

Substitute for HOUSE BILL No. 2012

By Committee on Economic Development

3-21

10 AN ACT regarding tax increment financing; clarification of statutes;
11 amending K.S.A. 12-1774a and 12-1777 and K.S.A. 2004 Supp. 12-
12 1770a, 12-1771, 12-1771b, 12-1772, 12-1773, 12-1774, 12-1780b and
13 12-1780c and repealing the existing sections.

14

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

16 Section 1. K.S.A. 2004 Supp. 12-1770a is hereby amended to read
17 as follows: 12-1770a. As used in ~~the bioscience development~~ *this* act, and
18 amendments thereto, the following words and phrases shall have the fol-
19 lowing meanings unless a different meaning clearly appears from the
20 content:

21 (a) “Auto race track facility” means: (1) An auto race track facility and
22 facilities directly related and necessary to the operation of an auto race
23 track facility, including, but not limited to, grandstands, suites and viewing
24 areas, concessions, souvenir facilities, catering facilities, visitor and retail
25 centers, signage and temporary hospitality facilities, but excluding (2) ho-
26 tels, motels, restaurants and retail facilities, not directly related to or nec-
27 essary to the operation of such facility.

28 (b) “Base year assessed valuation” means the assessed valuation of all
29 real property within the boundaries of a redevelopment district on the
30 date the redevelopment district was established.

31 (c) “Blighted area” means an area which:

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

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

38 (B) predominance of defective or inadequate street layout;

39 (C) unsanitary or unsafe conditions;

40 (D) deterioration of site improvements;

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

43 (F) defective or unusual conditions of title including but not limited

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

1 ing contaminated groundwater or soil which is deemed environmentally
2 contaminated by the department of health and environment or the United
3 States environmental protection agency.

4 (k) (I) “Feasibility study” means:

5 (A) A study which shows whether a redevelopment project’s, special
6 bond project’s or bioscience development project’s benefits and tax in-
7 crement revenue and other available revenues under K.S.A. 12-1774
8 (a)(1), and amendments thereto, are expected to exceed or be sufficient
9 to pay for the redevelopment ~~or~~, special bond or bioscience development
10 project costs and;

11 (B) the effect, if any, the redevelopment ~~project costs or~~, special bond
12 ~~project or bioscience project~~ will have on any outstanding special obliga-
13 tion bonds ~~as authorized pursuant to subsection~~ payable from the reve-
14 nues described in subsections (a)(1)(D) and (a)(1)(G) of K.S.A. 12-1774,
15 and amendments thereto;

16 (2) *for a redevelopment project, special bond project or bioscience*
17 *project financed by bonds payable from revenues described in subsections*
18 *(a)(1)(D) and (a)(1)(G) of K.S.A. 12-1774, and amendments thereto, the*
19 *feasibility study must also include:*

20 (A) *A description of any project submitted under K.S.A. 12-1771d,*
21 *and amendments thereto, to satisfy the requirements of paragraph (i) of*
22 *this section;*

23 (B) *a statement of how the jobs and taxes obtained from the project*
24 *will contribute significantly to the economic development of the state and*
25 *region;*

26 (C) *a statement concerning whether a portion of the local sales and*
27 *use taxes are pledged to other uses and are unavailable as revenue for the*
28 *redevelopment project. If a portion of local sales and use taxes is so com-*
29 *mitted, the applicant shall describe the following:*

30 (i) *the percentage of sales and use taxes collected that are so commit-*
31 *ted; and*

32 (ii) *the date or dates on which the local sales and use taxes pledged*
33 *to other uses can be pledged for repayment of special obligation bonds;*

34 (D) *an anticipated principal and interest payment schedule on the*
35 *bonds;*

36 (E) *following approval of the redevelopment plan, the feasibility study*
37 *will be supplemented to include a copy of the minutes of the governing*
38 *body meeting or meetings of any city whose bonding authority will be*
39 *utilized in the project, evidencing that a redevelopment plan has been*
40 *created, discussed, and adopted by the city in a regularly scheduled open*
41 *public meeting.*

42 (3) *For a proposed major commercial entertainment and tourism*
43 *area, the feasibility study must also include:*

- 1 (A) *Visitation expectations;*
2 (B) *economic impact;*
3 (C) *the unique quality of the project;*
4 (D) *the ability of the project to gain sufficient market share to:*
5 (i) *Remain profitable past the term of repayment; and*
6 (ii) *maintain status as a significant factor for travel decisions;*
7 (E) *integration and collaboration with other resources or businesses;*
8 (F) *the quality of service and experience provided, as measured*
9 *against national consumer standards for the specific target market;*
10 (G) *project accountability, measured according to best industry prac-*
11 *tices; and*
12 (H) *the expected return on state and local investment that the project*
13 *is anticipated to produce.*
14 (4) *The failure to include all information enumerated in this subsec-*
15 *tion in the feasibility study for a redevelopment, special bond or bioscience*
16 *project shall not affect the validity of bonds issued pursuant to this act.*
17 (l) “Historic theater” means a building constructed prior to 1940
18 which was constructed for the purpose of staging entertainment, includ-
19 ing motion pictures, vaudeville shows or operas, that is operated by a
20 nonprofit corporation and is designated by the state historic preservation
21 officer as eligible to be on the Kansas register of historic places or is a
22 member of the Kansas historic theatre association.
23 (m) “Historic theater sales tax increment” means the amount of state
24 and local sales tax revenue imposed pursuant to K.S.A. 12-187 et seq.,
25 79-3601 et seq. and 79-3701 et seq., and amendments thereto, collected
26 from taxpayers doing business within the historic theater that is in excess
27 of the amount of such taxes collected prior to the designation of the
28 building as a historic theater for purposes of this act.
29 (n) “Major tourism area” means an area for which the secretary has
30 made a finding the capital improvements costing not less than
31 \$100,000,000 will be built in the state to construct an auto race track
32 facility.
33 (o) “Real property taxes” means all taxes levied on an ad valorem basis
34 upon land and improvements thereon, except that when relating to a
35 bioscience development district, as defined in this section, “real property
36 taxes” does not include property taxes levied for schools, pursuant to
37 K.S.A. 72-6431, and amendments thereto.
38 (p) “Redevelopment project area” ~~or “project area”~~ means an area
39 designated by a city within a redevelopment district.
40 (q) “Redevelopment project costs” means those costs necessary to
41 implement a redevelopment *project* plan or a bioscience development
42 project plan, including, ~~but not limited to~~ costs incurred for:
43 (1) Acquisition of property within the redevelopment project area;

- 1 (2) payment of relocation assistance *for persons dispossessed of own-*
2 *ership of property in the redevelopment district;*
- 3 (3) site preparation including utility relocations;
- 4 (4) sanitary and storm sewers and lift stations;
- 5 (5) drainage conduits, channels, levees and river walk canal facilities;
- 6 (6) street grading, paving, graveling, macadamizing, curbing, gutter-
7 ing and surfacing;
- 8 (7) street light fixtures, connection and facilities;
- 9 (8) underground gas, water, heating and electrical services and con-
10 nections located within the public right-of-way;
- 11 (9) sidewalks and pedestrian underpasses or overpasses;
- 12 (10) drives and driveway approaches located within the public right-
13 of-way;
- 14 (11) water mains and extensions;
- 15 (12) plazas and arcades;
- 16 (13) parking facilities;
- 17 (14) landscaping and plantings, fountains, shelters, benches, sculp-
18 tures, lighting, decorations and similar amenities; and
- 19 (15) all related expenses to redevelop and finance the redevelopment
20 project.

21 Redevelopment project costs shall not include costs incurred in con-
22 nection with the construction of buildings or other structures to be owned
23 by or leased to a developer, however, the “redevelopment project costs”
24 shall include costs incurred in connection with the construction of build-
25 ings or other structures to be owned or leased to a developer which in-
26 cludes an auto race track facility ~~or is in a redevelopment district including~~
27 ~~some or all of the land and buildings comprising a state mental institution~~
28 ~~closed pursuant to section 2 of chapter 219 of the 1995 Session Laws of~~
29 ~~Kansas.~~ *In addition, for a redevelopment project financed with bonds*
30 *repayable as provided in subsection (a)(1)(G) of K.S.A. 12-1774, and*
31 *amendments thereto, redevelopment project costs shall not include:*

- 32 (1) *Fees and commissions paid to real estate agents, financial advisors*
33 *or any other consultants who represent the businesses considering locating*
34 *in a redevelopment district;*
- 35 (2) *salaries for local government employees;*
- 36 (3) *moving expenses for employees of the businesses locating within*
37 *the redevelopment district;*
- 38 (4) *property taxes for businesses that locate in the redevelopment dis-*
39 *trict; and*
- 40 (5) *lobbying costs.*
- 41 (r) “Redevelopment district” means the specific area declared to be
42 an eligible area in which the city may develop one or more redevelopment
43 projects.

- 1 (s) “Redevelopment district plan” or “district plan” means the pre-
2 liminary plan that identifies all of the proposed redevelopment project
3 areas and identifies in a general manner all of the buildings, facilities and
4 improvements in each that are proposed to be constructed or improved
5 in each redevelopment project area.
- 6 (t) “Redevelopment project” means the approved project to imple-
7 ment a project plan for the development of the established redevelop-
8 ment district.
- 9 (u) “Redevelopment project plan” ~~or “project plan”~~ means the plan
10 adopted by a municipality for the development of a redevelopment pro-
11 ject or projects which conforms with K.S.A. 12-1772, and amendments
12 thereto, in a redevelopment district.
- 13 (v) “Secretary” means the secretary of commerce.
- 14 (w) “Substantial change” means, as applicable, a change wherein the
15 proposed plan or plans differ substantially from the intended purpose for
16 which the district plan or project plan was approved.
- 17 (x) “Tax increment” means that amount of real property taxes col-
18 lected from real property located within the redevelopment district that
19 is in excess of the amount of real property taxes which is collected from
20 the base year assessed valuation.
- 21 (y) “Taxing subdivision” means the county, city, unified school district
22 and any other taxing subdivision levying real property taxes, the territory
23 or jurisdiction of which includes any currently existing or subsequently
24 created redevelopment district including a bioscience development
25 district.
- 26 (z) “Special bond project” means a redevelopment project with:
27 (1) at least a \$50,000,000 capital investment and \$50,000,000 in pro-
28 jected gross annual sales revenues; or
29 (2) for areas outside of metropolitan statistical areas, as defined by
30 the federal office of management and budget, the secretary finds:
31 (A) The project meets the requirements of subsection (g); and
32 (B) would be of regional or statewide importance, ~~but a~~
33 A “special bond project” shall not include a project for a gambling
34 casino.
- 35 (aa) “Marketing study” means a study conducted to examine the im-
36 pact of the redevelopment project or special bond project upon similar
37 businesses in the projected market area.
- 38 (bb) “Projected market area” means any area within the state in
39 which the redevelopment project or special bond project is projected to
40 have a substantial fiscal or market impact upon businesses in such area.
- 41 (cc) “River walk canal facilities” means a canal and related water fea-
42 tures located adjacent to a river which flows through a major commercial
43 entertainment and tourism area and facilities related or contiguous

- 1 thereto, including, but not limited to pedestrian walkways and prome-
2 nades, landscaping and parking facilities.
- 3 (dd) “Commence work” means the manifest commencement of ac-
4 tual operations on the development site, such as, erecting a building,
5 excavating the ground to lay a foundation or a basement or work of like
6 description which a person with reasonable diligence can see and rec-
7 ognize as being done with the intention and purpose to continue work
8 until the project is completed.
- 9 (ee) “Major commercial entertainment and tourism area” may in-
10 clude, but not be limited to, a major multi-sport athletic complex.
- 11 (ff) “Major multi-sport athletic complex” means an athletic complex
12 that is utilized for the training of athletes, the practice of athletic teams,
13 the playing of athletic games or the hosting of events. Such project may
14 include playing fields, parking lots and other developments.
- 15 (gg) “Bioscience” means the use of compositions, methods and or-
16 ganisms in cellular and molecular research, development and manufac-
17 turing processes for such diverse areas as pharmaceuticals, medical ther-
18 apeutics, medical diagnostics, medical devices, medical instruments,
19 biochemistry, microbiology, veterinary medicine, plant biology, agricul-
20 ture, industrial environmental and homeland security applications of bi-
21 oscience and future developments in the biosciences. Bioscience includes
22 biotechnology and life sciences.
- 23 (hh) “Bioscience development area” means an area that:
- 24 (1) Is or shall be owned, operated, or leased by, or otherwise under
25 the control of the Kansas bioscience authority;
- 26 (2) is or shall be used and maintained by a bioscience company; or
- 27 (3) includes a bioscience facility.
- 28 (ii) “Bioscience development district” means the specific area, cre-
29 ated under K.S.A. 12-1771, and amendments thereto, where one or more
30 bioscience development projects may be undertaken.
- 31 (jj) “Bioscience development project” means an approved project to
32 implement a project plan in a bioscience development district.
- 33 (kk) “Bioscience development project plan” ~~or “project plan”~~ means
34 the plan adopted by the authority for a bioscience development project
35 pursuant to K.S.A. 12-1772, and amendments thereto, in a bioscience
36 development district.
- 37 (ll) “Bioscience facility” means real property and all improvements
38 thereof used to conduct bioscience research, including, without limita-
39 tion, laboratory space, incubator space, office space and any and all fa-
40 cilities directly related and necessary to the operation of a bioscience
41 facility.
- 42 (mm) “Bioscience project area” ~~or “project area”~~ means an area des-
43 ignated by the authority within a bioscience development district.

- 1 (nn) “Biotechnology” means those fields focusing on technological
2 developments in such area as molecular biology, genetic engineering,
3 genomics, proteomics, physiomics, nanotechnology, biodefense, biocom-
4 puting, bioinformatics and future developments associated with
5 biotechnology.
- 6 (oo) “Board” means the board of directors of the Kansas bioscience
7 authority.
- 8 (pp) “Life sciences” means the areas of medical sciences, pharma-
9 ceutical sciences, biological sciences, zoology, botany, horticulture, ecol-
10 ogy, toxicology, organic chemistry, physical chemistry, physiology and any
11 future advances associated with life sciences.
- 12 (qq) “Revenue increase” means that amount of real property taxes
13 collected from real property located within the bioscience development
14 district that is in excess of the amount of real property taxes which is
15 collected from the base year assessed valuation.
- 16 (rr) “Taxpayer” means a person, corporation, limited liability com-
17 pany, S corporation, partnership, registered limited liability partnership,
18 foundation, association, nonprofit entity, sole proprietorship, business
19 trust, group or other entity that is subject to the Kansas income tax act,
20 K.S.A. 79-3201 *et seq.*, and amendments thereto.
- 21 (ss) “~~Flood plain~~ Floodplain increment” means the increment deter-
22 mined pursuant to subsection (b) of K.S.A. 2004 Supp. 12-1771e, and
23 amendments thereto.
- 24 (tt) “100-year ~~flood plain~~ floodplain area” means an area of land ex-
25 isting in a 100-year ~~flood plain~~ floodplain as determined by either an
26 engineering study of a Kansas certified engineer or by the United States
27 federal emergency management agency.
- 28 Sec. 2. K.S.A. 2004 Supp. 12-1771 is hereby amended to read as
29 follows: 12-1771. (a) *Resolution procedure for a redevelopment district or*
30 *bioscience development district.* ~~Any city proposing~~ *When a city pro-*
31 *poses to establish a redevelopment district or when the Kansas bioscience*
32 *authority proposes to establish a bioscience development district within*
33 *an eligible area, the city or the Kansas bioscience authority shall adopt a*
34 *resolution stating that the city or the Kansas bioscience authority is con-*
35 *sidering the establishment of a redevelopment district or when the Kansas*
36 *bioscience authority proposes to establish a bioscience development dis-*
37 *trict. Such resolution shall:*
- 38 (1) Give notice that a public hearing will be held to consider the
39 establishment of a redevelopment district or bioscience development dis-
40 trict and fix the date, hour and place of such public hearing;
- 41 (2) describe the proposed boundaries of the redevelopment district
42 or bioscience development district;
- 43 (3) describe the district plan;

1 (4) state that a description and map of the proposed redevelopment
2 district or bioscience development district are available for inspection at
3 a time and place designated;

4 (5) state that the governing body will consider findings necessary for
5 the establishment of a redevelopment district or bioscience development
6 district.

7 Notice shall be given as provided in subsection (b) of K.S.A. 12-1772,
8 and amendments thereto.

9 (b) *Posthearing procedure.* Upon the conclusion of the public hear-
10 ing, the governing body may pass an ordinance. (1) An ordinance for a
11 redevelopment district shall: (A) Make findings that the redevelopment
12 district proposed to be developed is an eligible area; and the conservation,
13 development or redevelopment of such area is necessary to promote the
14 general and economic welfare of the city; (B) contain the district plan as
15 approved; and (C) contain the legal description of the redevelopment
16 district and may establish the redevelopment district. Such ordinance
17 shall contain a district plan that identifies all of the proposed redevelop-
18 ment project areas and identifies in a general manner all of the buildings
19 and facilities that are proposed to be constructed or improved in each
20 redevelopment project area. The boundaries of such district shall not
21 include any area not designated in the notice required by subsection (a).

22 (2) An ordinance for a bioscience development district shall make
23 findings that the area satisfies the definition of a bioscience area and the
24 creation of a bioscience district will contribute to the development of
25 bioscience in the state and promote the general and economic welfare of
26 the city. Such ordinance shall also contain the district plan as approved
27 and contain the legal description of the bioscience development district.
28 Such ordinance shall contain a development district plan that identifies
29 all of the proposed bioscience development project areas and identifies
30 in a general manner all of the buildings and facilities that are proposed
31 to be constructed or improved in each bioscience development project
32 area. The boundaries of such district shall not include any area not des-
33 ignated in the notice required by subsection (a). No bioscience devel-
34 opment district shall be established without the approval of the bioscience
35 authority. In creating a bioscience development district, eminent domain
36 shall not be used to acquire agricultural land.

37 (c) The governing body of a city may establish a redevelopment dis-
38 trict within that city, and, with the bioscience authority's approval, may
39 establish a bioscience development district within that city. Such city may
40 establish a district inclusive of land outside the boundaries of the city or
41 wholly outside the boundaries of such city upon written consent of the
42 board of county commissioners. Prior to providing written consent, the
43 board of county commissioners shall be subject to the same procedure

1 for public notice and hearing as is required of a city pursuant to subsection
2 (a) for the establishment of a redevelopment district or bioscience de-
3 velopment district. One or more redevelopment projects or bioscience
4 development projects may be undertaken by a city within a redevelop-
5 ment district or bioscience development district after such redevelop-
6 ment district or bioscience development district has been established in
7 the manner provided by this section.

8 (d) No privately owned property subject to ad valorem taxes shall be
9 acquired and redeveloped under the provisions of K.S.A. 12-1770 et seq.,
10 and amendments thereto, if the board of county commissioners or the
11 board of education levying taxes on such property determines by reso-
12 lution adopted within 30 days following the conclusion of the hearing for
13 the establishment of the redevelopment district or bioscience develop-
14 ment district required by subsection (b) that the proposed redevelopment
15 district or bioscience development district will have an adverse effect on
16 such county or school district. The board of county commissioners or
17 board of education shall deliver a copy of such resolution to the city. The
18 city shall within 30 days of receipt of such resolution pass an ordinance
19 terminating the redevelopment district or bioscience development
20 district.

21 (e) *Addition to area; substantial change.* Any addition of area to the
22 redevelopment district or bioscience development district or any sub-
23 stantial change as defined in K.S.A. 12-1770a, and amendments thereto,
24 to the district plan shall be subject to the same procedure for public notice
25 and hearing as is required for the establishment of the district.

26 (f) Any addition of any area to the redevelopment district or biosci-
27 ence development district shall be subject to the same procedure for
28 public notice and hearing as is required for the establishment of the re-
29 development district or bioscience development district. The base year
30 assessed valuation of the redevelopment district or bioscience develop-
31 ment district following the addition of area shall be revised to reflect the
32 base year assessed valuation of the original area and the added area as of
33 the date of the original establishment of the redevelopment district or
34 bioscience development district.

35 (g) A city may remove real property from a redevelopment district or
36 bioscience development district by an ordinance of the governing body.
37 If more than a de minimus amount of real property is removed from a
38 redevelopment district or bioscience development district, the base year
39 assessed valuation of the redevelopment district or bioscience develop-
40 ment district shall be revised to reflect the base year assessed valuation
41 of the remaining real property as of the date of the original establishment
42 of the redevelopment district or bioscience development district.

43 (h) A city may divide the real property in a redevelopment district or

1 bioscience development district, including real property in different re-
2 development district or bioscience development project areas within a
3 redevelopment district or bioscience development district, into separate
4 redevelopment districts or bioscience development districts. The base
5 year assessed valuation of each resulting redevelopment district or bio-
6 science development district following such division of real property shall
7 be revised to reflect the base year assessed valuation of the area of each
8 resulting redevelopment district or bioscience development district as of
9 the date of the original establishment of the redevelopment district or
10 bioscience development district. Any division of real property within a
11 redevelopment district or bioscience development district into more than
12 one redevelopment district or bioscience development district shall be
13 subject to the same procedure of public notice and hearing as is required
14 for the establishment of the redevelopment district or bioscience devel-
15 opment district.

16 (i) If a city has undertaken a redevelopment project or bioscience
17 development project within a redevelopment district or bioscience de-
18 velopment district, and either the city wishes to subsequently remove
19 more than a de minimus amount of real property from the redevelopment
20 district or bioscience development district or the city wishes to subse-
21 quently divide the real property in the redevelopment district or biosci-
22 ence development district into more than one redevelopment district or
23 bioscience development district, then prior to any such removal or divi-
24 sion the city must provide a feasibility study which shows that the tax
25 increment revenue from the resulting redevelopment district or biosci-
26 ence development district within which the redevelopment district or
27 bioscience development project is located is expected to be sufficient to
28 pay the redevelopment project costs or bioscience development project
29 costs.

30 (j) Removal of real property from one redevelopment district or bi-
31 oscience development district and addition of all or a portion of that real
32 property to another redevelopment district or bioscience development
33 district may be accomplished by the adoption of an ordinance and in such
34 event the determination of the existence or nonexistence of an adverse
35 effect on the county or school district under subsection (d) shall apply to
36 both such removal and such addition of real property to a redevelopment
37 district or bioscience development district.

38 (k) Any addition to, removal from or division of real property or a
39 substantial change as defined in K.S.A. 12-1770a, and amendments
40 thereto, to a bioscience development district may be made only with the
41 approval of the bioscience authority.

42 (l) A bioscience development district may be established in the un-
43 incorporated area of a county by resolution of the board of county com-

1 missioners governing the area if:

2 (1) The Kansas bioscience authority has proposed to establish a bio-
3 science development district there; and

4 (2) the board of county commissioners follows the notice, hearing and
5 approval procedures required of a city to establish a bioscience devel-
6 opment district.

7 (m) When establishing a bioscience development district as described
8 in subsection (1), any references to “city” contained in this section shall
9 mean “county” *and any references to “ordinance” shall mean “resolution”*.

10 Sec. 3. K.S.A. 2004 Supp. 12-1771b is hereby amended to read as
11 follows: 12-1771b. (a) The boundaries of any redevelopment district in a
12 major tourism area including an auto race track facility located in Wy-
13 andotte county, shall, without regard to that portion of the district per-
14 taining to the auto race track facility, be as follows: Beginning at the
15 intersection of Interstate 70 and Interstate 435; West along Interstate 70
16 to 118th Street; North along 118th Street to State Avenue; Northeasterly
17 along proposed relocated State Avenue to 110th Street; North along
18 110th Street to Parallel Parkway; East along Parallel Parkway to Interstate
19 435; South along Interstate 435 to Interstate 70.

20 (b) Any major tourism area may include an additional area not ex-
21 ceeding 400 acres of additional property, excluding roads and highways,
22 in addition to the property necessary for the auto race track facility upon
23 a finding by the governor that the development plan and each project
24 within such additional area will enhance the major tourism area. For the
25 development of each project within such additional area the city shall
26 select qualified developers pursuant to a request for proposals in accord-
27 ance with written official procedures approved by the governing body of
28 the city. Any project within such additional area that is financed in whole
29 or in part by special obligation bonds payable from revenues derived from
30 subsection (a)(1)(D) *or (a)(1)(G)* of K.S.A. 12-1774, and amendments
31 thereto, shall not be entitled to any real property tax abatements or the
32 revenues described in K.S.A. 12-1775, and amendments thereto. Any pro-
33 ject within such additional area must be approved by the governor and
34 construction must be commenced by July 1, 2002. *The total of all bonds*
35 *issued to fund projects within a major tourism area, including any such*
36 *additional area, shall not exceed \$310,000,000. However, bonds in excess*
37 *of this amount may be issued to fund projects that are approved as special*
38 *bond projects. The city shall prepare and submit annually to the governor,*
39 *the secretary of commerce, Kansas, Inc., and the legislature by October*
40 *1 of each year, a report describing the status of any projects within a*
41 *major tourism area, including any such additional area, any expenditures*
42 *of the proceeds of special obligation bonds that have occurred since the*
43 *last annual report and any expenditures of the proceeds of such bonds*

1 *expected to occur in the future, including the amount of sales tax revenue,*
2 *how it has been spent, the projected amount of such revenue and the*
3 *anticipated use of such revenue.* Any business located in Kansas within
4 50 miles of a major tourism area that relocates into a major tourism area
5 shall not receive any of the benefits of K.S.A. 12-1770 et seq., and amend-
6 ments thereto.

7 (c) If a city determines that revenues from sources other than prop-
8 erty taxes will be sufficient to pay any special obligation bonds issued to
9 finance a redevelopment project for an auto race track facility as de-
10 scribed in subsection (a) of K.S.A. 12-1770a, and amendments thereto,
11 and the secretary of commerce makes a finding that such project will
12 create a major tourism area pursuant to subsection (n) of K.S.A. 12-1770a,
13 and amendments thereto, all real and personal property, constituting an
14 auto race track facility described in subsection (a) of K.S.A. 12-1770a, and
15 amendments thereto, in such redevelopment district shall be exempt
16 from property taxation for a period ending on the earlier of (1) the date
17 which is 30 years after the date of the finding by the secretary of com-
18 merce with respect to such major tourism area; or (2) the date on which
19 no such special obligation bonds issued to finance such auto race track
20 facility in a major tourism area remain outstanding.

21 (d) The city which is authorized to issue bonds pursuant to the pro-
22 visions of K.S.A. 12-1770 et seq. in order to finance a redevelopment
23 project in a major tourism area as defined by K.S.A. 12-1770a, and
24 amendments thereto, shall obtain underwriting services required by the
25 city for the issuance of such bonds pursuant to written proposals received
26 in accordance with this section.

27 (e) Each city which is authorized to issue such bonds shall establish
28 written official procedures for obtaining underwriting services required
29 for the issuance of such bonds, including specifications for requests for
30 proposals and criteria for evaluation of proposals on a competitive basis.
31 The proposal evaluation criteria shall include factors based on cost, ca-
32 pacity to provide the required services, qualifications and experience.

33 (f) Prior to the issuance of any such bonds to finance a redevelopment
34 project in a major tourism area after the effective date of this act, the city
35 shall publish notice of a request for proposals to provide the underwriting
36 services that are required by the city with regard to the proposed bond
37 issuance and shall mail requests for proposals to qualified interested par-
38 ties upon request for such notice. The city shall award contracts for such
39 underwriting services from the proposals received in accordance with the
40 procedures and evaluation criteria adopted by the city for such purpose.
41 A city shall publish such notice in the official newspaper of the city.

42 (g) A redevelopment project in a major tourism area for an auto race
43 track facility, shall be completed within 30 years from the date the sec-

1 retary makes the finding that the redevelopment project will create a
2 major tourism area pursuant to subsection (n) of K.S.A. 12-1770a, and
3 amendments thereto.

4 (h) The maximum maturity on bonds issued to finance projects pur-
5 suant to this act shall not exceed 20 years except that: (1) Such maximum
6 period of special obligation bonds not payable from revenues described
7 by ~~subsection~~ *subsections* (a)(1)(D) and (a)(1)(G) of K.S.A. 12-1774, and
8 amendments thereto, issued to finance an auto race track facility shall not
9 exceed 30 years; and (2) such maximum period, if the governor deter-
10 mines and makes and submits a finding to the speaker of the house of
11 representatives and the president of the senate that a maturity greater
12 than 20 years, but in no event exceeding 30 years, is necessary for the
13 economic feasibility of the financing of an auto race track facility with
14 special obligation bonds payable primarily from revenues described by
15 ~~subsection~~ *subsections* (a)(1)(D) and (a)(1)(G) of K.S.A. 12-1774, and
16 amendments thereto, may be extended in accordance with such deter-
17 mination and finding.

18 Sec. 4. K.S.A. 2004 Supp. 12-1772 is hereby amended to read as
19 follows: 12-1772. (a) *Redevelopment projects*. One or more redevelop-
20 ment projects or bioscience development projects may be undertaken by
21 a city within an established redevelopment district or bioscience devel-
22 opment district. Any such project plan may be implemented in separate
23 development stages. Any city proposing to undertake a redevelopment
24 project or bioscience development project within a redevelopment dis-
25 trict or bioscience development district established pursuant to K.S.A.
26 12-1771, and amendments thereto, shall prepare a project plan in con-
27 sultation with the planning commission of the city and, in the case of a
28 bioscience development district, with the approval of the bioscience au-
29 thority. The project plan shall include:

30 (1) A summary of the feasibility study done as defined in K.S.A. 12-
31 1770a, and amendments thereto, which will be an open record;

32 (2) a reference to the district plan established under K.S.A. 12-1771,
33 and amendments thereto, that identifies the redevelopment or bioscience
34 development project area that is set forth in the project plan that is being
35 considered;

36 (3) a description and map of the redevelopment or bioscience devel-
37 opment project area to be redeveloped;

38 (4) the relocation assistance plan required by K.S.A. 12-1777, and
39 amendments thereto;

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

42 (6) any other information the governing body deems necessary to
43 advise the public of the intent of the project plan.

1 (b) *Resolution requirements.* A copy of the redevelopment project
2 plan or bioscience development project plan shall be delivered to the
3 board of county commissioners of the county and the board of education
4 of any school district levying taxes on property within the proposed re-
5 development project area or bioscience development project area. Upon
6 a finding by the planning commission that the project plan is consistent
7 with the intent of the comprehensive plan for the development of the
8 city, the governing body of the city shall adopt a resolution stating that
9 the city is considering the adoption of the project plan. Such resolution
10 shall:

11 (1) Give notice that a public hearing will be held to consider the
12 adoption of the redevelopment project plan or bioscience development
13 project plan and fix the date, hour and place of such public hearing;

14 (2) describe the boundaries of the redevelopment district or biosci-
15 ence development district within which the redevelopment or bioscience
16 development project will be located and the date of establishment of such
17 district;

18 (3) describe the boundaries of the area proposed to be included
19 within the redevelopment project area or bioscience development project
20 area; and

21 (4) state that the project plan, including a summary of the feasibility
22 study, relocation assistance plan and financial guarantees of the prospec-
23 tive developer and a description and map of the area to be redeveloped
24 or developed are available for inspection during regular office hours in
25 the office of the city clerk.

26 Except as provided in paragraph (3) of subsection (b) of K.S.A. 12-
27 1774, and amendments thereto, if the governing body determines that it
28 may issue full faith and credit tax increment bonds to finance the rede-
29 velopment project or bioscience development project, in whole or in part,
30 the resolution also shall include notice thereof.

31 (c) (1) *Hearing.* The date fixed for the public hearing shall be not
32 less than 30 nor more than 70 days following the date of the adoption of
33 the resolution fixing the date of the hearing.

34 (2) A copy of the resolution providing for the public hearing shall be
35 by certified mail, return receipt requested, sent to the board of county
36 commissioners of the county, ~~the Kansas development finance authority~~
37 and the board of education of any school district levying taxes on property
38 within the proposed redevelopment project area or bioscience develop-
39 ment district project area. *If the project is a bioscience development pro-*
40 *ject, a copy of the resolution providing for the public hearing shall also*
41 *be sent by certified mail, return receipt requested, to the Kansas devel-*
42 *opment finance authority.* Copies also shall be sent by certified mail,
43 return receipt requested to each owner and occupant of land within the

- 1 proposed redevelopment project area or bioscience development project
2 area not more than 10 days following the date of the adoption of the
3 resolution. The resolution shall be published once in the official city news-
4 paper not less than one week nor more than two weeks preceding the
5 date fixed for the public hearing. A sketch clearly delineating the area in
6 sufficient detail to advise the reader of the particular land proposed to be
7 included within the project area shall be published with the resolution.
- 8 (3) At the public hearing, a representative of the city shall present the
9 city's proposed project plan. If the hearing is for a proposed bioscience
10 development project, a representative of the Kansas bioscience authority
11 shall assist in presenting the proposed bioscience project plan. Following
12 the presentation of the project plan, all interested persons shall be given
13 an opportunity to be heard. The governing body for good cause shown
14 may recess such hearing to a time and date certain, which shall be fixed
15 in the presence of persons in attendance at the hearing.
- 16 (d) The public hearing records and feasibility study shall be subject
17 to the open records act, K.S.A. 45-215, and amendments thereto.
- 18 (e) *Posthearing procedure.* Following the public hearing, the govern-
19 ing body may adopt the project plan by ordinance passed upon a $\frac{2}{3}$ vote
20 and, in the case of a bioscience project plan, with the approval of the
21 bioscience authority.
- 22 (f) Any substantial changes as defined in K.S.A. 12-1770a, and
23 amendments thereto, to the project plan as adopted shall be subject to a
24 public hearing following publication of notice thereof at least twice in the
25 official city newspaper.
- 26 (g) Any project shall be completed within 20 years from the date of
27 the approval of the project plan.
- 28 (h) A bioscience development project may be undertaken in a bio-
29 science development district in the unincorporated area of a county by
30 resolution of the board of county commissioners governing the area if:
- 31 (1) The bioscience development project is approved by the Kansas
32 bioscience authority; and
- 33 (2) the board of county commissioners follows the notice, hearing and
34 approval procedures required of a city to establish a bioscience devel-
35 opment project.
- 36 (i) When establishing a bioscience development project as described
37 in subsection (h), any references to "city" contained in this section shall
38 mean "county".
- 39 Sec. 5. K.S.A. 2004 Supp. 12-1773 is hereby amended to read as
40 follows: 12-1773. (a) Any city which has adopted a *redevelopment* project
41 plan in accordance with the provisions of this act may purchase or oth-
42 erwise acquire real property in connection with such project plan. Upon
43 a $\frac{2}{3}$ vote of the members of the governing body thereof a city may acquire

1 by condemnation any interest in real property, including a fee simple title
2 thereto, which it deems necessary for or in connection with any project
3 plan of an area located within the redevelopment district. Prior to the
4 exercise of such eminent domain power, the city shall offer to the owner
5 of any property which will be subject to condemnation with respect to
6 any redevelopment project, other than one which includes an auto race
7 track facility or a special bond project, compensation in an amount equal
8 to the highest appraised valuation amount determined for property tax
9 purposes by the county appraiser for any of the three most recent years
10 next preceding the year of condemnation, except that, if in the year next
11 preceding the year of condemnation any such property had been damaged
12 or destroyed by fire, flood, tornado, lightning, explosion or other cata-
13 strophic event, the amount offered should be equal to the appraised val-
14 uation of the property which would have been determined taking into
15 account such damage or destruction unless such property has been re-
16 stored, renovated or otherwise improved. However no city shall exercise
17 such eminent domain power to acquire real property in a conservation
18 area. Any such city may exercise the power of eminent domain in the
19 manner provided by K.S.A. 26-501 et seq., and amendments thereto. In
20 addition to the compensation or damage amount finally awarded there-
21 under with respect to any property subject to proceedings thereunder as
22 a result of the construction of an auto race track facility or a special bond
23 project, such city shall provide for the payment of an amount equal to
24 25% of such compensation or damage amount. In addition to any com-
25 pensation or damages allowed under the eminent domain procedure act,
26 such city shall also provide for the payment of relocation assistance as
27 provided in K.S.A. 12-1777, and amendments thereto.

28 (b) Any property acquired by a city under the provisions of this act
29 may be sold, transferred or leased to a developer [**only**], in accordance
30 with the *redevelopment* project plan and under such other conditions as
31 may be agreed upon[, **subject to approval by the secretary of com-**
32 **merce**] [, **except that, for projects applying for approval after July**
33 **1, 2005, if a city uses eminent domain to acquire real property a**
34 **developer to which the city sells or gives such real property shall**
35 **be prohibited from reselling such real property at a profit to the**
36 **developer. Such resale shall be void and ownership of the real**
37 **property shall revert back to the city]. Such city may use the proceeds**
38 ~~of special obligation bonds issued under K.S.A. 12-1774, and amendments~~
39 ~~thereto, or full faith and credit tax increment bonds issued under K.S.A.~~
40 ~~12-1774, and amendments thereto, or any uncommitted funds derived~~
41 ~~from those sources set forth in paragraph (1) of subsection (a) of K.S.A.~~
42 ~~12-1774, and amendments thereto, to pay the redevelopment project~~
43 ~~costs as defined in K.S.A. 12-1770a, and amendments thereto, to imple-~~

1 ~~ment the project plan.~~

2 Sec. 6. K.S.A. 2004 Supp. 12-1774 is hereby amended to read as
3 follows: 12-1774. (a) (1) Any city shall have the power to issue special
4 obligation bonds in one or more series to finance the undertaking of any
5 redevelopment project in accordance with the provisions of this act. Such
6 special obligation bonds shall be made payable, both as to principal and
7 interest:

8 (A) From tax increments allocated to, and paid into a special fund of
9 the city under the provisions of K.S.A. 12-1775, and amendments thereto;

10 (B) from revenues of the city derived from or held in connection with
11 the undertaking and carrying out of any redevelopment project or projects
12 under this act including historic theater sales tax increments and envi-
13 ronmental increments;

14 (C) from any private sources, contributions or other financial assis-
15 tance from the state or federal government;

16 (D) from a pledge of all of the revenue received by the city from any
17 transient guest, ~~state~~ and local sales and use taxes which are collected
18 from taxpayers doing business within that portion of the city's redevelop-
19 opment district established pursuant to K.S.A. 12-1771, and amendments
20 thereto, occupied by a redevelopment project if there first is a finding by
21 the secretary of commerce that based upon the feasibility study the re-
22 development project will create a major tourism area for the state or if
23 the project is the restoration of a historic theater as defined in subsection
24 (l) of K.S.A. 12-1770a, and amendments thereto, or the project has been
25 designated as a special bond project as defined in subsection (z) of K.S.A.
26 12-1770a, and amendments thereto, ~~except that, with respect to a rede-~~
27 ~~velopment district established prior to January 1, 2003, for which, prior~~
28 ~~to January 1, 2003, the secretary of commerce made a finding as provided~~
29 ~~in this subsection that a redevelopment project would create a major~~
30 ~~tourism area for the state, such special obligation bonds shall be payable~~
31 ~~both as to principal and interest, from a pledge of all of the revenue from~~
32 ~~any transient guest, state and local sales and use taxes collected from~~
33 ~~taxpayers as provided in this subsection whether or not revenues from~~
34 ~~such taxes are received by the city.~~ The proceeds of special obligation
35 bonds issued pursuant to this paragraph after the effective date of this
36 act, shall not be used to finance personal property as defined in K.S.A.
37 79-102, and amendments thereto;

38 (E) (i) from a pledge of a portion or all increased revenue received
39 by the city from franchise fees collected from utilities and other busi-
40 nesses using public right-of-way within the redevelopment district; (ii)
41 from a pledge of all *or a portion* of the revenue received by the city from
42 sales taxes;

43 (F) with the approval of the county, from a pledge of all of the rev-

1 enues received by the county from any transient guest, local sales and use
 2 taxes which are collected from taxpayers doing business within that por-
 3 tion of the redevelopment district established pursuant to K.S.A. 12-1771,
 4 and amendments thereto; ~~or~~

5 (G) *from a pledge of all of the revenue received from any state sales*
 6 *taxes which are collected from taxpayers doing business within that por-*
 7 *tion of the city's redevelopment district occupied by a redevelopment pro-*
 8 *ject if the secretary finds that, based upon the feasibility study, the re-*
 9 *development project will create a major tourism area for the state; is the*
 10 *restoration of a historic theater as defined in subsection (1) of K.S.A. 12-*
 11 *1770a, and amendments thereto; or has been designated a special bond*
 12 *project as defined in subsection (z) of K.S.A. 12-1770a, and amendments*
 13 *thereto. [With respect to such redevelopment project applying for*
 14 **approval after January 1, 2006, that is intended to improve, update**
 15 **or renovate existing facilities, only the increased portion of state**
 16 **sales taxes collected due to the improvement, update or renova-**
 17 **tion, based upon revenues collected in the year prior to the year**
 18 **the special obligation bonds were issued for the improvement, up-**
 19 **date or renovation, shall be used to pay the principal and interest**
 20 **on the special obligation bonds issued for the project.] *The proceeds***
 21 *of special obligation bonds issued pursuant to this paragraph after the*
 22 *effective date of this act, shall not be used to finance personal property as*
 23 *defined in K.S.A. 79-102, and amendments thereto;*

24 ~~(G)~~ (H) *by any combination of these methods except that for a project*
 25 *which has been designated as a special bond project as defined in sub-*
 26 *section (z) of K.S.A. 12-1770a and amendments thereto, 100% of city and*
 27 *county sales taxes shall be pledged for such project except for amounts*
 28 *committed to other use by election of voters or pledged to bond repay-*
 29 *ment prior to the effective date of this act approval of a project using*
 30 *bonds repayable under (a)(1)(D) or (a)(1)(G) of K.S.A. 12-1774, and*
 31 *amendments thereto.*

32 The city may pledge such revenue to the repayment of such special
 33 obligation bonds prior to, simultaneously with, or subsequent to the is-
 34 suance of such special obligation bonds.

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

40 (3) Bonds issued under the provisions of paragraph (1) of this sub-
 41 section shall be special obligations of the city and are declared to be
 42 negotiable instruments. They shall be executed by the mayor and clerk
 43 of the city and sealed with the corporate seal of the city. All details per-

1 taining to the issuance of such special obligation bonds and terms and
2 conditions thereof shall be determined by ordinance of the city. All special
3 obligation bonds issued pursuant to this act and all income or interest
4 therefrom shall be exempt from all state taxes except inheritance taxes.
5 Such special obligation bonds shall contain none of the recitals set forth
6 in K.S.A. 10-112, and amendments thereto. Such special obligation bonds
7 shall, however, contain the following recitals, viz., the authority under
8 which such special obligation bonds are issued, they are in conformity
9 with the provisions, restrictions and limitations thereof, and that such
10 special obligation bonds and the interest thereon are to be paid from the
11 money and revenue received as provided in paragraph (1) of this
12 subsection.

13 (b) (1) Subject to the provisions of paragraph (2) of this subsection,
14 any city shall have the power to issue full faith and credit tax increment
15 bonds to finance the undertaking of any redevelopment project in ac-
16 cordance with the provisions of K.S.A. 12-1770 et seq., and amendments
17 thereto, other than a project that will create a major tourism area, is a
18 special bond project or result in the renovation of an historic theater.
19 Such full faith and credit tax increment bonds shall be made payable,
20 both as to principal and interest: (A) From the revenue sources identified
21 in paragraph (1)(A), (B), (C), (D) ~~and~~, (E) *or* (G) of subsection (a) or by
22 any combination of these sources; and (B) subject to the provisions of
23 paragraph (2) of this subsection, from a pledge of the city's full faith and
24 credit to use its ad valorem taxing authority for repayment thereof in the
25 event all other authorized sources of revenue are not sufficient.

26 (2) Except as provided in paragraph (3) of this subsection, before the
27 governing body of any city proposes to issue full faith and credit tax in-
28 crement bonds as authorized by this subsection, the feasibility study re-
29 quired by K.S.A. 12-1772, and amendments thereto, shall demonstrate
30 that the benefits derived from the project will exceed the cost and that
31 the income therefrom will be sufficient to pay the costs of the project.
32 No full faith and credit tax increment bonds shall be issued unless the
33 governing body states in the resolution required by K.S.A. 12-1772, and
34 amendments thereto, that it may issue such bonds to finance the proposed
35 redevelopment project. The governing body may issue the bonds unless
36 within 60 days following the date of the public hearing on the proposed
37 project plan a protest petition signed by 3% of the qualified voters of the
38 city is filed with the city clerk in accordance with the provisions of K.S.A.
39 25-3601 et seq., and amendments thereto. If a sufficient petition is filed,
40 no full faith and credit tax increment bonds shall be issued until the
41 issuance of the bonds is approved by a majority of the voters voting at an
42 election thereon. Such election shall be called and held in the manner
43 provided by the general bond law. The failure of the voters to approve

1 the issuance of full faith and credit tax increment bonds shall not prevent
2 the city from issuing special obligation bonds in accordance with ~~K.S.A.~~
3 ~~12-1774, and amendments thereto~~ *this section*. No such election shall be
4 held in the event the board of county commissioners or the board of
5 education determines, as provided in K.S.A. 12-1771, and amendments
6 thereto, that the proposed redevelopment district will have an adverse
7 effect on the county or school district.

8 (3) As an alternative to paragraph (2) of this subsection, any city which
9 adopts a *redevelopment* project plan but does not state its intent to issue
10 full faith and credit tax increment bonds in the resolution required by
11 K.S.A. 12-1772, and amendments thereto, and has not acquired property
12 in the redevelopment project area may issue full faith and credit tax in-
13 crement bonds if the governing body of the city adopts a resolution stating
14 its intent to issue the bonds and the issuance of the bonds is approved by
15 a majority of the voters voting at an election thereon. Such election shall
16 be called and held in the manner provided by the general bond law. The
17 failure of the voters to approve the issuance of full faith and credit tax
18 increment bonds shall not prevent the city from issuing special obligation
19 bonds pursuant to paragraph (1) of subsection (a). Any *redevelopment*
20 project plan adopted by a city prior to the effective date of this act in
21 accordance with K.S.A. 12-1772, and amendments thereto, shall not be
22 invalidated by any requirements of this act.

23 (4) During the progress of any redevelopment project in which the
24 redevelopment project costs will be financed, in whole or in part, with
25 the proceeds of full faith and credit tax increment bonds, the city may
26 issue temporary notes in the manner provided in K.S.A. 10-123, and
27 amendments thereto, to pay the redevelopment project costs for the pro-
28 ject. Such temporary notes shall not be issued and the city shall not ac-
29 quire property in the redevelopment project area until the requirements
30 of paragraph (2) or (3) of this subsection, whichever is applicable, have
31 been met.

32 (5) Full faith and credit tax increment bonds issued under this sub-
33 section shall be general obligations of the city and are declared to be
34 negotiable instruments. They shall be issued in accordance with the gen-
35 eral bond law. All such bonds and all income or interest therefrom shall
36 be exempt from all state taxes except inheritance taxes. The amount of
37 the full faith and credit tax increment bonds issued and outstanding which
38 exceeds 3% of the assessed valuation of the city shall be within the bonded
39 debt limit applicable to such city.

40 (6) Any city issuing special obligation bonds under the provisions of
41 this act may refund all or part of such issue pursuant to the provisions of
42 K.S.A. 10-116a, and amendments thereto.

43 (c) Any increment in ad valorem property taxes resulting from a re-

1 development project in the established redevelopment district under-
2 taken in accordance with the provisions of this act, shall be apportioned
3 to a special fund for the payment of the redevelopment project costs,
4 including the payment of principal and interest on any special obligation
5 bonds or full faith and credit tax increment bonds issued to finance such
6 project pursuant to this act and may be pledged to the payment of prin-
7 cipal and interest on such bonds.

8 (d) For each project financed ~~pursuant to~~ *from revenues under* sub-
9 section (a)(1)(D) or (a)(1)(G), the city shall prepare and submit annually
10 to the governor, the secretary of commerce, Kansas, Inc. and the legis-
11 lature by October 1 of each year, a report describing the status of any
12 projects within such redevelopment area, *any expenditures of the pro-*
13 *ceeds of special obligation bonds that have occurred since the last annual*
14 *report and any expenditures of the proceeds of such bonds expected to*
15 *occur in the future, including the amount of sales tax revenue, how it has*
16 *been spent, the projected amount of such revenue and the anticipated use*
17 *of such revenue.*

18 (e) *A city may use the proceeds of special obligation bonds or full*
19 *faith and credit tax increment bonds, or any uncommitted funds derived*
20 *from sources set forth in this section to pay the redevelopment project*
21 *costs as defined in K.S.A. 12-1770a, and amendments thereto, to imple-*
22 *ment the redevelopment project plan.*

23 (f) *With respect to a redevelopment district established prior to Jan-*
24 *uary 1, 2003, for which, prior to January 1, 2003, the secretary of com-*
25 *merce made a finding as provided in this subsection that a redevelopment*
26 *project would create a major tourism area for the state, such special ob-*
27 *ligation bonds shall be payable both as to principal and interest, from a*
28 *pledge of all of the revenue from any transient guest, state and local sales*
29 *and use taxes collected from taxpayers as provided in this subsection*
30 *whether or not revenues from such taxes are received by the city.*

31 Sec. 7. K.S.A. 12-1774a is hereby amended to read as follows: 12-
32 1774a. In the event that the city shall default in the payment of any special
33 obligation bonds ~~as payable from revenues~~ authorized pursuant to sub-
34 section (a)(1)(D) or (a)(1)(G) of K.S.A. 12-1774, and amendments
35 thereto, no public funds shall be used to pay the holders thereof except
36 as otherwise specifically authorized in this act.

37 Sec. 8. K.S.A. 12-1777 is hereby amended to read as follows: 12-
38 1777. Before any redevelopment project shall be initiated under this act
39 a relocation assistance plan shall be approved by the governing body pro-
40 posing to undertake the project. Such relocation assistance plan shall:

41 (a) Provide for relocation payments to be made to persons, families
42 and businesses who move from real property *located in the redevelopment*
43 *district* or who move personal property from real property *located in the*

1 *redevelopment district* as a result of the acquisition of the real property
2 by the city in carrying out the provisions of this act. With respect to any
3 redevelopment project other than one which includes an auto race track
4 facility, such payments shall not be less than \$500;

5 (b) provide that no persons or families residing in the redevelopment
6 district shall be displaced unless and until there is a suitable housing unit
7 available and ready for occupancy by such displaced person or family at
8 rents within their ability to pay. Such housing units shall be suitable to
9 the needs of such displaced persons or families and must be a decent,
10 safe, sanitary and otherwise standard dwelling; and

11 (c) provide for the payment of any damages sustained by a retailer,
12 as defined by K.S.A. 79-3702, and amendments thereto, by reason of the
13 liquidation of inventories necessitated by relocation *from the redevelop-*
14 *ment district.*

15 Sec. 9. K.S.A. 2004 Supp. 12-1780b is hereby amended to read as
16 follows: 12-1780b. (a) The governing body of a city may establish one or
17 more special bond projects in any area within such city or wholly outside
18 the boundaries of such city. A special bond project wholly outside the
19 boundaries of such city must be approved by the board of county com-
20 missioners through county resolution. The special bond projects shall be
21 eligible for financing by special obligation bonds payable from revenues
22 described by subsection (a)(1)(D) *or (a)(1)(G)* of K.S.A. 12-1774, and
23 amendments thereto. Each special bond project shall first be approved
24 by the secretary, if the secretary determines that the proposed project
25 sufficiently promotes, stimulates and develops the general and economic
26 welfare of the state as described in K.S.A. 12-1770. The secretary may
27 approve a special bond project located in a redevelopment district estab-
28 lished by a city prior to the effective date of this act. A special bond project
29 shall not be granted to any business that proposes to relocate its business
30 from another area of the state into such city, for the purpose of consid-
31 eration for a special bond project and shall not receive any of the benefits
32 provided by K.S.A. 12-1770 et seq., and amendments thereto. A special
33 bond project shall not be approved by the secretary if the marketing study
34 required by K.S.A. 2004 Supp. 12-1780c, and amendments thereto, indi-
35 cates a substantial negative impact upon businesses in the project mar-
36 ket area or the granting of such project would cause a default in the
37 payment of any outstanding special obligation bonds ~~as payable from rev-~~
38 ~~enues~~ authorized pursuant to subsection (a)(1)(D) *or (a)(1)(G)* of K.S.A.
39 12-1774, and amendments thereto.

40 (b) The maximum maturity of special obligation bonds payable pri-
41 marily from revenues described by subsection (a)(1)(D) *or (a)(1)(G)* of
42 K.S.A. 12-1774, and amendments thereto, to finance special bond pro-
43 jects pursuant to this section shall not exceed 20 years.

1 (c) A city that owns a building or structure that was financed in whole
2 or in part by special obligation bonds payable from revenues described
3 in subsection (a)(1)(D) or (a)(1)(G) of K.S.A. 12-1774, and amendments
4 thereto, may engage a manager to manage such building or structure.
5 The contractual relationship between the city and the manager of such
6 building or structure shall not be deemed a lease to a developer for pur-
7 poses of paragraph (15) of subsection (q) of K.S.A. 12-1770a, and amend-
8 ments thereto.

9 Sec. 10. K.S.A. 2004 Supp. 12-1780c is hereby amended to read as
10 follows:**12-1780c** (a) Any city proposing to undertake a special bond pro-
11 ject established pursuant to K.S.A. 2004 Supp. 12-1780b, and amend-
12 ments thereto, shall prepare a project plan in consultation with the plan-
13 ning commission of the city. Such project plan shall also be prepared in
14 consultation with the planning commission of the county, if any, if a spe-
15 cial bond project is located wholly outside the boundaries of the city. The
16 project plan shall include:

17 (1) A summary of the feasibility study done as defined in K.S.A. 12-
18 1770a, and amendments thereto, which will be an open record; (2) a
19 summary of the marketing study done as defined in K.S.A. 12-1770a, and
20 amendments thereto, which will be an open record;

21 (3) a reference to the district plan established under K.S.A. 12-1771,
22 and amendments thereto, that identifies the project area that is set forth
23 in the project plan that is being considered;

24 (4) a description and map of the location of the facility that is the
25 subject of the special bond project;

26 (5) the relocation assistance plan required by K.S.A. 12-1777, and
27 amendments thereto;

28 (6) a detailed description of the buildings and facilities proposed to
29 be constructed or improved; and

30 (7) any other information the governing body deems necessary to
31 advise the public of the intent of the special bond project plan.

32 (b) *Resolution requirements.* A copy of the project plan shall be de-
33 livered to the board of county commissioners of the county and the board
34 of education of any school district levying taxes on property subject to the
35 special bond project. Upon a finding by the planning commission of the
36 city that the project plan is consistent with the intent of the comprehen-
37 sive plan for the development of the city, and a finding by the planning
38 commission of the county, if any, with respect to a special bond project
39 located wholly outside the boundaries of the city, that the project plan is
40 consistent with the intent of the comprehensive plan for the development
41 of the county, the governing body of the city shall adopt a resolution
42 stating that the city is considering the adoption of the project plan. Such
43 resolution shall:

- 1 (1) Give notice that a public hearing will be held to consider the
2 adoption of the project plan and fix the date, hour and place of such
3 public hearing;
- 4 (2) describe the boundaries of the area subject to the special bond
5 project; and
- 6 (3) state that the project plan, including a summary of the feasibility
7 study, relocation assistance plan and financial guarantees of the prospec-
8 tive developer and a description and map of the area to be developed are
9 available for inspection during regular office hours in the office of the
10 city clerk.
- 11 (c) (1) *Hearing*. The date fixed for the public hearing shall be not
12 less than 30 nor more than 70 days following the date of the adoption of
13 the resolution fixing the date of the hearing.
- 14 (2) A copy of the resolution providing for the public hearing shall be
15 by certified mail, return receipt requested sent to the board of county
16 commissioners of the county and the board of education of any school
17 district levying taxes on property subject to the special bond project. The
18 resolution shall be published once in the official city newspaper not less
19 than one week nor more than two weeks preceding the date fixed for the
20 public hearing. A description in sufficient detail to advise the reader of
21 the particular proposed special bond project shall be published with the
22 resolution.
- 23 (3) At the public hearing, a representative of the city shall present
24 the city's proposed project plan. Following the presentation of the project
25 plan, all interested persons shall be given an opportunity to be heard. The
26 governing body for good cause shown may recess such hearing to a time
27 and date certain, which shall be fixed in the presence of persons in at-
28 tendance at the hearing.
- 29 (d) The public hearing records and feasibility study shall be subject
30 to the open records act, K.S.A. 45-215, and amendments thereto.
- 31 (e) *Posthearing procedure*. Following the public hearing, the govern-
32 ing body may adopt the project plan by ordinance passed upon a $\frac{2}{3}$ vote.
- 33 (f) Any substantial changes as defined in K.S.A. 12-1770a, and
34 amendments thereto, to the project plan as adopted shall be subject to a
35 public hearing following publication of notice thereof at least twice in the
36 official city newspaper.
- 37 (g) Any project shall be completed within 20 years from the date of
38 the approval of the project plan. Kansas resident employees shall be given
39 priority consideration for employment in construction projects located in
40 a special bond project area.
- 41 (h) Any developer of a special bond project shall commence work on
42 such project within two years from the date of adoption of the project
43 plan. Should the developer fail to commence work on the special bond

1 project within the two-year period, funding for such project shall cease
2 and the developer of such project shall have one year to appeal to the
3 secretary for reapproval of such project and the funding for it. Should
4 the project be reapproved, the two-year period for commencement shall
5 apply.

6 (i) *The secretary of revenue shall determine when the amount of sales*
7 *tax and other revenues that have been collected and distributed to the*
8 *bond debt service or reserve fund is sufficient to satisfy all principal and*
9 *interest costs to the maturity date or dates, of any special obligation bonds*
10 *issued by a city to finance a special bond project. Thereafter, all sales tax*
11 *and other revenues shall be collected and distributed in accordance with*
12 *applicable law.*

13 (j) The provisions of this act regarding special bond projects shall
14 expire on and after July 1, 2007.

15 New Sec. 11. For projects approved after July 1, 2005 involving the
16 use of financing pursuant to subsection (a)(1)(G) of K.S.A. 12-1774, and
17 amendments thereto, the secretary shall set a limit on the total amount
18 of such special obligation bonds that may be issued for a redevelopment
19 project. An issue of special obligation bonds must bear interest at a rea-
20 sonable rate as of the time of sale of the bonds, taking into account such
21 factors as current market conditions, the nature and degree of risk asso-
22 ciated with repayment of the bonds and other relevant factors.

23 New Sec. 12. (a) Redevelopment projects using financing pursuant
24 to subsection (a)(1)(G) of K.S.A. 12-1774, and amendments thereto, shall
25 be audited by the division of post audit at least once at the direction of
26 the legislative post audit committee. If the legislative post audit commit-
27 tee specifies under such statute that a firm, as defined by K.S.A. 46-1112,
28 and amendments thereto, is to perform all or part of such audit work,
29 such firm shall be selected and shall perform such audit work as provided
30 in K.S.A. 46-1123, and amendments thereto, and K.S.A. 46-1125 through
31 46-1127, and amendments thereto. The post auditor shall compute the
32 reasonably anticipated cost of providing audits pursuant to this subsec-
33 tion, subject to review and approval by the contract audit committee es-
34 tablished by K.S.A. 46-1120, and amendments thereto. Upon such ap-
35 proval, the city shall reimburse the division of post audit for the amount
36 approved by the contract audit committee.

37 (b) Such audits shall determine whether bond financing obtained
38 pursuant to subsection (a)(1)(G) of K.S.A. 12-1774, and amendments
39 thereto, is being used only for the authorized purposes. Audit results shall
40 be reported to the house economic development committee, the senate
41 commerce committee, the governor and the secretary of commerce dur-
42 ing the legislative session immediately following the audit.

43 (c) If audit findings indicate that bond funds have been used for

1 unauthorized or ineligible purposes, the city shall repay to the bond fund
2 all such unauthorized or ineligible expenditures. Such city shall enter into
3 a repayment agreement with the secretary of revenue specifying the terms
4 of such repayment obligation.

5 Sec. 13. K.S.A. 12-1774a and 12-1777 and K.S.A. 2004 Supp. 12-
6 1770a, 12-1771, 12-1771b, 12-1772, 12-1773, 12-1774, 12-1780b and 12-
7 1780c are hereby repealed.

8 Sec. 14. This act shall take effect and be in force from and after its
9 publication in the ~~statute book~~ **[Kansas Register]**.