

Local Economic Development Program Reporting; HB 2304

HB 2304 requires certain reporting of local economic development programs, which will be included in the transparency database hosted by the Department of Commerce (Department).

Definitions

The bill defines a local government for this purpose as:

- Any city, county, or unified government, or any subdivision thereof; or
- Any instrumentality of a city, county, or unified government, established for the purpose of economic development of such city, county, or unified government, that is funded in whole or in part by such local government.

The bill amends the definition for “recipient” to mean the enterprise, identified by the business name filed with the Secretary of State, that is the original applicant for and receives proceeds from an economic development incentive program directly from the administering agency. “Recipient” includes an enterprise that is no longer solvent due to bankruptcy and a recipient with respect to an economic development project that has failed.

If the recipient is an enterprise, created primarily for the purpose of the economic development project, “recipient” includes the enterprise or enterprises, partners, or principals that own or, individually or with other enterprises, have a controlling interest in the recipient.

The bill also updates the definition of “searchable website or web page” to mean a website or web page that allows the public to search and aggregate the information identified and required, including requirements that the website or web page offers users the ability to:

- Efficiently search and display data at least by:
 - Economic development incentive program;
 - Recipient;
 - Location of the economic development project by county; and
- Calculate incentive totals for each category claimed by year and search by year.

Reporting on Local Government-based Economic Development Programs or Incentives

The bill requires data from local government-based economic development programs or incentives, including but not limited to:

- Community improvement districts;

- Tax increment financing;
- Business improvement districts;
- Self-supported municipal improvement districts;
- Neighborhood revitalization act;
- Downtown redevelopment act;
- Transportation development districts;
- Public improvement districts;
- Industrial development bonds, and
- Any other economic development incentive, including any grant, loan, lease, land acquisition, site preparation, utilities, facilities, streets or roadways, workforce development, workforce training, or any other incentive offered by the local government and accepted by the recipient that may be quantified as to the value provided to the recipient.

The bill extends incentive data collection to include local governments. The bill requires the data to be available on a database that is a searchable website or web page and permits searches by a user of such information by economic development incentive program, county, and recipient by means of an easily accessible drop-down menu or other similar prompt, to search at least by keyword or phrase within separately identified categories of economic development incentive program, county, and recipient name.

The bill also requires the information applicable to the search result to be available in one printable or downloadable report and that report to provide a summary report with the:

- Total incentives awarded to the recipient;
- Number of years the incentive may be claimed;
- Total unencumbered incentive award that may be claimed; and
- Total incentives that have been claimed by the recipient.

The bill requires the summary report to be provided to the House Committee on Commerce, Labor and Economic Development and the Senate Committee on Commerce on or before January 31 of each year and to disclose the most recent three years of economic incentives claimed and the total amount of funds committed by the State or the local government that must be paid as an incentive over the entire period of the incentive.

The bill requires local governments to provide the Department with all available and reasonably attainable information required for all active economic development incentive programs of such local government commenced prior to July 1, 2025, that provide more than

\$50,000 in value in annual incentives. This information must be provided within 45 days of execution of the economic development incentive program agreement.

The bill requires providing all information required as a condition of commencing or providing any incentive to a recipient receiving any economic development incentive of more than \$50,000 in value in annual incentives on or after July 1, 2025.

The local government is required to provide updates of all applicable information to the Secretary of Commerce (Secretary) at least annually in the manner, form, and at such time as required by the Secretary.

The bill also requires, on and after July 1, 2025, any recipient that will receive more than \$50,000 in value in annual incentives from any economic development program provided by a local government or any administering agency to agree to provide all information required as a condition of the award of incentives, as required by the Secretary for publication on the database.

The bill requires all information to be provided to the Secretary in a manner as required by the Secretary. The Secretary is required to make a form or format available for local governments to report information in a simple online format and this form must be available in a digital form.

Required Dates for Local Government-based Economic Development Programs or Incentives

The bill requires information on active economic development incentive programs commenced prior to July 1, 2025, to the Secretary from local governments on or before July 1, 2026, regarding community improvement districts, tax increment financing, business improvement districts, self-supported municipal improvement districts, Kansas Neighborhood Revitalization Act, Kansas Downtown Redevelopment Act, transportation development districts, and public improvement districts.

The deadline for providing information to the Secretary from local governments on active economic development incentive programs commenced prior to July 1, 2025, regarding any grant, loan, lease, land acquisition, site preparation, utilities, facilities, streets or roadways, workforce development, workforce training or any other incentive is set as on or before July 1, 2028.

Additional Changes

The bill removes the requirement for user information regarding sales tax and revenue (STAR) bonds to include the county of recipients.

The bill extends the exemption for information to be disclosed if it violates the confidentiality provisions of any agreement executed from July 1, 2019, to July 1, 2025.

The bill requires the Secretary to provide a report of any information not disclosed on the database commencing on January 31, 2026, based on the preceding fiscal year and the reason why the information was not disclosed.

The bill allows the Secretary to impose an administrative fee not to exceed 1.0 percent of the total incentive, not to exceed \$1,000, upon each recipient of an economic development incentive program administered by the Secretary for the purpose of payment of costs incurred for administering and maintaining the database.