

## HOUSE BILL No. 2335

By Representative Patterson

2-12

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AN ACT concerning tax increment financing; relating to eligible areas; amending K.S.A. 12-1770a and repealing the existing section.

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

Section 1. K.S.A. 12-1770a is hereby amended to read as follows: 12-1770a. As used in this act, unless the context clearly shows otherwise:

(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) "Base year assessed valuation" means the assessed valuation of all real property within the boundaries of a redevelopment district on the date the redevelopment district was established.

(c) "Blighted area" means an area which:

(1) Because of the presence of a majority of the following factors, substantially impairs or arrests the development and growth of the municipality or constitutes an economic or social liability or is a menace to the public health, safety, morals or welfare in its present condition and use:

(A) A substantial number of deteriorated or deteriorating structures;

(B) predominance of defective or inadequate street layout;

(C) unsanitary or unsafe conditions;

(D) deterioration of site improvements;

(E) tax or special assessment delinquency exceeding the fair market value of the real property;

(F) defective or unusual conditions of title including but not limited to cloudy or defective titles, multiple or unknown ownership interests to the property;

(G) improper subdivision or obsolete platting or land uses;

(H) the existence of conditions which endanger life or property by fire or other causes; or

(I) conditions which create economic obsolescence; or

1 (2) has been identified by any state or federal environmental agency  
2 as being environmentally contaminated to an extent that requires a re-  
3 medial investigation; feasibility study and remediation or other similar  
4 state or federal action; or

5 (3) previously was found by resolution of the governing body to be a  
6 slum or a blighted area under K.S.A. 17-4742 *et seq.*, and amendments  
7 thereto.

8 (d) “Conservation area” means any improved area comprising 15%  
9 or less of the land area within the corporate limits of a city in which 50%  
10 or more of the structures in the area have an age of 35 years or more,  
11 which area is not yet blighted, but may become a blighted area due to  
12 the existence of a combination of two or more of the following factors:

13 (1) Dilapidation, obsolescence or deterioration of the structures;

14 (2) illegal use of individual structures;

15 (3) the presence of structures below minimum code standards;

16 (4) building abandonment;

17 (5) excessive vacancies;

18 (6) overcrowding of structures and community facilities; or

19 (7) inadequate utilities and infrastructure.

20 (e) “De minimus” means an amount less than 15% of the land area  
21 within a redevelopment district.

22 (f) “Developer” means any person, firm, corporation, partnership or  
23 limited liability company, other than a city.

24 (g) “Eligible area” means a blighted area, conservation area, *economic*  
25 *development area*, enterprise zone, historic theater or major tourism area.

26 (h) “*Economic development area*” means any area or portion of an  
27 area located within the corporate limits of a municipality and in which  
28 the governing body of the municipality finds that such redevelopment will  
29 not be solely used for development of commercial businesses which un-  
30 fairly competes in the local economy and will be in the public interest  
31 because it will:

32 (1) Discourage commerce, industry or manufacturing from moving  
33 such operations out of state;

34 (2) result in increased employment in the municipality; or

35 (3) result in preservation or enhancement of the tax base of the  
36 municipality.

37 ~~(h)~~ (i) “Enterprise zone” means an area within a city that was des-  
38 ignated as an enterprise zone prior to July 1, 1992, pursuant to K.S.A. 12-  
39 17,107 through 12-17,113, and amendments thereto, prior to its repeal  
40 and the conservation, development or redevelopment of the area is nec-  
41 essary to promote the general and economic welfare of such city.

42 ~~(i)~~ (j) “Environmental increment” means the increment determined  
43 pursuant to subsection (b) of K.S.A. 12-1771a, and amendments thereto.

1 ~~(j)~~ (k) “Environmentally contaminated area” means an area of land  
2 having contaminated groundwater or soil which is deemed environmen-  
3 tally contaminated by the department of health and environment or the  
4 United States environmental protection agency.

5 ~~(k)~~ (l) “Feasibility study” means a study which shows whether a re-  
6 development project’s benefits and tax increment revenue and other  
7 available revenues under K.S.A. 12-1774 (a)(1) are expected to exceed or  
8 be sufficient to pay for the redevelopment project costs.

9 ~~(l)~~ (m) “Historic theater” means a building constructed prior to 1940  
10 which was constructed for the purpose of staging entertainment, includ-  
11 ing motion pictures, vaudeville shows or operas, that is operated by a  
12 nonprofit corporation and is designated by the state historic preservation  
13 officer as eligible to be on the Kansas register of historic places or is a  
14 member of the Kansas historic theatre association.

15 ~~(m)~~ (n) “Historic theater sales tax increment” means the amount of  
16 state and local sales tax revenue imposed pursuant to K.S.A. 12-187 *et*  
17 *seq.*, 79-3601 *et seq.* and 79-3701 *et seq.*, and amendments thereto, col-  
18 lected from taxpayers doing business within the historic theater that is in  
19 excess of the amount of such taxes collected prior to the designation of  
20 the building as a historic theater for purposes of this act.

21 ~~(n)~~ (o) “Major tourism area” means an area for which the secretary  
22 has made a finding the capital improvements costing not less than  
23 \$100,000,000 will be built in the state to construct an auto race track  
24 facility.

25 ~~(o)~~ (p) “Real property taxes” means all taxes levied on an ad valorem  
26 basis upon land and improvements thereon.

27 ~~(p)~~ (q) “Redevelopment project area” or “project area” means an area  
28 designated by a city within a redevelopment district.

29 ~~(q)~~ (r) “Redevelopment project costs” means those costs necessary  
30 to implement a redevelopment plan, including, but not limited to costs  
31 incurred for:

- 32 (1) Acquisition of property within the redevelopment project area;
- 33 (2) payment of relocation assistance;
- 34 (3) site preparation including utility relocations;
- 35 (4) sanitary and storm sewers and lift stations;
- 36 (5) drainage conduits, channels and levees;
- 37 (6) street grading, paving, graveling, macadamizing, curbing, gutter-  
38 ing and surfacing;
- 39 (7) street light fixtures, connection and facilities;
- 40 (8) underground gas, water, heating and electrical services and con-  
41 nections located within the public right-of-way;
- 42 (9) sidewalks and pedestrian underpasses or overpasses;
- 43 (10) drives and driveway approaches located within the public right-

1 of-way;  
2 (11) water mains and extensions;  
3 (12) plazas and arcades;  
4 (13) parking facilities;  
5 (14) landscaping and plantings, fountains, shelters, benches, sculp-  
6 tures, lighting, decorations and similar amenities; and  
7 (15) all related expenses to redevelop and finance the redevelopment  
8 project.

9 Redevelopment project costs shall not include costs incurred in con-  
10 nection with the construction of buildings or other structures to be owned  
11 by or leased to a developer, however, the “redevelopment project costs”  
12 shall include costs incurred in connection with the construction of build-  
13 ings or other structures to be owned or leased to a developer which in-  
14 cludes an auto race track facility or is in a redevelopment district including  
15 some or all of the land and buildings comprising a state mental institution  
16 closed pursuant to section 2 of chapter 219 of the 1995 Session Laws of  
17 Kansas.

18 ~~(s)~~ (s) “Redevelopment district” means the specific area declared to  
19 be an eligible area in which the city may develop one or more redevel-  
20 opment projects.

21 ~~(t)~~ (t) “Redevelopment district plan” or “district plan” means the pre-  
22 liminary plan that identifies all of the proposed redevelopment project  
23 areas and identifies in a general manner all of the buildings, facilities and  
24 improvements in each that are proposed to be constructed or improved  
25 in each redevelopment project area.

26 ~~(u)~~ (u) “Redevelopment project” means the approved project to im-  
27 plement a project plan for the development of the established redevel-  
28 opment district.

29 ~~(v)~~ (v) “Redevelopment project plan” or “project plan” means the  
30 plan adopted by a municipality for the development of a redevelopment  
31 project or projects which conforms with K.S.A. 12-1772, and amendments  
32 thereto, in a redevelopment district.

33 ~~(w)~~ (w) “Secretary” means the secretary of commerce and housing.

34 ~~(x)~~ (x) “Substantial change” means, as applicable, a change wherein  
35 the proposed plan or plans differ substantially from the intended purpose  
36 for which the district plan or project plan was approved.

37 ~~(y)~~ (y) “Tax increment” means that amount of real property taxes  
38 collected from real property located within the redevelopment district  
39 that is in excess of the amount of real property taxes which is collected  
40 from the base year assessed valuation.

41 ~~(z)~~ (z) “Taxing subdivision” means the county, city, unified school  
42 district and any other taxing subdivision levying real property taxes, the  
43 territory or jurisdiction of which includes any currently existing or sub-

1   sequently created redevelopment district.

2       Sec. 2.   K.S.A. 12-1770a is hereby repealed.

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

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