

SENATE BILL No. 494

By Committee on Assessment and Taxation

2-10

AN ACT concerning tax increment financing; relating to tax delinquencies on property within a redevelopment district; apportionment thereof; amending K.S.A. 12-1775 and K.S.A. 2003 Supp. 12-1770a and repealing the existing sections.

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

Section 1. K.S.A. 2003 Supp. 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;

- 1 (H) the existence of conditions which endanger life or property by
2 fire or other causes; or
- 3 (I) conditions which create economic obsolescence; or
- 4 (2) has been identified by any state or federal environmental agency
5 as being environmentally contaminated to an extent that requires a re-
6 medial investigation; feasibility study and remediation or other similar
7 state or federal action; or
- 8 (3) previously was found by resolution of the governing body to be a
9 slum or a blighted area under K.S.A. 17-4742 *et seq.*, and amendments
10 thereto.
- 11 (d) “Conservation area” means any improved area comprising 15%
12 or less of the land area within the corporate limits of a city in which 50%
13 or more of the structures in the area have an age of 35 years or more,
14 which area is not yet blighted, but may become a blighted area due to
15 the existence of a combination of two or more of the following factors:
- 16 (1) Dilapidation, obsolescence or deterioration of the structures;
17 (2) illegal use of individual structures;
18 (3) the presence of structures below minimum code standards;
19 (4) building abandonment;
20 (5) excessive vacancies;
21 (6) overcrowding of structures and community facilities; or
22 (7) inadequate utilities and infrastructure.
- 23 (e) “De minimus” means an amount less than 15% of the land area
24 within a redevelopment district.
- 25 (f) “Developer” means any person, firm, corporation, partnership or
26 limited liability company, other than a city.
- 27 (g) “Eligible area” means a blighted area, conservation area, enter-
28 prise zone, historic theater, major tourism area or a major commercial
29 entertainment and tourism area as determined by the secretary.
- 30 (h) “Enterprise zone” means an area within a city that was designated
31 as an enterprise zone prior to July 1, 1992, pursuant to K.S.A. 12-17,107
32 through 12-17,113, and amendments thereto, prior to its repeal and the
33 conservation, development or redevelopment of the area is necessary to
34 promote the general and economic welfare of such city.
- 35 (i) “Environmental increment” means the increment determined
36 pursuant to subsection (b) of K.S.A. 12-1771a, and amendments thereto.
- 37 (j) “Environmentally contaminated area” means an area of land hav-
38 ing contaminated groundwater or soil which is deemed environmentally
39 contaminated by the department of health and environment or the United
40 States environmental protection agency.
- 41 (k) “Feasibility study” means a study which shows whether a rede-
42 velopment or special bond project’s benefits and tax increment revenue
43 and other available revenues under K.S.A. 12-1774 (a)(1), and amend-

1 ments thereto, are expected to exceed or be sufficient to pay for the
2 redevelopment or special bond project costs and the effect, if any, the
3 redevelopment or special bond project will have on any outstanding spe-
4 cial obligation bonds as authorized pursuant to subsection (a)(1)(D) of
5 K.S.A. 12-1774, and amendments thereto.

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

12 (m) “Historic theater sales tax increment” means the amount of state
13 and local sales tax revenue imposed pursuant to K.S.A. 12-187 *et seq.*, 79-
14 3601 *et seq.* and 79-3701 *et seq.*, and amendments thereto, collected from
15 taxpayers doing business within the historic theater that is in excess of
16 the amount of such taxes collected prior to the designation of the building
17 as a historic theater for purposes of this act.

18 (n) “Major tourism area” means an area for which the secretary has
19 made a finding the capital improvements costing not less than
20 \$100,000,000 will be built in the state to construct an auto race track
21 facility.

22 (o) “Real property taxes” means all taxes levied on an ad valorem basis
23 upon land and improvements thereon.

24 (p) “Redevelopment project area” or “project area” means an area
25 designated by a city within a redevelopment district.

26 (q) “Redevelopment project costs” means those costs necessary to
27 implement a redevelopment plan, including, but not limited to costs in-
28 curred for:

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

- 1 (13) parking facilities;
- 2 (14) landscaping and plantings, fountains, shelters, benches, sculp-
3 tures, lighting, decorations and similar amenities; and
- 4 (15) all related expenses to redevelop and finance the redevelopment
5 project.
- 6 Redevelopment project costs shall not include costs incurred in con-
7 nection with the construction of buildings or other structures to be owned
8 by or leased to a developer, however, the “redevelopment project costs”
9 shall include costs incurred in connection with the construction of build-
10 ings or other structures to be owned or leased to a developer which in-
11 cludes an auto race track facility or is in a redevelopment district including
12 some or all of the land and buildings comprising a state mental institution
13 closed pursuant to section 2 of chapter 219 of the 1995 Session Laws of
14 Kansas.
- 15 (r) “Redevelopment district” means the specific area declared to be
16 an eligible area in which the city may develop one or more redevelopment
17 projects.
- 18 (s) “Redevelopment district plan” or “district plan” means the pre-
19 liminary plan that identifies all of the proposed redevelopment project
20 areas and identifies in a general manner all of the buildings, facilities and
21 improvements in each that are proposed to be constructed or improved
22 in each redevelopment project area.
- 23 (t) “Redevelopment project” means the approved project to imple-
24 ment a project plan for the development of the established redevelop-
25 ment district.
- 26 (u) “Redevelopment project plan” or “project plan” means the plan
27 adopted by a municipality for the development of a redevelopment pro-
28 ject or projects which conforms with K.S.A. 12-1772, and amendments
29 thereto, in a redevelopment district.
- 30 (v) “Secretary” means the secretary of commerce.
- 31 (w) “Substantial change” means, as applicable, a change wherein the
32 proposed plan or plans differ substantially from the intended purpose for
33 which the district plan or project plan was approved.
- 34 (x) “Tax increment” means that amount of real property taxes col-
35 lected from real property located within the redevelopment district that
36 is in excess of the amount of real property taxes which is collected from
37 the base year assessed valuation, *as determined on a parcel by parcel basis*.
- 38 (y) “Taxing subdivision” means the county, city, unified school district
39 and any other taxing subdivision levying real property taxes, the territory
40 or jurisdiction of which includes any currently existing or subsequently
41 created redevelopment district.
- 42 (z) “Special bond project” means a redevelopment project with at
43 least a \$50,000,000 capital investment and \$50,000,000 in projected gross

1 annual sales revenues or for areas outside of metropolitan statistical areas,
2 as defined by the federal office of management and budget the secretary
3 finds the project meets the requirements of subsection (g) and would be
4 of regional or statewide importance, but a “special bond project” shall
5 not include a project for a gambling casino.

6 (aa) “Marketing study” means a study conducted to examine the im-
7 pact of the redevelopment or special bond project upon similar businesses
8 in the projected market area.

9 (bb) “Projected market area” means any area within the state in
10 which the redevelopment or special bond project is projected to have a
11 substantial fiscal or market impact upon businesses in such area.

12 (cc) “River walk canal facilities” means a canal and related water fea-
13 tures located adjacent to a river which flows through a major commercial
14 entertainment and tourism area and facilities related or contiguous
15 thereto, including, but not limited to pedestrian walkways and prome-
16 nades, landscaping and parking facilities.

17 (dd) “Commence work” means the manifest commencement of ac-
18 tual operations on the development site, such as, erecting a building,
19 excavating the ground to lay a foundation or a basement or work of like
20 description which a person with reasonable diligence can see and rec-
21 ognize as being done with the intention and purpose to continue work
22 until the project is completed.

23 (ee) “Major commercial entertainment and tourism area” may in-
24 clude, but not be limited to, a major multi-sport athletic complex.

25 (ff) “Major multi-sport athletic complex” means an athletic complex
26 that is utilized for the training of athletes, the practice of athletic teams,
27 the playing of athletic games or the hosting of events. Such project may
28 include playing fields, parking lots and other developments.

29 Sec. 2. K.S.A. 12-1775 is hereby amended to read as follows: 12-
30 1775. (a) Except for redevelopment projects satisfying the conditions of
31 subsection (c) of K.S.A. 12-1771b, and amendments thereto, all tangible
32 taxable property located within a redevelopment district shall be assessed
33 and taxed for ad valorem tax purposes pursuant to law in the same manner
34 that such property would be assessed and taxed if located outside such
35 district, and all ad valorem taxes levied on such property shall be paid to
36 and collected by the county treasurer in the same manner as other taxes
37 are paid and collected, *as determined on a parcel by parcel basis*. Except
38 as otherwise provided in this section, the county treasurer shall distribute
39 such taxes as may be collected in the same manner as if such property
40 were located outside a redevelopment district. Each redevelopment dis-
41 trict established under the provisions of this act shall constitute a separate
42 taxing unit for the purpose of the computation and levy of taxes. *Any tax*
43 *delinquency on a property in a redevelopment district shall be appor-*

1 *tioned among the redevelopment district and the other taxing units in the*
2 *same manner as the tax received on the delinquent parcel is to be allocated*
3 *among the redevelopment district and the other taxing units.*

4 (b) Except for redevelopment projects satisfying the conditions of
5 subsection (c) of K.S.A. 12-1771b, and amendments thereto, beginning
6 with the first payment of taxes which are levied following the date of the
7 establishment of the redevelopment district real property taxes received
8 by the county treasurer resulting from taxes which are levied subject to
9 the provisions of this act by and for the benefit of a taxing subdivision, as
10 defined in K.S.A. 12-1770a, on property located within such redevelop-
11 ment district constituting a separate taxing unit under the provisions of
12 this section, shall be divided as follows:

13 (1) From the taxes levied each year subject to the provisions of this
14 act by or for each of the taxing subdivisions upon property located within
15 a redevelopment district constituting a separate taxing unit under the
16 provisions of this act, the county treasurer first shall allocate and pay to
17 each such taxing subdivision all of the real property taxes collected which
18 are produced from the base year assessed valuation.

19 (2) Any real property taxes produced from that portion of the current
20 assessed valuation of real property within the redevelopment district con-
21 stituting a separate taxing unit under the provisions of this section in
22 excess of the base year assessed valuation shall be allocated and paid by
23 the county treasurer to the treasurer of the city and deposited in a special
24 fund of the city to pay the redevelopment project costs including the
25 payment of principal of and interest on any special obligation bonds or
26 full faith and credit tax increment bonds issued by such city to finance,
27 in whole or in part, such redevelopment project. When the redevelop-
28 ment project costs have been paid and such obligation bonds and interest
29 thereon have been paid, all moneys thereafter received from real property
30 taxes within such redevelopment district shall be allocated and paid to
31 the respective taxing subdivisions in the same manner as are other ad
32 valorem taxes. If such obligation bonds and interest thereon have been
33 paid before the completion of a project, the city may continue to use such
34 moneys for any purpose authorized by this act until such time as the
35 project is completed, but for not to exceed 20 years from the date of the
36 approval of the project plan, except as otherwise provided by this act.

37 (c) In any project plan or in the proceedings for the issuing of any
38 special obligation bonds or full faith and credit tax increment bonds by
39 the city to finance a redevelopment project, the property tax increment
40 portion of taxes provided for in paragraph (2) of subsection (c) may be
41 irrevocably pledged for the payment of the principal of and interest on
42 such obligation bonds, subject to the provisions of subsection (c) of K.S.A.
43 12-1774, and amendments thereto.

1 (d) A city may adopt a project plan in which only a specified per-
2 centage or amount of the tax increment realized from taxpayers in the
3 redevelopment district are pledged to the redevelopment project. The
4 county treasurer shall allocate the specified percentage or amount of the
5 tax increment to the treasurer of the city for deposit in the special fund
6 of the city to finance the redevelopment project costs if the city has other
7 available revenues and pledges the revenues to the redevelopment project
8 in lieu of the tax increment. Any portion of such tax increment not allo-
9 cated to the city for the redevelopment project shall be allocated and paid
10 in the same manner as other ad valorem taxes.

11 Sec. 3. K.S.A. 12-1775 and K.S.A. 2003 Supp. 12-1770a are hereby
12 repealed.

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

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