Session of 2025

House Substitute for Substitute for SENATE BILL No. 197

By Committee on Commerce, Labor and Economic Development

3-19

AN ACT concerning economic development; relating to port authorities; providing that a port authority may be authorized by enactment of a bill and authorizing the establishment of a port authority by the unified government of Wyandotte county and Kansas City, Kansas; relating to the STAR bonds financing act; relating to STAR bond project district requirements; authorizing redevelopment of certain mall facilities as eligible STAR bond projects; authorizing the secretary of commerce to approve vertical construction within certain STAR bond project districts; authorizing STAR bond projects in certain counties located in certain metropolitan statistical areas as rural redevelopment projects; setting certain visitor origin requirements and requiring certain enforcement by the secretary against developers that fail to meet such requirements; requiring the secretary to make certain information concerning STAR bond projects publicly available on the website of the department of commerce; prohibiting state general fund moneys from being pledged for the repayment of any special obligation bond issued by a city or county to finance a STAR bond project; prohibiting a city or county from using eminent domain to acquire real property for a STAR bond project; extending the expiration date of the STAR bonds financing act to July 1, 2031; amending K.S.A. 12-17,160, 12-17,166, 12-17,172, 12-17,179 and 12-3402 and K.S.A. 2024 Supp. 12-17,162, 12-17,164 and 12-17,169 and repealing the existing sections.

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

New Section 1. In accordance with the provisions of K.S.A. 12-3402, and amendments thereto, the legislature approves the creation of a port authority by the governing body of the unified government of Wyandotte county and Kansas City, Kansas, with all the powers, duties, limitations and obligations provided for in article 34 of chapter 12 of the Kansas Statutes Annotated, and amendments thereto, as the governing body of the unified government of Wyandotte county and Kansas City, Kansas, may create by appropriate resolutions or ordinances.

New Sec. 2. (a) The governing body of a city or county may establish one or more STAR bond projects for the purpose of the redevelopment of a mall facility in accordance with the provisions of the STAR bonds

financing act, K.S.A. 12-17,160 et seq., and amendments thereto. The secretary of commerce shall review the STAR bond project plan and determine whether to approve such plan in accordance with this section and the STAR bonds financing act. A mall STAR bond project may be located in a newly created mall STAR bond project district or in an existing STAR bond project district.

(b) Any mall STAR bond project approved by a city or county and the secretary in accordance with the STAR bonds financing act shall be eligible for financing by special obligation bonds payable from revenues described by K.S.A. 12-17,169(a)(1), and amendments thereto, which revenues may include 100% of the tax increment revenue received. Any special obligation bonds issued to finance a mall STAR bond project shall be subject to the provisions of the STAR bonds financing act. In the event that the city or county shall default in the payment of any STAR bonds payable from revenues described in K.S.A. 12-17,169(a)(1), and amendments thereto, no public funds shall be used to pay the holders thereof except as specifically authorized by the STAR bonds financing act. Any bonds issued may pay for any or all amounts of the overall project costs and shall not be limited to payment of only a certain percentage of total project costs for such mall STAR bond project.

(c) For purposes of the STAR bonds financing act:

(1) "Large metropolitan mall STAR bond project" means a project that the secretary finds meets the following criteria:

(A) The project has the primary purpose of sports or entertainment tourism that will draw at least 30% of visitors from a distance of at least 100 miles and at least 20% of its visitors from outside this state. The secretary shall verify and track visitors and disclose the method of visitor tracking and the visitor tracking data in the secretary's annual report to the legislature;

(B) the project is located in an area of a city or community experiencing economic decline. The secretary shall determine economic decline by the analysis of at least two measurable indicators over the most recent 10-year period for which data is available, including, but not limited to, a decline in real gross domestic product, decline in average household real income, decreased employment or reductions in industrial production or retail sales;

(C) the project has a minimum of $50,000,000 in capital investment and $50,000,000 in projected gross annual sales; and

(D) no previous application for a mall redevelopment project within the same county has been approved by the secretary.

(2) "Mall" means an enclosed area comprised of multiple interior-facing businesses and stores primarily devoted to the in-person retail sale of goods and services and the parking, green space and arterial roads

contiguous thereto.

(3) "Mall facility" means an area containing a mall that is located within the state of Kansas.

(4) "Mall STAR bond project" means an approved large metropolitan mall STAR bond project or rural mall STAR bond project to implement one or more project plans for the redevelopment of a mall STAR bond project district that contains a mall in which 50% or more of the total leasable area for businesses to operate in the mall is unoccupied.

(5) "Mall STAR bond project district" means the specific area declared to be an eligible area as determined by the secretary that will include a mall STAR bond project.

(6) "Rural mall STAR bond project" means a project that the secretary finds meets the following criteria:

(A) The project is within a metropolitan area with a population of 50,000 through 75,000 or outside a metropolitan area with a population of at least 50,000;

(B) the project will draw at least 20% of total visitors from a distance of at least 100 miles;

(C) the project is located in an area of a city or community experiencing economic decline as determined by the secretary using the measures and analysis as provided by paragraph (1)(B);

(D) no previous application for a mall redevelopment project within the same county has been approved by the secretary; and

(E) the project application is received by the secretary on or before December 31, 2026.

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

New Sec. 3. (a) The secretary of commerce may approve vertical construction of any project within an approved STAR bond project district in cities with a population under 60,000, if such approval is granted prior to December 31, 2025.

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

Sec. 4. K.S.A. 12-17,160 is hereby amended to read as follows: 12-17,160. It is hereby declared to be the purpose of this act to promote~~, stimulate and develop the general and~~ economic ~~welfare of the state of Kansas and its communities and to assist in the development and redevelopment of eligible areas within and without a city thereby promoting the general welfare of the citizens of this state,~~ *growth through tourism* by authorizing cities and counties to ~~acquire certain property and to~~ issue sales tax and revenue (STAR) bonds for the financing of STAR bond projects as defined in K.S.A. 12-17,162, and amendments thereto. ~~It is further found and declared that the powers conferred by this act are for a~~

~~public purpose and public use for which public money may be expended and the power of eminent domain may be exercised. The necessity in the public interest for the provisions of this act is hereby declared as a matter of legislative determination.~~

Sec. 5. K.S.A. 2024 Supp. 12-17,162 is hereby amended to read as follows: 12-17,162. As used in the STAR bonds financing act, unless a different meaning clearly appears from the context:

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

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

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

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

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

(f) "Eligible area" means a historic theater, *mall facility as defined in section 2, and amendments thereto,* major tourism area, major motorsports complex, auto race track facility, river walk canal facility, major multi-sport athletic complex, major business facility, a major commercial entertainment and tourism area or a major professional sports complex as determined by the secretary.

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

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

the Kansas historic theatre association.

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

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

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

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

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

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

(o) "Major professional sports complex" means a project, approved or pursuant to an authorized agreement as provided by K.S.A. 2024 Supp. 12-17,181, and amendments thereto, located within this state including a stadium of not less than 30,000 seats for the purpose of the holding of national football league or major league baseball athletic contests and other events and gatherings or a practice or training facility utilized by a major professional sports franchise and all buildings, improvements, facilities or attractions located within any STAR bond project district as defined in subsection (cc)(2).

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

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

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

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

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

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

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

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

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

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

(3) site preparation including utility relocations;

(4) sanitary and storm sewers and lift stations;

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

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

(7) street light fixtures, connection and facilities;

(8) underground gas, water, heating and electrical services and

connections located within the public right-of-way;

(9) sidewalks and pedestrian underpasses or overpasses;

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

(11) water mains and extensions;

(12) plazas and arcades;

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

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

(15) auto race track facility;

(16) major multi-sport athletic complex;

(17) museum facility;

(18) major motorsports complex;

(19) rural redevelopment project, including costs incurred in connection with the construction or renovation of buildings or other structures;

(20) major professional sports complex, including all costs necessary to implement a STAR bond project plan for the development of a major professional sports complex, including, but not limited to, costs incurred for construction or renovation of a stadium and other buildings, improvements, structures, facilities, infrastructure improvements and utilities or any related expenses to develop and finance such complex;

(21) related expenses to redevelop and finance the project, except that for a STAR bond project financed with special obligation bonds payable from the revenues described in K.S.A. 12-17,169(a)(1) or (a)(2)(A) and (a)(2)(B), and amendments thereto, such expenses shall require prior approval by the secretary of commerce; ~~and~~

(22) *mall facility, including:*

(A) All costs necessary to implement a project plan for the redevelopment of a mall STAR bond project district, including costs incurred for infrastructure and utilities, the acquisition of personal property related thereto and any other related expenses necessary to develop and finance such mall facility; and

(B) including costs incurred for the construction or renovation of interior and exterior structures, parking facilities and multi-level parking structures if:

(i) The project is a large metropolitan mall STAR bond project as defined in section 2, and amendments thereto, and the project application is received by the secretary on or before December 31, 2025. Such costs shall not be permitted for any future expansion of the metropolitan mall STAR bond project district; or

(ii) the project is a rural mall STAR bond project as defined in section

2, and amendments thereto, the project includes a sports or entertainment tourism component or an education tourism component such as a museum or other educational facility and the deadline for a project application of December 31, 2026, as provided by section 2, and amendments thereto, are met.

(23) except as specified in paragraphs (1) through ~~(21)~~ *(22)* above, "project costs" does not include:

(A) Costs incurred in connection with the construction of buildings or other structures;

(B) fees and commissions paid to developers, real estate agents, financial advisors or any other consultants who represent the developers or any other businesses considering locating in or located in a STAR bond project district;

(C) salaries for local government employees;

(D) moving expenses for employees of the businesses locating within the STAR bond project district;

(E) property taxes for businesses that locate in the STAR bond project district;

(F) lobbying costs;

(G) any bond origination fee charged by the city or county;

(H) any personal property as defined in K.S.A. 79-102, and amendments thereto; and

(I) travel, entertainment and hospitality.

(v) "Projected market area" means any area within the state in which the project is projected to have a substantial fiscal or market impact upon businesses in such area.

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

(x) "Rural redevelopment project" means a project that *will enhance the quality of life in the community and the region and* is in*:*

(1) An area outside of a metropolitan area with a population of more than 50,000, that is of regional importance~~,~~ *and* with capital investment of at least $3,000,000 ~~and that will enhance the quality of life in the community and region~~*; or*

(2) a county with a population under 100,000 within the Kansas City or Wichita metropolitan statistical areas, of regional importance and with capital investment of at least $3,000,000.

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

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

(aa) "STAR bond project" means:

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

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

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

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

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

(ii) would be of regional or statewide importance;

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

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

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

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

(3) an approved mall STAR bond project as defined in section 2, and amendments thereto.

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

(cc) "STAR bond project district" means:

(1) The specific area declared to be an eligible area as determined by the secretary in which the city or county may develop one or more STAR bond projects. A "STAR bond project district" includes a redevelopment district, as defined in K.S.A. 12-1770a, and amendments thereto, created prior to the effective date of this act for the Wichita Waterwalk project in Wichita, Kansas, provided, the city creating such redevelopment district submits an application for approval for STAR bond financing to the secretary on or before July 31, 2007, and receives a final letter of determination from the secretary approving or disapproving the request for STAR bond financing on or before November 1, 2007. No STAR bond project district shall include real property which has been part of another STAR bond project district unless such STAR bond project and STAR bond project district have been approved by the secretary of commerce pursuant to K.S.A. 12-17,164 and 12-17,165, and amendments thereto, prior to March 1, 2016. A STAR bond project district in a metropolitan area with a population of more than 50,000, shall be a contiguous parcel of

real estate and shall be limited to those areas being developed by the STAR bond project and any area of real property reasonably anticipated to directly benefit from the redevelopment project; or

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

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

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

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

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

(hh) "Tax increment" means:

(1) Except as provided in paragraph (2), that portion of the revenue derived from state and local sales, use and transient guest tax imposed pursuant to K.S.A. 12-187 et seq., 12-1692 et seq., 79-3601 et seq. and 79-3701 et seq., and amendments thereto, collected from taxpayers doing business within that portion of a STAR bond project district occupied by a project that is in excess of the amount of base year revenue. For purposes of this subsection, the base year shall be the 12-month period immediately

prior to the month in which the STAR bond project district is established. The department of revenue shall determine base year revenue by reference to the revenue collected during the base year from taxpayers doing business within the specific area in which a STAR bond project district is subsequently established. The base year of a STAR bond project district, following the addition of area to the STAR bond project district, shall be the base year for the original area, and with respect to the additional area, the base year shall be any 12-month period immediately prior to the month in which additional area is added to the STAR bond project district. For purposes of this subsection, revenue collected from taxpayers doing business within a STAR bond project district, or within a specific area in which a STAR bond project district is subsequently established shall not include local sales and use tax revenue that is sourced to jurisdictions other than those in which the project is located. The secretary of revenue and the secretary of commerce shall certify the appropriate amount of base year revenue for taxpayers relocating from within the state into a STAR bond district.

(2) With respect to any STAR bond project district as defined in subsection (cc)(2), "tax increment" may include all revenue described in paragraph (1) collected from retail sales from any business within such STAR bond project district. "Tax increment" shall include all revenue derived from the sale of alcoholic liquor as defined in K.S.A. 79-41a01, and amendments thereto, pursuant to K.S.A. 79-4101 and 79-41a02, and amendments thereto, collected from consumers purchasing alcoholic liquor within such STAR bond project district that is in excess of the amount of base year revenue for such taxes. The "tax increment" for any such STAR bond project district that has been independently established by the secretary as provided by K.S.A. 12-17,164, and amendments thereto, shall not include local sales, use or transient guest tax imposed pursuant to K.S.A. 12-187 et seq. and 12-1692 et seq., and amendments thereto, unless approved by a participating city or county as provided by K.S.A. 12-17,164, and amendments thereto. If a STAR bond project district as defined in subsection (cc)(2) includes real property that is or has been part of another previously approved STAR bond project district, the "tax increment" shall also exclude that portion of state and local sales, use or transient guest tax revenue pledged to repayment of any STAR bonds issued for a previously approved STAR bond project within such other district while such bonds are outstanding. The amount of base year revenue for any revenue derived from the sale of alcoholic liquor and any state sales and use taxes shall be set by the secretary in the secretary's sole discretion upon the establishment of a STAR bond project district as defined in K.S.A. 12-17,162(cc)(2), and amendments thereto. If local sales, use or transient guest tax revenue are also pledged by a city or

county, whether such city or county is participating with the secretary, or is itself establishing such STAR bond project district, as provided by K.S.A. 12-17,164, and amendments thereto, the amount of base year revenue for such local tax revenues shall be set by the city or county in the city or county's discretion and approved by the secretary. Base year revenue determinations by the secretary or by the city or county as approved by the secretary shall not be required to be based on the procedure provided in paragraph (1).

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

Sec. 6. K.S.A. 2024 Supp. 12-17,164 is hereby amended to read as follows: 12-17,164. (a) (1) (A) (i) The governing body of a city may establish one or more STAR bond projects in any area within such city or wholly outside the boundaries of such city. A STAR bond project wholly outside the boundaries of such city must be approved by the board of county commissioners by the passage of a county resolution.

(ii) The governing body of a county may establish one or more STAR bond projects in any unincorporated area of the county.

(iii) No STAR bond project as defined by K.S.A. 12-17,162(aa)(2), and amendments thereto, shall be established by a city or county unless approved pursuant to K.S.A. 2024 Supp. 12-17,181, and amendments thereto.

(B) The governing body of a city or county may elect to participate in a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, established independently by the secretary pursuant to an agreement authorized by K.S.A. 2024 Supp. 12-17,181, and amendments thereto, by pledging local sales, use and transient guest tax revenues for the repayment of STAR bonds issued by the Kansas development finance authority pursuant to this section and K.S.A. 12-17,169, and amendments thereto. If the governing body of the city or county elects to participate, the governing body of the city or county shall hold a public hearing and pass an appropriate ordinance or resolution specifying the city or county's pledge of such local revenues that meet any requirements of the secretary and the Kansas development finance authority. Such ordinance or resolution shall be passed not later than 60 days after the date of approval by the legislative coordinating council of the agreement pursuant to K.S.A. 2024 Supp. 12-17,181, and amendments thereto, or the secretary may proceed without the city or county's participation to establish the STAR bond project district and undertake the STAR bond project plan without further public notice or hearing, as

provided by paragraph (2).

(C) The projects shall be eligible for financing by special obligation bonds payable from revenues described by K.S.A. 12-17,169(a)(1) ~~and~~, (a)(2)(A) and (a)(2)(B), and amendments thereto. Upon approval by the secretary, a STAR bond project as defined in K.S.A. 12-17,162(aa)~~(2)~~, and amendments thereto, may be financed by the Kansas development finance authority as provided by K.S.A. 12-17,169, and amendments thereto.

(2) In lieu of the procedure required for a city or county to establish a STAR bond project district and a STAR bond project set forth in K.S.A. 12-17,165 and 12-17,166, and amendments thereto, or to finance a project, the secretary may independently establish a STAR bond project district as defined in K.S.A. 12-17,162(cc)(2), and amendments thereto, undertake a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, or finance such a STAR bond project through special obligation bonds issued by the Kansas development finance authority as provided by K.S.A. 12-17,169(a)(2)(B), and amendments thereto, with or without the participation of the city or county. In such case, except as otherwise provided, in addition to all powers granted to the secretary, the secretary shall have the powers of a city or county as provided by the STAR bonds financing act necessary in the secretary's discretion to establish, undertake or finance the project through the Kansas development finance authority. The notice, procedural and hearing requirements of K.S.A. 12-17,165 and 12-17,166, and amendments thereto, shall not be applicable to the secretary. Such authority shall include changes to such district as provided by K.S.A. 12-17,171, and amendments thereto, except that no public hearings shall be required. Upon the approval of the secretary, the Kansas development finance authority is authorized to issue special obligation bonds in one or more series to finance such project. No revenue from local sales, use or transient guest taxes imposed pursuant to K.S.A. 12-187 et seq. and 12-1692 et seq., and amendments thereto, shall be pledged as a source of repayment of such special obligation bonds unless approved by the city or county as provided by paragraph (1)(B). Such bonds shall not be a general obligation of the state. Any such bonds and interest thereon shall be an obligation only of the Kansas development finance authority and shall not constitute a debt of the state of Kansas within the meaning of section 6 or 7 of article 11 of the constitution of the state of Kansas and shall not pledge the full faith and credit or the taxing power of the state of Kansas. Such bonds shall be payable, both as to principal and interest, solely from the revenue sources as provided by K.S.A. 12-17,169(a)(2)(B), and amendments thereto.

(3) The secretary's authority to approve STAR bond projects as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, including

any such project established by a city or county or established independently by the secretary with or without the participation of the city or county shall be subject to K.S.A. 2024 Supp. 12-17,181, and amendments thereto.

(b) (1) Each STAR bond project shall first be approved by the secretary, if the secretary determines that the proposed project or complex sufficiently promotes, stimulates and develops the general and economic welfare of the state as described in K.S.A. 12-17,160, and amendments thereto. Except as provided in paragraph (2), the secretary, upon approving the project, may approve such financing in an amount not to exceed 50% of the total costs including all project costs and any other costs related to the project. The proceeds of such STAR bond financing may only be used to pay for incurred project costs.

(2) For a STAR bond project as defined in K.S.A 12-17,162(aa)(2), and amendments thereto, the secretary may approve such financing issued by the city or county or by the Kansas development finance authority, as applicable, in an amount not to exceed 70% of the total costs including all project costs and any other costs related to the project.

(c) For a city proposing to finance a major motorsports complex pursuant to K.S.A. 12-17,169(a)(1)(C) or (a)(1)(E), and amendments thereto, the secretary, upon approving the project, may approve such financing in an amount not to exceed 50% of the STAR bond project costs.

(d) The secretary may approve a STAR bond project located in a STAR bond project district established by a city prior to May 1, 2003.

(e) (1) Except as provided in paragraph (2), a project shall not be granted to any business that proposes to relocate its business from another area of the state into such city or county, for the purpose of consideration for a STAR bond project provided by K.S.A. 12-17,160 et seq., and amendments thereto.

(2) The provisions of paragraph (1) shall not apply to a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto.

(f) A project shall not be approved by the secretary if the market study required by K.S.A. 12-17,166, and amendments thereto, indicates a substantial negative impact upon businesses in the project or complex market area or the granting of such project or complex would cause a default in the payment of any outstanding special obligation bond payable from revenues authorized pursuant to K.S.A. 12-17,169(a)(1), and amendments thereto.

(g) (1) Except as provided in paragraph (2), the maximum maturity of special obligation bonds payable primarily from revenues described by K.S.A. 12-17,169(a)(1), and amendments thereto, to finance STAR bond projects pursuant to this section shall not exceed 20 years.

(2) Special obligation bonds issued by a city or county or, if

applicable, by the Kansas development finance authority to finance a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, shall not exceed 30 years.

(h) The secretary shall not approve any application for STAR bond project financing which is submitted by a city or county more than one year after the STAR bond project district in which the STAR bond project is located has been established.

(i) For the purpose of recovering the costs of the secretary and the department arising from fulfilling administrative, review, approval, oversight and other responsibilities under the STAR bonds financing act and from providing assistance to cities, counties and private businesses in relation to STAR bond projects, the secretary may assess an administrative fee of up to 1%, not to exceed $200,000, of the amount of the special obligation bonds payable from revenues described by K.S.A. 12-17,169(a)(1) or (a)(2), and amendments thereto, issued or reissued for STAR bond projects. The secretary may also recover any actual costs incurred by the secretary in excess of the fee. The fee, and any actual costs incurred by the secretary in excess of the fee, shall be paid to the secretary from the proceeds of such bonds. All such moneys received by the secretary 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 to the credit of the STAR bond administrative fee fund, which is hereby created in the state treasury. All expenditures from the STAR bond administrative fee fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary or a person or persons designated by the secretary.

(j) (1) Prior to approval by the secretary of any STAR bond project, notification of such project and the pending approval by the secretary shall be provided to the chairperson of the state finance council. Upon request by the chairperson of the state finance council, the secretary shall provide any nonconfidential information regarding the project, including, but not limited to, the project plan, market plan and feasibility study, to the state finance council for distribution to the members.

(2) The chairperson of the state finance council may call a meeting to address the project and shall provide notice to the secretary of such meeting. Upon request by the state finance council, the secretary or the secretary's designee shall appear before the council and provide testimony regarding the project. The state finance council may hear such testimony or any portion thereof pertaining to the project in an executive session, and such testimony or portion thereof pertaining to the project shall be considered an exception to the requirements of the open meetings act

pursuant to K.S.A. 75-4319(b)(4), and amendments thereto, and closed to the public. All information relating to the project provided or disseminated to the state finance council for purposes of or during the executive session shall not be a public record and shall not be subject to the Kansas open records act, K.S.A. 45-215 et seq., and amendments thereto, except as provided by this paragraph. The provisions of this exception to the Kansas open records act shall expire on July 1, 2030, unless the legislature reviews and reenacts this provision pursuant to K.S.A. 45-229, and amendments thereto. Upon approval by the secretary, disapproval by the state finance council or the secretary or abandonment of the project, the confidential information, if any, provided to the state finance council for the purpose of or at such executive session shall be provided to the public. The state finance council may disapprove the project by majority vote taken in open session, acting on this matter, which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in K.S.A. 75-3711c(c), and amendments thereto, and such disapproval also may be given while the legislature is in session. If the state finance council does not disapprove the project at such meeting or the chairperson of the state finance council does not call a meeting that is held within 30 days of the notice of the project provided to the council by the secretary pursuant to paragraph (1) the secretary may approve the project.

(k) (1) Except as provided by paragraph (2), the secretary shall not approve any project unless the secretary finds that the project is likely to attract at least 30% of visitors from a distance of at least 100 miles and 20% of visitors from outside the state. The secretary shall track compliance with this requirement as provided by K.S.A. 12-17,166, and amendments thereto, and provide the method of visitor origin tracking and determination of such compliance and the visitor origin data in the secretary's report to the legislature. Visitor tracking data shall be collected by the secretary in the aggregate without personal identification information.

(2) The secretary shall not approve a rural development project, as defined in K.S.A. 12-17,162, and amendments thereto, or a rural mall project, as defined in section 2, and amendments thereto, unless the secretary finds that such project is likely to attract at least 20% of visitors from a distance of at least 100 miles.

(3) The secretary shall include in the secretary's annual report to the legislature information on compliance with the visitation requirements of this subsection by projects to which such requirements apply.

(l) For projects approved on and after July 1, 2025, the secretary shall enforce compliance by developers with the project visitor origin requirements of subsection (k) as follows. Beginning with the third

calendar year following the year that the STAR bond project district was established, the secretary shall review visitor origin data collected by the secretary and determine compliance on an annual basis at the end of each year. If the secretary determines that the STAR bond project has met such visitor origin requirements for any year following the commencement of compliance enforcement for such project, the secretary shall cease compliance enforcement pursuant to this subsection. If the secretary determines that the STAR bond project has not met such visitor origin requirements, the developer or developers shall be prohibited from participating in any other STAR bond project approved by the secretary subsequent to such determination until the secretary finds upon annual review of a succeeding year that such requirements have been met and ceases compliance enforcement. The secretary shall report visitor origin requirement compliance by developers as required by this subsection in the secretary's annual report to the legislature.

Sec. 7. K.S.A. 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 upon submission of the project plan to the secretary of commerce and approval by the secretary as provided by K.S.A. 12-17,164, and amendments thereto. 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. 12-17,165, and amendments thereto, shall prepare a feasibility study to be conducted by one or more consultants selected and approved by the secretary, and the costs shall be paid by the developer or the city or county. The secretary shall have control and oversight authority over the scope, conduct and methodology of the study. The secretary may establish a list of preapproved consultants and approved study parameters and methods. 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. 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. 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 and a plan describing how the number of visitors to the STAR bond project district will be tracked and reported to the secretary on ~~an annual~~ *a quarterly* basis. Such plan shall include, but not be limited to, obtaining and reporting visitor residence zip code data to the secretary~~. All businesses located in the STAR bond district shall provide visitor residence data requested by the secretary. Any such data shall be provided in an aggregate manner without personally identifiable information~~;

(5) the unique quality of the project;

(6) economic impact study, including the anticipated effect of the project on the regional and statewide economies;

(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 net return on investment analysis;

(14) 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;

(15) an anticipated principal and interest payment schedule on the bond issue;

(16) a summary of community involvement, participation and support for the STAR bond project; and

(17) a full disclosure and description of all state, federal and local tax incentives that apply or, pursuant to the project plan, are anticipated to apply within the STAR bond district or that apply to any business located in or, pursuant to the project plan, that will locate in the district.

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);

(2) a reference to the district plan established under K.S.A. 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. 12-17,172, and amendments thereto;

(5) a detailed description of the buildings and facilities proposed to be constructed or improved in such area;

(6) the names of the owners, partners, officers or principals of any developer of the project and of any associated business partner of any developer of the project that is involved in the STAR bond project; and

(7) 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. In addition to any other notice, such notice shall be conspicuously provided at a prominent location on the first page of the website of the county or city, if the county or city has a website;

(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. The presentation shall include a discussion of the feasibility study, including a description of all state, federal and local tax incentives that apply within the STAR bond district or are anticipated to apply within the district pursuant to the project plan or to any business located in the district or that will locate in the district pursuant to the 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, and, if the city or county has a website, shall be placed conspicuously on such website at the same location or linked to the same location on the first page of the website as the notice for the hearing.

(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~~*Within 90 days of* the adoption *or modification* by the city or county governing body of a STAR bond project plan~~,~~ *and within 90 days of the selling of the bonds:*

(1) 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) If the STAR bond project plan is approved,~~ *;*

(2) 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*;*

(3) the city or county shall notify the residents thereof:

(A) That the STAR bond project plan has been adopted; and

(B) on a continuing basis, the amount of tax increment revenue received under K.S.A. 12-17,169, and amendments thereto; and

(4) the secretary shall make the following information publicly available on the department of commerce's website:

(A) The feasibility study;

(B) the STAR bond project plan;

(C) the financial guarantees of the prospective developer;

(D) on a continuing basis, any subsequent modified versions of the information required by subparagraphs (A) through (C); and

(E) on a continuing basis, visitor data pursuant to subsection (n).

~~(k)~~*(j)* Any substantial changes as defined in K.S.A. 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.

~~(l)~~*(k)* 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.

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

~~(n)~~*(m)* 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 resubmit the project to the secretary and 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.

(n) In collaboration with the STAR bond project developer or developers and the governing body of a city or county that established the STAR bond district, the secretary shall collect visitor data using ticket sales tracking, reliable software or other similar technology that tracks visitation trends for each STAR bond district that receives state sales tax revenues until the bond debt service associated with the STAR bond district has been satisfied but in any event not later than the maturity period of the bond issuance. The secretary shall compile and include this data in the report required to be submitted to the house of representatives committee on commerce, labor and economic development and the senate committee on commerce pursuant to K.S.A. 12-17,169, and amendments thereto. Any such data shall be collected in an aggregate manner without personally identifiable information.

Sec. 8. K.S.A. 2024 Supp. 12-17,169 is hereby amended to read as follows: 12-17,169. (a) (1) Any city or county shall have the power to issue special obligation bonds in one or more series to finance the undertaking of any STAR bond project in accordance with the provisions of this act. Rural redevelopment projects, as defined in K.S.A. 12-17,162, and amendments thereto, may also be financed without the issuance of special obligation bonds up to an amount not to exceed $10,000,000 for each project. Such special obligation bonds or rural redevelopment project costs shall be made payable, both as to principal and interest:

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

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

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

(D) at the option of the county in a city STAR bond project district, from a pledge of all of the tax increment revenues received by the county from any local sales and use taxes which are collected from taxpayers doing business within that portion of the city's STAR bond project district

established pursuant to K.S.A. 12-17,165, and amendments thereto, except for amounts committed to other uses by election of voters or pledged to bond repayment prior to the approval of a STAR bond project;

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

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

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

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

(I) by any combination of these methods.

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

As authorized by the secretary, the Kansas development finance authority shall have the power to issue special obligation bonds in one or more series to finance the undertaking of a STAR bond project as defined in K.S.A. 12-17,162(aa)(1) and (3), and amendments thereto, that has been established by a city or county and approved by the secretary of commerce pursuant to K.S.A. 12-17,164 and 12-17,167, and amendments thereto. Such special obligation bonds shall not be general obligations of

the state. Any such bonds and interest thereon shall be an obligation only of the Kansas development finance authority and shall not constitute a debt of the state of Kansas within the meaning of section 6 or 7 of article 11 of the constitution of the state of Kansas and shall not pledge the full faith and credit or the taxing power of the state of Kansas. Such special obligation bonds shall be made payable, both as to principal and interest, solely from the revenues described in subsection (a)(1)(A) through (I).

(2) (A) Special obligation bonds issued by a city or county to finance a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, that has been approved by the secretary in accordance with K.S.A. 2024 Supp. 12-17,181, and amendments thereto, shall be made payable, both as to principal and interest, from a pledge of:

(i) Any method or combination of the methods described in paragraph (1), except that tax increment revenue from sales taxes shall include sales tax revenue from all retail sales of any business located within the district and up to 100% of the new state sales tax increment revenue that is in excess of the base sales tax revenue, as set in the secretary's discretion, received from any state sales taxes. The city or county shall have discretion to set the base sales tax revenue for local sales and use taxes as approved by the secretary;

(ii) tax increment revenue from up to 100% of the taxes imposed on the sale of alcoholic liquor, as defined in K.S.A. 79-41a01, and amendments thereto, collected from sales within the district pursuant to K.S.A. 79-4101 and 79-41a02, and amendments thereto; and

(iii) if approved by the secretary, moneys from the attracting professional sports to Kansas fund of the department of commerce.

(B) As authorized by the secretary, the Kansas development finance authority shall have the power to issue special obligation bonds in one or more series to finance the undertaking of a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, that has been established by a city or county and approved by the secretary of commerce pursuant to K.S.A. 2024 Supp. 12-17,181, and amendments thereto, or undertaken independently by the secretary pursuant to K.S.A. 12-17,164, and amendments thereto, with or without the participation of the city or county. Such special obligation bonds shall not be general obligations of the state. Any such bonds and interest thereon shall be an obligation only of the Kansas development finance authority and shall not constitute a debt of the state of Kansas within the meaning of section 6 or 7 of article 11 of the constitution of the state of Kansas and shall not pledge the full faith and credit or the taxing power of the state of Kansas. Such special obligation bonds shall be made payable, both as to principal and interest, solely from:

(i) Tax increment revenue as determined in the secretary's discretion,

from up to 100% of state sales taxes, including state sales tax revenue from all retail sales of any business located within the district;

(ii) tax increment revenue from up to 100% of the taxes imposed on the sale of alcoholic liquor as defined in K.S.A. 79-41a01, and amendments thereto, from sales within the district pursuant to K.S.A. 79-4101 and 79-41a02, and amendments thereto;

(iii) if approved by the city or county, revenue from any of the other methods or combination of methods as provided in subparagraph (A)(i); and

(iv) if approved by the secretary, moneys from the attracting professional sports to Kansas fund of the department of commerce.

(C) For purposes of this paragraph, "district" means the STAR bond project district as defined in K.S.A. 12-17,162(cc)(2), and amendments thereto. Revenues may be collected pursuant to this paragraph from noncontiguous parcels of real estate and areas not being developed by a STAR bond project as defined in subsection (aa)(2) within such STAR bond project district.

(D) Any revenues that have been pledged to pay one or more STAR bonds previously issued pursuant to this act shall be used first to satisfy any remaining obligations of such bonds.

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

(4) Bonds issued *by a city or county* under the provisions of subsection (a)(1) or (a)(2)(A) shall be special obligations of the city or county and are declared to be negotiable instruments. Such bonds shall be executed by the mayor and clerk of the city or the chairperson of the board of county commissioners and the county clerk and sealed with the corporate seal of the city or county. All details pertaining to the issuance of such special obligation bonds and terms and conditions thereof shall be determined by ordinance of the city or by resolution of the county.

All special obligation bonds issued pursuant to this act and all income or interest therefrom shall be exempt from all state taxes. Such special obligation bonds shall contain none of the recitals set forth in K.S.A. 10-112, and amendments thereto. Such special obligation bonds shall, however, contain the following recitals: (i) The authority under which such special obligation bonds are issued; (ii) such bonds are in conformity with the provisions, restrictions and limitations thereof; and (iii) that such special obligation bonds and the interest thereon are to be paid from the money and revenue received as provided in subsection (a)(1) and (a)(2).

(5) Any city or county issuing special obligation bonds under the provisions of this act may refund all or part of such issue pursuant to the provisions of K.S.A. 10-116a, and amendments thereto. If and as approved by the secretary of commerce, the Kansas development finance authority may refund all or part of any issue of special obligation bonds issued for a project as defined in K.S.A. ~~12-17,162(aa)(2)~~ *12-17,162(aa)*, and amendments thereto, by the Kansas development finance authority under the provisions of this act pursuant to the provisions of K.S.A. 74-8912, and amendments thereto, and this act.

(6) Under no circumstance shall state general fund moneys be pledged for the repayment of any special obligation bond issued by a city or county to finance a STAR bond project pursuant to subsection (a)(1) or (a)(2).

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

(2) Except as provided in subsection (b)(3), before the governing body of any city proposes to issue full faith and credit tax increment bonds as authorized by this subsection, the feasibility study required by K.S.A. 12-17,166(b), and amendments thereto, shall demonstrate that the benefits derived from the project will exceed the cost and that the income therefrom will be sufficient to pay the costs of the project. No full faith and credit tax increment bonds shall be issued unless the governing body states in the resolution required by K.S.A. 12-17,166(e), and amendments thereto, that it may issue such bonds to finance the proposed STAR bond project. The governing body may issue the bonds unless within 60 days following the conclusion of the public hearing on the proposed STAR bond project plan a protest petition signed by 3% of the qualified voters of the city is filed with the city clerk in accordance with the provisions of K.S.A. 25-3601 et seq., and amendments thereto. If a sufficient petition is filed, no full faith and credit tax increment bonds shall be issued until the issuance of the bonds is approved by a majority of the voters voting at an election thereon. Such election shall be called and held in the manner provided by the general bond law. The failure of the voters to approve the issuance of full faith and credit tax increment bonds shall not prevent the city from issuing special obligation bonds in accordance with this section.

No such election shall be held in the event the board of county commissioners or the board of education determines, as provided in K.S.A. 12-17,165, and amendments thereto, that the proposed STAR bond project district will have an adverse effect on the county or school district.

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

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

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

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

(c) (1) For each project established by a city or county financed with special obligation bonds payable from the revenues described in subsection (a)(1) and (a)(2), the city or county shall prepare and submit to the secretary by October 1 of each year, a report describing the status of

any projects within such STAR bond project area, any expenditures of the proceeds of special obligation bonds that have occurred since the last annual report and any expenditures of the proceeds of such bonds expected to occur in the future, including the amount of sales tax revenue, how such revenue has been spent, the projected amount of such revenue, the anticipated use of such revenue and the names of the owners, partners, officers or principals of any developer and of any associated business partners of any developer that are involved in the STAR bond project. The department of commerce shall compile this information and submit a report annually to the governor and the legislature by February 1 of each year.

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

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

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

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

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

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

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

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

(viii) the number of out-of-state visitors to a project and description of the data gathered pursuant to the visitor tracking plan, including, but not limited to, residence zip code data, a discussion of the visitor attraction properties of projects in the districts, and a comparison of the number of out-of-state visitors with the number of in-state visitors; and

(ix) if any information or data is not available, an explanation as to

why it is not available.

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

(3) Cities, counties and developers shall provide all information requested by the secretary for the secretary's database as provided by K.S.A. 2024 Supp. 74-50,227, and amendments thereto. If the city or county has a website, a conspicuous link directly to the information pertaining to the city or county's STAR bond project on the secretary's database shall be placed on the city's or county's website. A separate link shall be provided for each STAR bond project of the city or county.

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

(e) (1) A city or county may use the proceeds of special obligation bonds or any uncommitted funds derived from sources set forth in this section to pay the bond project costs as defined in K.S.A. 12-17,162, and amendments thereto, to implement the STAR bond project plan.

(2) As authorized by the secretary, the Kansas development finance authority may issue and use the proceeds of special obligation bonds to pay the bond project costs as defined in K.S.A. 12-17,162, and amendments thereto, to implement a STAR bond project plan for a project as defined in K.S.A. 12-17,162(aa)~~(2)~~, and amendments thereto.

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

Sec. 9. K.S.A. 12-17,172 is hereby amended to read as follows: 12-17,172. (a)~~ Any city or county which has adopted a STAR bond project plan in accordance with the provisions of this act may purchase or otherwise acquire real property in connection with such project plan. Upon a ²/₃ vote of the members of the governing body thereof, a city or county may acquire by condemnation any interest in real property, including a fee simple title thereto, which it deems necessary for or in connection with any project plan of an area located within the project district; however, eminent domain may be used only as authorized by K.S.A. 26-501b, and amendments thereto.~~

~~Any such city or county may exercise the power of eminent domain in~~

~~the manner provided by K.S.A. 26-501 et seq., and amendments thereto. In addition to any compensation or damages allowed under the eminent domain procedure act, such city or county shall also provide for the payment of relocation assistance as provided in K.S.A. 12-17,173, and amendments thereto~~*No city or county shall exercise eminent domain power to acquire real property for a STAR bond project.*

(b) Any real property *otherwise* acquired by a city or county ~~under the provisions of K.S.A. 26-501 et seq., and amendments thereto,~~ may be sold, transferred or leased to a developer, in accordance with the STAR bond project plan and under such other conditions as may be agreed upon. Any real property acquired pursuant to this section that is sold, transferred or leased to a project developer for a specific project shall be sold, transferred or leased to such developer on the condition that such property shall be used only for that specific approved project. If the developer does not utilize the entire tract of the real property acquired pursuant to this section that is sold, transferred or leased in accordance with the STAR bond project plan, that portion of property not used shall not be sold, transferred or leased by the developer to another developer party, but shall be deeded back to the city or county. If the developer paid the city or county for the land, a percentage of the original purchase price paid to the city or county ~~which~~ *that* represents the percentage of the entire tract being deeded back to the city or county shall be reimbursed to the developer upon the deeding of the property back to the city or county.

(c) Any transfer by the project developer of real property acquired pursuant to this section shall be valid only if approved by a $^{2}/_{3}$ majority vote of the members of the governing body of ~~this~~ *the* city or county *where such real property is located*.

Sec. 10. K.S.A. 12-17,179 is hereby amended to read as follows: 12-17,179. (a) A city that created a redevelopment district in an eligible area that was approved for STAR bonds prior to the effective date of this act for the city of Manhattan Discovery Center on December 28, 2006, and the Schlitterbahn project in Wyandotte county on December 23, 2005, may by ordinance elect to have the provisions of this act applicable to such redevelopment district.

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

Sec. 11. K.S.A. 12-3402 is hereby amended to read as follows: 12-3402. (a) *(1)* It is the purpose of this act to promote, stimulate and develop the general welfare, economic development and prosperity of the state of Kansas by *authorizing port authorities to be established in each city and each county of the state that shall achieve such purpose by:*

(A) Fostering the growth of intrastate and interstate commerce within the state; ~~to promote~~*;*

(B) promoting the advancement and retention of ports within the state; ~~to encourage and assist in the location of~~

(C) assisting and encouraging new business and industry in this state and the expansion, relocation or retention of existing business and industry when so doing will help maintain existing levels of commerce within the state or increase the movement of commodities, goods and products produced, manufactured or grown within or without the state through existing ports within the state or lead to the development of new ports within the state; and ~~to promote~~

(D) promoting the economic stability of the state by maintaining and providing employment opportunities, thus promoting the general welfare of the citizens of this state~~, by authorizing port authorities to be established in each city and in each county of the state~~.

(2) A port authority shall be a public body corporate and politic*,* which if established*,* shall be known as the "port authority" of the city or of the county. Joint port authorities may be created under authority of this act by cooperative agreement executed by the governing bodies of any city or county or cities or counties. Such joint authorities formed by such cooperative agreement shall have all the powers and jurisdiction enumerated in this act. Such creation shall be by ordinance or resolution. Except for port authorities created prior to April 1, 1981, no port authority shall be created without approval of the legislature by concurrent resolution *or by the enactment of a bill*. The authority shall not transact any business or exercise powers ~~hereunder~~ *pursuant to this section* until the passage of a concurrent resolution *or the enactment of a bill* by the legislature ~~as hereinbefore provided~~.

(3) No port authority located in Cowley county shall modify, amend or extend the port authority's official plan as originally adopted by the port authority to change the purpose for which it was created or alter the character of the work to be undertaken, as provided by K.S.A. 12-3406, and amendments thereto, without approval of the legislature by concurrent resolution *or the enactment of a bill*. The port authority shall not transact any business or exercise powers ~~hereunder~~ *pursuant to this section* concerning any business or actions related to such modification, amendment or extension of the original plan.

(4) A cooperative agreement creating a joint port authority may be amended by the governing bodies of the cities and counties ~~which~~ *that* comprise such port authority. Any amendment to such a cooperative agreement, including amendments ~~which~~ *that* allow other cities located within counties ~~which~~ *that* are parties to the original agreement to join in such agreement, shall not require approval by the legislature.

(5) No member of the authority shall ~~serve as such who owns~~ *own* land, other than a residence, or ~~represents~~ *represent* in a fiduciary capacity or as agent any person who owns land surveyed or examined for port locations, except that this prohibition shall not prevent a user of a port facility from serving as a member of the authority.

(6) A port authority may sue and be sued, plead and be impleaded, subject to the limitations and other provisions of the Kansas tort claims act. The exercise by such port authority of the powers conferred upon it shall be deemed to be essential governmental functions of the creating city or county.

(b) Any city or county creating or participating in the creation of a port authority, before any taxes are levied shall submit the question of whether an annual tax levy may be made on the assessed taxable tangible property of such city, county, or a combination thereof, and the amount thereof to the electors of such city or county comprising such authority. If a majority of those voting on the question vote in favor of such tax levy, the ~~same~~ *tax* may be ~~made~~ *levied* for such purpose and to pay a portion of the principal and interest on bonds issued under the authority of K.S.A. 12-1774, and amendments thereto, by cities located in the county~~, and otherwise such tax levy shall not be made~~. *If a majority of those voting on the question vote against such tax levy, the tax shall not be levied, unless approved by the majority of the electors at a subsequent election on a question of whether such a tax should be levied for such purpose.* If such tax levy is approved, the authority may expend funds not otherwise appropriated to defray the expense of surveys and examinations incidental to the purposes of the port authority and may expend funds for any of the purposes as set forth in K.S.A. 12-3406, and amendments thereto.

(c) Subject to making due provisions for payment and performance of its obligations, a port authority may be dissolved by the city or county, or combination thereof, comprising ~~it~~ *the port authority.* If the port authority is dissolved, the properties of the port authority shall be transferred to the subdivision comprising ~~it~~ *the port authority*, or, if comprised by more than one city or county, to the city or county comprising ~~it~~ *the port authority* in such manner as may be agreed upon by them. Obligations of the authority shall not be obligations of the state of Kansas, nor of any city or county which creates the authority, unless the obligations are specifically approved by a majority vote of the electors of such city or county voting on the issue. Notice of such election shall be published in a newspaper of general circulation in the county or counties once each week for two consecutive weeks. The first publication shall be not less than 21 days prior to such election. Such notice shall set forth the time and place of holding the election and the issue which the vote is to determine.

Sec. 12. K.S.A. 12-17,160, 12-17,166, 12-17,172, 12-17,179 and 12-

3402 and K.S.A. 2024 Supp. 12-17,162, 12-17,164 and 12-17,169 are hereby repealed.

Sec. 13. This act shall take effect and be in force from and after its publication in the statute book.