to satisfy all
31 principal and interest costs to the maturity date or dates, of any special
32 obligation bonds issued prior to December 31, 2022, with respect to such
33 district. Thereafter, no further certifications or transfers of funds as
34 provided by this section shall be made for such STAR bond project
35 district.

36 (d) There is hereby created in the state treasury the STAR bonds food
37 sales tax revenue replacement fund. Such fund shall be administered by
38 the state treasurer. All expenditures from the STAR bonds food sales tax
39 revenue replacement fund shall be made in accordance with appropriations
40 acts upon warrants of the director of accounts and reports issued pursuant
41 to vouchers approved by the state treasurer or the state treasurer's
42 designee.

43 (e) This section shall be a part of and supplemental to the STAR

1 bonds financing act.

2 Sec. 2. K.S.A. 2024 Supp. 12-17,162 is hereby amended to read as
3 follows: 12-17,162. As used in the STAR bonds financing act, unless a
4 different meaning clearly appears from the context:

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

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

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

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

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

28 (f) "Eligible area" means a historic theater, major tourism area, major
29 motorsports complex, auto race track facility, river walk canal facility,
30 major multi-sport athletic complex, major business facility, a major
31 commercial entertainment and tourism area or a major professional sports
32 complex as determined by the secretary.

33 (g) "Feasibility study" means a feasibility study as defined in K.S.A.
34 12-17,166(b), and amendments thereto.

35 (h) "Historic theater" means a building constructed prior to 1940 that
36 was constructed for the purpose of staging entertainment, including motion
37 pictures, vaudeville shows or operas, that is operated by a nonprofit
38 corporation and is designated by the state historic preservation officer as
39 eligible to be on the Kansas register of historic places or is a member of
40 the Kansas historic theatre association.

41 (i) "Historic theater sales tax increment" means the amount of state
42 and local sales tax revenue imposed pursuant to K.S.A. 12-187 et seq., 79-
43 3601 et seq. and 79-3701 et seq., and amendments thereto, collected from

1 taxpayers doing business within the historic theater that is in excess of the
2 amount of such taxes collected prior to the designation of the building as a
3 historic theater for purposes of this act.

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

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

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

28 (m) "Major tourism area" means an area for which the secretary has
29 made a finding the capital improvements costing not less than
30 \$100,000,000 will be built in the state to construct an auto race track
31 facility.

32 (n) "Major multi-sport athletic complex" means an athletic complex
33 that is utilized for the training of athletes, the practice of athletic teams, the
34 playing of athletic games or the hosting of events. Such project may
35 include playing fields, parking lots and other developments including
36 grandstands, suites and viewing areas, concessions, souvenir facilities,
37 catering facilities, visitor centers, signage and temporary hospitality
38 facilities, but excluding hotels, motels, restaurants and retail facilities, not
39 directly related to or necessary to the operation of such facility.

40 (o) "Major professional sports complex" means a project, approved or
41 pursuant to an authorized agreement as provided by K.S.A. 2024 Supp. 12-
42 17,181, and amendments thereto, located within this state including a
43 stadium of not less than 30,000 seats for the purpose of the holding of

1 national football league or major league baseball athletic contests and
2 other events and gatherings or a practice or training facility utilized by a
3 major professional sports franchise and all buildings, improvements,
4 facilities or attractions located within any STAR bond project district as
5 defined in subsection (cc)(2).

6 (p) "Major professional sports franchise" means any corporation,
7 partnership or other entity that owns a team or franchise that is a member
8 of the national football league or major league baseball that is located in
9 any state adjacent to Kansas.

10 (q) "Market study" means a study to determine the ability of the
11 project to gain market share locally, regionally and nationally and the
12 ability of the project to gain sufficient market share to:

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

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

15 (r) "Market impact study" means a study to measure the impact of the
16 proposed project on similar businesses in the project's market area.

17 (s) "Museum facility" means a separate newly-constructed museum
18 building and facilities directly related and necessary to the operation
19 thereof, including gift shops and restaurant facilities, but excluding hotels,
20 motels, restaurants and retail facilities not directly related to or necessary
21 to the operation of such facility. The museum facility shall be owned by
22 the state, a city, county, other political subdivision of the state or a non-
23 profit corporation, shall be managed by the state, a city, county, other
24 political subdivision of the state or a non-profit corporation and may not
25 be leased to any developer and shall not be located within any retail or
26 commercial building.

27 (t) "Project" means a STAR bond project.

28 (u) "Project costs" means those costs necessary to implement a STAR
29 bond project plan, including costs incurred for:

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

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

33 (3) site preparation including utility relocations;

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

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

36 (6) street grading, paving, graveling, macadamizing, curbing,
37 guttering and surfacing;

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

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

41 (9) sidewalks and pedestrian underpasses or overpasses;

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

- 1 (11) water mains and extensions;
- 2 (12) plazas and arcades;
- 3 (13) parking facilities and multilevel parking structures devoted to
- 4 parking only;
- 5 (14) landscaping and plantings, fountains, shelters, benches,
- 6 sculptures, lighting, decorations and similar amenities;
- 7 (15) auto race track facility;
- 8 (16) major multi-sport athletic complex;
- 9 (17) museum facility;
- 10 (18) major motorsports complex;
- 11 (19) rural redevelopment project, including costs incurred in
- 12 connection with the construction or renovation of buildings or other
- 13 structures;
- 14 (20) major professional sports complex, including all costs necessary
- 15 to implement a STAR bond project plan for the development of a major
- 16 professional sports complex, including, but not limited to, costs incurred
- 17 for construction or renovation of a stadium and other buildings,
- 18 improvements, structures, facilities, infrastructure improvements and
- 19 utilities or any related expenses to develop and finance such complex;
- 20 (21) related expenses to redevelop and finance the project, except that
- 21 for a STAR bond project financed with special obligation bonds payable
- 22 from the revenues described in K.S.A. 12-17,169(a)(1) or (a)(2)(A) and (a)
- 23 (2)(B), and amendments thereto, such expenses shall require prior
- 24 approval by the secretary of commerce; and
- 25 (22) except as specified in paragraphs (1) through (21) above,
- 26 "project costs" does not include:
 - 27 (A) Costs incurred in connection with the construction of buildings or
 - 28 other structures;
 - 29 (B) fees and commissions paid to developers, real estate agents,
 - 30 financial advisors or any other consultants who represent the developers or
 - 31 any other businesses considering locating in or located in a STAR bond
 - 32 project district;
 - 33 (C) salaries for local government employees;
 - 34 (D) moving expenses for employees of the businesses locating within
 - 35 the STAR bond project district;
 - 36 (E) property taxes for businesses that locate in the STAR bond project
 - 37 district;
 - 38 (F) lobbying costs;
 - 39 (G) any bond origination fee charged by the city or county;
 - 40 (H) any personal property as defined in K.S.A. 79-102, and
 - 41 amendments thereto; and
 - 42 (I) travel, entertainment and hospitality.
 - 43 (v) "Projected market area" means any area within the state in which

1 the project is projected to have a substantial fiscal or market impact upon
2 businesses in such area.

3 (w) "River walk canal facilities" means a canal and related water
4 features which flow through a major commercial entertainment and
5 tourism area and facilities related or contiguous thereto, including, but not
6 limited to, pedestrian walkways and promenades, landscaping and parking
7 facilities.

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

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

15 (z) "STAR bond" means a sales tax and revenue bond.

16 (aa) "STAR bond project" means:

17 (1) An approved project to implement a project plan for the
18 development of the established STAR bond project district that:

19 (A) (i) Has at least a \$75,000,000 capital investment and \$75,000,000
20 in projected gross annual sales; or

21 (ii) for metropolitan areas with a population of between 50,000 and
22 75,000, has at least a \$40,000,000 capital investment and \$40,000,000 in
23 projected gross annual sales, if the project is deemed of high value by the
24 secretary; or

25 (B) for areas outside of metropolitan areas with a population of more
26 than 50,000, the secretary finds the project:

27 (i) Is an eligible area as defined in subsection (f); and

28 (ii) would be of regional or statewide importance;

29 (C) is a major tourism area as defined in subsection (m);

30 (D) is a major motorsports complex, as defined in subsection (l); or

31 (E) is a rural redevelopment project as defined in subsection (x); or

32 (2) A project approved or pursuant to an authorized agreement as
33 provided by K.S.A. 2024 Supp. 12-17,181, and amendments thereto, to
34 implement one or more project plans for the development of a major
35 professional sports complex with a combined capital investment of not less
36 than \$1,000,000,000.

37 (bb) "STAR bond project area" means the geographic area within the
38 STAR bond project district in which there may be one or more projects.

39 (cc) "STAR bond project district" means:

40 (1) The specific area declared to be an eligible area as determined by
41 the secretary in which the city or county may develop one or more STAR
42 bond projects. A "STAR bond project district" includes a redevelopment
43 district, as defined in K.S.A. 12-1770a, and amendments thereto, created

1 prior to the effective date of this act for the Wichita Waterwalk project in
2 Wichita, Kansas, provided, the city creating such redevelopment district
3 submits an application for approval for STAR bond financing to the
4 secretary on or before July 31, 2007, and receives a final letter of
5 determination from the secretary approving or disapproving the request for
6 STAR bond financing on or before November 1, 2007. No STAR bond
7 project district shall include real property which has been part of another
8 STAR bond project district unless such STAR bond project and STAR
9 bond project district have been approved by the secretary of commerce
10 pursuant to K.S.A. 12-17,164 and 12-17,165, and amendments thereto,
11 prior to March 1, 2016. A STAR bond project district in a metropolitan
12 area with a population of more than 50,000, shall be a contiguous parcel of
13 real estate and shall be limited to those areas being developed by the
14 STAR bond project and any area of real property reasonably anticipated to
15 directly benefit from the redevelopment project; or

16 (2) the specific area approved or pursuant to an authorized agreement
17 as provided by K.S.A. 2024 Supp. 12-17,181, and amendments thereto,
18 and that is declared to be an eligible area as determined by the secretary in
19 which the city or county, or the secretary independently or with the
20 participation of the city or county, as provided by K.S.A. 12-17,164, and
21 amendments thereto, may develop one or more STAR bond projects as
22 defined in subsection (aa)(2). Such area may include real property that is
23 or has been a part of another STAR bond project district, however, any
24 outstanding STAR bonds issued for such other STAR bond project district
25 shall have priority for repayment. Any STAR bond project district as
26 defined pursuant to this paragraph shall not be required to contain
27 contiguous parcels of real estate or be limited to those areas being
28 developed pursuant to any such STAR bond project.

29 (dd) "STAR bond project district plan" means the preliminary plan
30 that identifies all of the proposed STAR bond project areas and identifies
31 in a general manner all of the buildings, facilities and improvements in
32 each that are proposed to be constructed or improved in each STAR bond
33 project area.

34 (ee) "STAR bond project plan" means the plan adopted by a city or
35 county for the development of a STAR bond project or projects in a STAR
36 bond project district. "STAR bond project plan" includes a plan adopted by
37 the secretary independently, the secretary with the participation of a city or
38 county or a city or county as approved by the secretary, as provided by
39 K.S.A. 12-17,164, and amendments thereto, for the development of a
40 STAR bond project or projects as defined in subsection (aa)(2) in a STAR
41 bond project district as defined in subsection (cc)(2) and approved or
42 pursuant to an authorized agreement as provided by K.S.A. 2024 Supp. 12-
43 17,181, and amendments thereto.

1 (ff) "Secretary" means the secretary of commerce.

2 (gg) "Substantial change" means, as applicable, a change wherein the
3 proposed plan or plans differ substantially from the intended purpose for
4 which the STAR bond project district plan was approved.

5 (hh) "Tax increment" means:

6 (1) Except as provided in paragraph (2), that portion of the revenue
7 derived from state and local sales, use and transient guest tax imposed
8 pursuant to K.S.A. 12-187 et seq., 12-1692 et seq., 79-3601 et seq. and 79-
9 3701 et seq., and amendments thereto, collected from taxpayers doing
10 business within that portion of a STAR bond project district occupied by a
11 project that is in excess of the amount of base year revenue. For purposes
12 of this subsection, the base year shall be the 12-month period immediately
13 prior to the month in which the STAR bond project district is established.
14 The department of revenue shall determine base year revenue by reference
15 to the revenue collected during the base year from taxpayers doing
16 business within the specific area in which a STAR bond project district is
17 subsequently established. The base year of a STAR bond project district,
18 following the addition of area to the STAR bond project district, shall be
19 the base year for the original area, and with respect to the additional area,
20 the base year shall be any 12-month period immediately prior to the month
21 in which additional area is added to the STAR bond project district. For
22 purposes of this subsection, revenue collected from taxpayers doing
23 business within a STAR bond project district, or within a specific area in
24 which a STAR bond project district is subsequently established shall not
25 include local sales and use tax revenue that is sourced to jurisdictions other
26 than those in which the project is located. The secretary of revenue and the
27 secretary of commerce shall certify the appropriate amount of base year
28 revenue for taxpayers relocating from within the state into a STAR bond
29 district. *For STAR bond project districts with a base year established prior*
30 *to December 31, 2022, there shall be added to the tax increment an*
31 *amount equal to the amount of state sales and use tax revenue that would*
32 *have been derived from the sale of food and food ingredients within the*
33 *district. For STAR bond project districts established on or after December*
34 *31, 2022, the base year revenue shall not include revenue resulting from*
35 *state sales and use tax on the sale of food and food ingredients within the*
36 *district.*

37 (2) With respect to any STAR bond project district as defined in
38 subsection (cc)(2), "tax increment" may include all revenue described in
39 paragraph (1) collected from retail sales from any business within such
40 STAR bond project district. "Tax increment" shall include all revenue
41 derived from the sale of alcoholic liquor as defined in K.S.A. 79-41a01,
42 and amendments thereto, pursuant to K.S.A. 79-4101 and 79-41a02, and
43 amendments thereto, collected from consumers purchasing alcoholic

1 liquor within such STAR bond project district that is in excess of the
2 amount of base year revenue for such taxes. The "tax increment" for any
3 such STAR bond project district that has been independently established
4 by the secretary as provided by K.S.A. 12-17,164, and amendments
5 thereto, shall not include local sales, use or transient guest tax imposed
6 pursuant to K.S.A. 12-187 et seq. and 12-1692 et seq., and amendments
7 thereto, unless approved by a participating city or county as provided by
8 K.S.A. 12-17,164, and amendments thereto. If a STAR bond project
9 district as defined in subsection (cc)(2) includes real property that is or has
10 been part of another previously approved STAR bond project district, the
11 "tax increment" shall also exclude that portion of state and local sales, use
12 or transient guest tax revenue pledged to repayment of any STAR bonds
13 issued for a previously approved STAR bond project within such other
14 district while such bonds are outstanding. The amount of base year
15 revenue for any revenue derived from the sale of alcoholic liquor and any
16 state sales and use taxes shall be set by the secretary in the secretary's sole
17 discretion upon the establishment of a STAR bond project district as
18 defined in K.S.A. 12-17,162(cc)(2), and amendments thereto. If local
19 sales, use or transient guest tax revenue are also pledged by a city or
20 county, whether such city or county is participating with the secretary, or is
21 itself establishing such STAR bond project district, as provided by K.S.A.
22 12-17,164, and amendments thereto, the amount of base year revenue for
23 such local tax revenues shall be set by the city or county in the city or
24 county's discretion and approved by the secretary. Base year revenue
25 determinations by the secretary or by the city or county as approved by the
26 secretary shall not be required to be based on the procedure provided in
27 paragraph (1).

28 (ii) "Taxpayer" means a person, corporation, limited liability
29 company, S corporation, partnership, registered limited liability
30 partnership, foundation, association, nonprofit entity, sole proprietorship,
31 business trust, group or other entity that is subject to the Kansas income
32 tax act, K.S.A. 79-3201 et seq., and amendments thereto.

33 Sec. 3. K.S.A. 12-17,179 is hereby amended to read as follows: 12-
34 17,179. (a) A city that created a redevelopment district in an eligible area
35 that was approved for STAR bonds prior to the effective date of this act for
36 the city of Manhattan Discovery Center on December 28, 2006, and the
37 Schlitterbahn project in Wyandotte county on December 23, 2005, may by
38 ordinance elect to have the provisions of this act applicable to such
39 redevelopment district.

40 (b) ~~Subject to the provisions of section 61(h) of chapter 5 of the 2020~~
41 ~~Session Laws of Kansas, The provisions of this act the STAR bonds~~
42 ~~financing act, K.S.A. 12-17,160 et seq., and amendments thereto, regarding~~
43 ~~STAR bond projects shall expire on and after July 1, 2026 2031.~~

1 Sec. 4. K.S.A. 12-17,179 and K.S.A. 2024 Supp. 12-17,162 are
2 hereby repealed.

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