

SENATE Substitute for HOUSE BILL No. 2144

AN ACT regarding economic development; relating to tax increment financing; major motorsports complex; workforce investment; amending K.S.A. 12-1774a and 12-1777 and K.S.A. 2004 Supp. 12-1770a, 12-1771, 12-1771b, 12-1772, 12-1773, 12-1774, 12-1780b and 12-1780c and repealing the existing sections; also repealing K.S.A. 2004 Supp. 75-5735.

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

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

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

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

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

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

- (A) A substantial number of deteriorated or deteriorating structures;
- (B) predominance of defective or inadequate street layout;
- (C) unsanitary or unsafe conditions;
- (D) deterioration of site improvements;
- (E) tax or special assessment delinquency exceeding the fair market value of the real property;

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

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

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

(I) conditions which create economic obsolescence; or

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

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

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

- (1) Dilapidation, obsolescence or deterioration of the structures;
- (2) illegal use of individual structures;
- (3) the presence of structures below minimum code standards;
- (4) building abandonment;
- (5) excessive vacancies;
- (6) overcrowding of structures and community facilities; or
- (7) inadequate utilities and infrastructure.

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

(f) “Developer” means any person, firm, corporation, partnership or limited liability company, other than a city and other than an agency, political subdivision or instrumentality of the state or a county when relating to a bioscience development district.

(g) “Eligible area” means a blighted area, conservation area, enterprise zone, historic theater, major tourism area or a major commercial

entertainment and tourism area or bioscience development area as determined by the secretary.

(h) “Enterprise zone” means an area within a city that was designated as an enterprise zone prior to July 1, 1992, pursuant to K.S.A. 12-17,107 through 12-17,113, and amendments thereto, prior to its repeal and the conservation, development or redevelopment of the area is necessary to promote the general and economic welfare of such city.

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

(j) “Environmentally contaminated area” means an area of land having contaminated groundwater or soil which is deemed environmentally contaminated by the department of health and environment or the United States environmental protection agency.

(k) (1) “Feasibility study” means:

(A) A study which shows whether a redevelopment project’s, special bond project’s or bioscience development project’s benefits and tax increment revenue and other available revenues under *subsection (a)(1) of K.S.A. 12-1774 (a)(1)*, and amendments thereto, are expected to exceed or be sufficient to pay for the redevelopment or, special bond or bioscience development project costs; and

(B) the effect, if any, the redevelopment project costs or, special bond project or bioscience development project will have on any outstanding special obligation bonds ~~as authorized pursuant to subsection~~ *payable from the revenues described in subsections (a)(1)(D) and (a)(1)(G) of K.S.A. 12-1774*, and amendments thereto.

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

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

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

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

(i) *The percentage of sales and use taxes collected that are so committed; and*

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

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

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

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

(A) *Visitation expectations;*

(B) *economic impact;*

(C) *the unique quality of the project;*

(D) *the ability of the project to gain sufficient market share to:*

(i) *Remain profitable past the term of repayment; and*

(ii) *maintain status as a significant factor for travel decisions;*

(E) *integration and collaboration with other resources or businesses;*

(F) *the quality of service and experience provided, as measured against national consumer standards for the specific target market;*

(G) *project accountability, measured according to best industry practices; and*

(H) *the expected return on state and local investment that the project is anticipated to produce.*

(4) *The failure to include all information enumerated in this subsec-*

tion in the feasibility study for a redevelopment, special bond or bioscience project shall not affect the validity of bonds issued pursuant to this act.

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

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

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

(o) “Real property taxes” means all taxes levied on an ad valorem basis upon land and improvements thereon, except that when relating to a bioscience development district, as defined in this section, “real property taxes” does not include property taxes levied for schools, pursuant to K.S.A. 72-6431, and amendments thereto.

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

(q) “Redevelopment project costs” means those costs necessary to implement a redevelopment *project* plan or a bioscience development project plan, including, ~~but not limited to~~ costs incurred for:

- (1) Acquisition of property within the redevelopment project area;
- (2) payment of relocation assistance *pursuant to a relocation assistance plan as provided in K.S.A. 12-1777, and amendments thereto;*
- (3) site preparation including utility relocations;
- (4) sanitary and storm sewers and lift stations;
- (5) drainage conduits, channels, levees and river walk canal facilities;
- (6) street grading, paving, graveling, macadamizing, curbing, guttering and surfacing;
- (7) street light fixtures, connection and facilities;
- (8) underground gas, water, heating and electrical services and connections located within the public right-of-way;
- (9) sidewalks and pedestrian underpasses or overpasses;
- (10) drives and driveway approaches located within the public right-of-way;
- (11) water mains and extensions;
- (12) plazas and arcades;
- (13) parking facilities;
- (14) landscaping and plantings, fountains, shelters, benches, sculptures, lighting, decorations and similar amenities; and

(15) ~~all~~ related expenses to redevelop and finance the redevelopment project, *except that for a redevelopment project financed with special obligation bonds payable from the revenues described in subsections (a)(1)(D) and (a)(1)(G) of K.S.A. 12-1774, and amendments thereto, such expenses shall require prior approval by the secretary of commerce.*

Redevelopment project costs shall not include costs incurred in connection with the construction of buildings or other structures to be owned by or leased to a developer, however, the “redevelopment project costs” shall include costs incurred in connection with the construction of buildings or other structures to be owned or leased to a developer which includes an auto race track facility ~~or is in a redevelopment district including some or all of the land and buildings comprising a state mental institution closed pursuant to section 2 of chapter 219 of the 1995 Session Laws of Kansas.~~ *In addition, for a redevelopment project financed with special obligation bonds payable from the revenues described in subsections (a)(1)(D) and (a)(1)(G) of K.S.A. 12-1774, and amendments thereto, redevelopment project costs shall not include:*

- (1) *Fees and commissions paid to real estate agents, financial advisors or any other consultants who represent the businesses considering locating in a redevelopment district;*
- (2) *salaries for local government employees;*

(3) *moving expenses for employees of the businesses locating within the redevelopment district;*

(4) *property taxes for businesses that locate in the redevelopment district;*

(5) *lobbying costs; and*

(6) *a bond origination fee charged by the city pursuant to K.S.A. 12-1742, and amendments thereto.*

(r) “Redevelopment district” means the specific area declared to be an eligible area in which the city may develop one or more redevelopment projects.

(s) “Redevelopment district plan” or “district plan” means the preliminary plan that identifies all of the proposed redevelopment project areas and identifies in a general manner all of the buildings, facilities and improvements in each that are proposed to be constructed or improved in each redevelopment project area.

(t) “Redevelopment project” means the approved project to implement a project plan for the development of the established redevelopment district.

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

(v) “Secretary” means the secretary of commerce.

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

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

(y) “Taxing subdivision” means the county, city, unified school district and any other taxing subdivision levying real property taxes, the territory or jurisdiction of which includes any currently existing or subsequently created redevelopment district including a bioscience development district.

(z) “Special bond project” means a redevelopment project with:

(1) At least a \$50,000,000 capital investment and \$50,000,000 in projected gross annual sales revenues; or

(2) for areas outside of metropolitan statistical areas, as defined by the federal office of management and budget, the secretary finds:

(A) The project meets the requirements of subsection (g); and

(B) would be of regional or statewide importance, ~~but~~ A “special bond project” shall not include a project for a gambling casino.

(aa) “Marketing study” means a study conducted to examine the impact of the redevelopment project or special bond project upon similar businesses in the projected market area.

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

(cc) “River walk canal facilities” means a canal and related water features located adjacent to a river which flows through a major commercial entertainment and tourism area and facilities related or contiguous thereto, including, but not limited to pedestrian walkways and promenades, landscaping and parking facilities.

(dd) “Commence work” means the manifest commencement of actual operations on the development site, such as, erecting a building, excavating the ground to lay a foundation or a basement or work of like description which a person with reasonable diligence can see and recognize as being done with the intention and purpose to continue work until the project is completed.

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

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

(gg) “Bioscience” means the use of compositions, methods and organisms in cellular and molecular research, development and manufac-

turing processes for such diverse areas as pharmaceuticals, medical therapeutics, medical diagnostics, medical devices, medical instruments, biochemistry, microbiology, veterinary medicine, plant biology, agriculture, industrial environmental and homeland security applications of bioscience and future developments in the biosciences. Bioscience includes biotechnology and life sciences.

(hh) “Bioscience development area” means an area that:

(1) Is or shall be owned, operated, or leased by, or otherwise under the control of the Kansas bioscience authority;

(2) is or shall be used and maintained by a bioscience company; or

(3) includes a bioscience facility.

(ii) “Bioscience development district” means the specific area, created under K.S.A. 12-1771, and amendments thereto, where one or more bioscience development projects may be undertaken.

(jj) “Bioscience development project” means an approved project to implement a project plan in a bioscience development district.

(kk) “Bioscience development project plan” or “project plan” means the plan adopted by the authority for a bioscience development project pursuant to K.S.A. 12-1772, and amendments thereto, in a bioscience development district.

(ll) “Bioscience facility” means real property and all improvements thereof used to conduct bioscience research, including, without limitation, laboratory space, incubator space, office space and any and all facilities directly related and necessary to the operation of a bioscience facility.

(mm) “Bioscience project area” or “project area” means an area designated by the authority within a bioscience development district.

(nn) “Biotechnology” means those fields focusing on technological developments in such area as molecular biology, genetic engineering, genomics, proteomics, physiomics, nanotechnology, biodefense, biocomputing, bioinformatics and future developments associated with biotechnology.

(oo) “Board” means the board of directors of the Kansas bioscience authority.

(pp) “Life sciences” means the areas of medical sciences, pharmaceutical sciences, biological sciences, zoology, botany, horticulture, ecology, toxicology, organic chemistry, physical chemistry, physiology and any future advances associated with life sciences.

(qq) “Revenue increase” means that amount of real property taxes collected from real property located within the bioscience development district that is in excess of the amount of real property taxes which is collected from the base year assessed valuation.

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

(ss) “~~Flood plain~~ Floodplain increment” means the increment determined pursuant to subsection (b) of K.S.A. 2004 Supp. 12-1771e, and amendments thereto.

(tt) “100-year ~~flood plain~~ floodplain area” means an area of land existing in a 100-year ~~flood plain~~ floodplain as determined by either an engineering study of a Kansas certified engineer or by the United States federal emergency management agency.

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

Sec. 2. K.S.A. 2004 Supp. 12-1771 is hereby amended to read as follows: 12-1771. (a) *Resolution procedure for a redevelopment district or*

bioscience development district. ~~Any city proposing~~ When a city proposes to establish a redevelopment district or when the Kansas bioscience authority proposes to establish a bioscience development district within an eligible area, ~~the city or the Kansas bioscience authority~~ shall adopt a resolution stating that the city or the Kansas bioscience authority is considering the establishment of a redevelopment district or ~~when the Kansas bioscience authority proposes to establish~~ a bioscience development district. Such resolution shall:

- (1) Give notice that a public hearing will be held to consider the establishment of a redevelopment district or bioscience development district and fix the date, hour and place of such public hearing;
- (2) describe the proposed boundaries of the redevelopment district or bioscience development district;
- (3) describe the district plan;
- (4) state that a description and map of the proposed redevelopment district or bioscience development district are available for inspection at a time and place designated;
- (5) state that the governing body will consider findings necessary for the establishment of a redevelopment district or bioscience development district.

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

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

(2) An ordinance for a bioscience development district shall make findings that the area satisfies the definition of a bioscience area and the creation of a bioscience district will contribute to the development of bioscience in the state and promote the general and economic welfare of the city. Such ordinance shall also contain the district plan as approved and contain the legal description of the bioscience development district. Such ordinance shall contain a development district plan that identifies all of the proposed bioscience development project areas and identifies in a general manner all of the buildings and facilities that are proposed to be constructed or improved in each bioscience development project area. The boundaries of such district shall not include any area not designated in the notice required by subsection (a). No bioscience development district shall be established without the approval of the bioscience authority. In creating a bioscience development district, eminent domain shall not be used to acquire agricultural land.

(c) The governing body of a city may establish a redevelopment district within that city, and, with the bioscience authority's approval, may establish a bioscience development district within that city. Such city may establish a district inclusive of land outside the boundaries of the city or wholly outside the boundaries of such city upon written consent of the board of county commissioners. Prior to providing written consent, the board of county commissioners shall be subject to the same procedure for public notice and hearing as is required of a city pursuant to subsection (a) for the establishment of a redevelopment district or bioscience development district. One or more redevelopment projects or bioscience development projects may be undertaken by a city within a redevelopment district or bioscience development district after such redevelopment district or bioscience development district has been established in the manner provided by this section.

(d) No privately owned property subject to ad valorem taxes shall be acquired and redeveloped under the provisions of K.S.A. 12-1770 et seq., and amendments thereto, if the board of county commissioners or the board of education levying taxes on such property determines by reso-

lution adopted within 30 days following the conclusion of the hearing for the establishment of the redevelopment district or bioscience development district required by subsection (b) that the proposed redevelopment district or bioscience development district will have an adverse effect on such county or school district. The board of county commissioners or board of education shall deliver a copy of such resolution to the city. The city shall within 30 days of receipt of such resolution pass an ordinance terminating the redevelopment district or bioscience development district.

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

(f) Any addition of any area to the redevelopment district or bioscience development district shall be subject to the same procedure for public notice and hearing as is required for the establishment of the redevelopment district or bioscience development district. The base year assessed valuation of the redevelopment district or bioscience development district following the addition of area shall be revised to reflect the base year assessed valuation of the original area and the added area as of the date of the original establishment of the redevelopment district or bioscience development district.

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

(h) A city may divide the real property in a redevelopment district or bioscience development district, including real property in different redevelopment district or bioscience development project areas within a redevelopment district or bioscience development district, into separate redevelopment districts or bioscience development districts. The base year assessed valuation of each resulting redevelopment district or bioscience development district following such division of real property shall be revised to reflect the base year assessed valuation of the area of each resulting redevelopment district or bioscience development district as of the date of the original establishment of the redevelopment district or bioscience development district. Any division of real property within a redevelopment district or bioscience development district into more than one redevelopment district or bioscience development district shall be subject to the same procedure of public notice and hearing as is required for the establishment of the redevelopment district or bioscience development district.

(i) If a city has undertaken a redevelopment project or bioscience development project within a redevelopment district or bioscience development district, and either the city wishes to subsequently remove more than a de minimus amount of real property from the redevelopment district or bioscience development district or the city wishes to subsequently divide the real property in the redevelopment district or bioscience development district into more than one redevelopment district or bioscience development district, then prior to any such removal or division the city must provide a feasibility study which shows that the tax increment revenue from the resulting redevelopment district or bioscience development district within which the redevelopment district or bioscience development project is located is expected to be sufficient to pay the redevelopment project costs or bioscience development project costs.

(j) Removal of real property from one redevelopment district or bioscience development district and addition of all or a portion of that real property to another redevelopment district or bioscience development district may be accomplished by the adoption of an ordinance and in such event the determination of the existence or nonexistence of an adverse effect on the county or school district under subsection (d) shall apply to

both such removal and such addition of real property to a redevelopment district or bioscience development district.

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

(l) A bioscience development district may be established in the unincorporated area of a county by resolution of the board of county commissioners governing the area if:

(1) The Kansas bioscience authority has proposed to establish a bioscience development district there; and

(2) the board of county commissioners follows the notice, hearing and approval procedures required of a city to establish a bioscience development district.

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

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

(b) Any major tourism area may include an additional area not exceeding 400 acres of additional property, excluding roads and highways, in addition to the property necessary for the auto race track facility upon a finding by the governor that the development plan and each project within such additional 400 acre area will enhance the major tourism area. For the development of each project within such additional 400 acre area the city shall select qualified developers pursuant to a request for proposals in accordance with written official procedures approved by the governing body of the city. Any project within such additional 400 acre area that is financed in whole or in part by special obligation bonds payable from revenues derived from subsection (a)(1)(D) or (a)(1)(G) of K.S.A. 12-1774, and amendments thereto, shall not be entitled to any real property tax abatements or the revenues described in K.S.A. 12-1775, and amendments thereto. Any project within such additional 400 acre area must be approved by the governor and construction must be commenced by July 1, 2002. *The maximum principal amount of special obligation bonds issued to fund redevelopment projects within a major tourism area, including any such additional 400 acre area, shall not exceed \$308,000,000, unless the city has secured prior approval from the secretary of commerce and the secretary of revenue. Any special obligation bonds issued for the following purposes shall not be counted toward such limit on the principal amount:*

(1) *Special obligation bonds issued solely for the purpose of refunding such bonds, either at maturity or in advance of maturity, pursuant to the provisions of K.S.A. 10-116a, and amendments thereto; and*

(2) *special obligation bonds issued solely to fund reserve funds for such bond refunding.*

Prior to issuing any special obligation bonds for any purpose, the city must have the approval of the secretary of commerce and the secretary of revenue. The city shall prepare and submit annually to the secretary of commerce by October 1 of each year, a report describing the status of any projects within a major tourism area, including any such additional 400 acre area, any expenditures of the proceeds of special obligation bonds that have occurred since the last annual report and any expenditures of the proceeds of such bonds expected to occur in the future, including the amount of sales tax revenue, how it has been spent, the projected amount of such revenue and the anticipated use of such revenue. The department of commerce shall compile this information and submit a report annually to the governor, Kansas, Inc. and the legislature by February 1 of each year. Any business located in Kansas within 50 miles of a major tourism

area that relocates into a major tourism area, *including such additional 400 acre area*, shall not receive any of the benefits of K.S.A. 12-1770 et seq., and amendments thereto.

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

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

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

(f) Prior to the issuance of any such bonds to finance a redevelopment project in a major tourism area after ~~the effective date of this act~~ *April 26, 2001*, the city shall publish notice of a request for proposals to provide the underwriting services that are required by the city with regard to the proposed bond issuance and shall mail requests for proposals to qualified interested parties upon request for such notice. The city shall award contracts for such underwriting services from the proposals received in accordance with the procedures and evaluation criteria adopted by the city for such purpose. A city shall publish such notice in the official newspaper of the city.

(g) A redevelopment project in a major tourism area for an auto race track facility, shall be completed within 30 years from the date the secretary makes the finding that the redevelopment project will create a major tourism area pursuant to subsection (n) of K.S.A. 12-1770a, and amendments thereto.

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

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

Sec. 4. K.S.A. 2004 Supp. 12-1772 is hereby amended to read as follows: 12-1772. (a) *Redevelopment projects.* One or more redevelop-

ment projects or bioscience development projects may be undertaken by a city within an established redevelopment district or bioscience development district. Any such project plan may be implemented in separate development stages. Any city proposing to undertake a redevelopment project or bioscience development project within a redevelopment district or bioscience development district established pursuant to K.S.A. 12-1771, and amendments thereto, shall prepare a project plan in consultation with the planning commission of the city and, in the case of a bioscience development district, with the approval of the bioscience authority. The project plan shall include:

- (1) A summary of the feasibility study done as defined in K.S.A. 12-1770a, and amendments thereto, which will be an open record;
- (2) a reference to the district plan established under K.S.A. 12-1771, and amendments thereto, that identifies the redevelopment or bioscience development project area that is set forth in the project plan that is being considered;
- (3) a description and map of the redevelopment or bioscience development project area to be redeveloped;
- (4) the relocation assistance plan required by K.S.A. 12-1777, and amendments thereto;
- (5) a detailed description of the buildings and facilities proposed to be constructed or improved in such area; and
- (6) any other information the governing body deems necessary to advise the public of the intent of the project plan.

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

- (1) Give notice that a public hearing will be held to consider the adoption of the redevelopment project plan or bioscience development project plan and fix the date, hour and place of such public hearing;
- (2) describe the boundaries of the redevelopment district or bioscience development district within which the redevelopment or bioscience development project will be located and the date of establishment of such district;
- (3) describe the boundaries of the area proposed to be included within the redevelopment project area or bioscience development project area; and
- (4) state that the project plan, including a summary of the feasibility study, relocation assistance plan and financial guarantees of the prospective developer and a description and map of the area to be redeveloped or developed are available for inspection during regular office hours in the office of the city clerk.

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

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

(2) A copy of the resolution providing for the public hearing shall be by certified mail, return receipt requested, sent to the board of county commissioners of the county, ~~the Kansas development finance authority~~ and the board of education of any school district levying taxes on property within the proposed redevelopment project area or bioscience development district project area. *If the project is a bioscience development project, a copy of the resolution providing for the public hearing shall also be sent by certified mail, return receipt requested, to the Kansas development finance authority.* Copies also shall be sent by certified mail, return receipt requested to each owner and occupant of land within the proposed redevelopment project area or bioscience development project

area not more than 10 days following the date of the adoption of the resolution. The resolution shall be published once in the official city newspaper not less than one week nor more than two weeks preceding the date fixed for the public hearing. A sketch clearly delineating the area in sufficient detail to advise the reader of the particular land proposed to be included within the project area shall be published with the resolution.

(3) At the public hearing, a representative of the city shall present the city's proposed project plan. If the hearing is for a proposed bioscience development project, a representative of the Kansas bioscience authority shall assist in presenting the proposed bioscience project plan. Following the presentation of the project plan, all interested persons shall be given an opportunity to be heard. The governing body for good cause shown may recess such hearing to a time and date certain, which shall be fixed in the presence of persons in attendance at the hearing.

(d) The public hearing records and feasibility study shall be subject to the open records act, K.S.A. 45-215, and amendments thereto.

(e) *Posthearing procedure.* Following the public hearing, the governing body may adopt the project plan by ordinance passed upon a $\frac{2}{3}$ vote and, in the case of a bioscience project plan, with the approval of the bioscience authority.

(f) Any substantial changes as defined in K.S.A. 12-1770a, and amendments thereto, to the project plan as adopted shall be subject to a public hearing following publication of notice thereof at least twice in the official city newspaper.

(g) Any project shall be completed within 20 years from the date of the approval of the project plan.

(h) A bioscience development project may be undertaken in a bioscience development district in the unincorporated area of a county by resolution of the board of county commissioners governing the area if:

(1) The bioscience development project is approved by the Kansas bioscience authority; and

(2) the board of county commissioners follows the notice, hearing and approval procedures required of a city to establish a bioscience development project.

(i) When establishing a bioscience development project as described in subsection (h), any references to "city" contained in this section shall mean "county".

Sec. 5. K.S.A. 2004 Supp. 12-1773 is hereby amended to read as follows: 12-1773. (a) Any city which has adopted a *redevelopment* project plan in accordance with the provisions of this act may purchase or otherwise acquire real property in connection with such project plan. Upon a $\frac{2}{3}$ vote of the members of the governing body thereof a city may acquire by condemnation any interest in real property, including a fee simple title thereto, which it deems necessary for or in connection with any project plan of an area located within the redevelopment district. Prior to the exercise of such eminent domain power, the city shall offer to the owner of any property which will be subject to condemnation with respect to any redevelopment project, other than one which includes an auto race track facility or a special bond project, compensation in an amount equal to the highest appraised valuation amount determined for property tax purposes by the county appraiser for any of the three most recent years next preceding the year of condemnation, except that, if in the year next preceding the year of condemnation any such property had been damaged or destroyed by fire, flood, tornado, lightning, explosion or other catastrophic event, the amount offered should be equal to the appraised valuation of the property which would have been determined taking into account such damage or destruction unless such property has been restored, renovated or otherwise improved. However no city shall exercise such eminent domain power to acquire real property in a conservation area. Any such city may exercise the power of eminent domain in the manner provided by K.S.A. 26-501 et seq., and amendments thereto. In addition to the compensation or damage amount finally awarded thereunder with respect to any property subject to proceedings thereunder as a result of the construction of an auto race track facility or a special bond project, such city shall provide for the payment of an amount equal to 25% of such compensation or damage amount. In addition to any compensation or damages allowed under the eminent domain procedure act,

such city shall also provide for the payment of relocation assistance as provided in K.S.A. 12-1777, and amendments thereto.

(b) Any property acquired by a city under the provisions of this act may be sold, transferred or leased to a developer, in accordance with the *redevelopment* project plan and under such other conditions as may be agreed upon. ~~Such city may use the proceeds of special obligation bonds issued under K.S.A. 12-1774, and amendments thereto, or full faith and credit tax increment bonds issued under K.S.A. 12-1774, and amendments thereto, or any uncommitted funds derived from those sources set forth in paragraph (1) of subsection (a) of K.S.A. 12-1774, and amendments thereto, to pay the redevelopment project costs as defined in K.S.A. 12-1770a, and amendments thereto, to implement the project plan.~~

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

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

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

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

(D) from a pledge of all of the revenue received by the city from any transient guest, ~~state~~ and local sales and use taxes which are collected from taxpayers doing business within that portion of the city's redevelopment district established pursuant to K.S.A. 12-1771, and amendments thereto, occupied by a redevelopment project if there first is a finding by the secretary of commerce that based upon the feasibility study the redevelopment project will create a major tourism area for the state ~~or if the project~~; is the restoration of a historic theater as defined in subsection (l) of K.S.A. 12-1770a, and amendments thereto, ~~or the project~~; has been designated as a special bond project as defined in subsection (z) of K.S.A. 12-1770a, and amendments thereto, ~~except that, with respect to a redevelopment district established prior to January 1, 2003, for which, prior to January 1, 2003, the secretary of commerce made a finding as provided in this subsection that a redevelopment project would create a major tourism area for the state, such special obligation bonds shall be payable both as to principal and interest, from a pledge of all of the revenue from any transient guest, state and local sales and use taxes collected from taxpayers as provided in this subsection whether or not revenues from such taxes are received by the city; or is a major motorsports complex as defined in subsection (uu) of K.S.A. 12-1770a, and amendments thereto.~~ The proceeds of special obligation bonds issued pursuant to this paragraph after ~~the effective date of this act~~ June 3, 2004, shall not be used to finance personal property as defined in K.S.A. 79-102, and amendments thereto. *A city proposing to finance a major motorsports complex pursuant to this paragraph shall prepare a project plan as required in K.S.A. 12-1780c, and amendments thereto;*

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

(F) with the approval of the county, from a pledge of all of the revenues received by the county from any transient guest, local sales and use taxes which are collected from taxpayers doing business within that portion of the redevelopment district established pursuant to K.S.A. 12-1771, and amendments thereto; ~~or~~

(G) *from a pledge of all of the revenue received from any state sales taxes which are collected from taxpayers doing business within that portion of the city's redevelopment district occupied by a redevelopment project if the secretary finds that, based upon the feasibility study, the redevelopment project will create a major tourism area for the state; is the*

restoration of a historic theater as defined in subsection (1) of K.S.A. 12-1770a, and amendments thereto; has been designated a special bond project as defined in subsection (z) of K.S.A. 12-1770a, and amendments thereto; or is a major motorsports complex as defined in subsection (uu) of K.S.A. 12-1770a, and amendments thereto. The proceeds of special obligation bonds issued pursuant to this paragraph after June 3, 2004, shall not be used to finance personal property as defined in K.S.A. 79-102, and amendments thereto;

~~(G)~~(H) by any combination of these methods except that for a project which has been designated as a special bond project as defined in subsection (z) of K.S.A. 12-1770a and amendments thereto, 100% of city and county sales taxes shall be pledged for such project except for amounts committed to other use by election of voters *or pledged to bond repayment* prior to the ~~effective date of this act~~ approval of a project using special obligation bonds payable from the revenues described in subsections (a)(1)(D) and (a)(1)(G) of K.S.A. 12-1774, and amendments thereto.

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

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

(3) Bonds issued under the provisions of paragraph (1) of this subsection shall be special obligations of the city and are declared to be negotiable instruments. They shall be executed by the mayor and clerk of the city and sealed with the corporate seal of the city. All details pertaining to the issuance of such special obligation bonds and terms and conditions thereof shall be determined by ordinance of the city. All special obligation bonds issued pursuant to this act and all income or interest therefrom shall be exempt from all state taxes except inheritance taxes. Such special obligation bonds shall contain none of the recitals set forth in K.S.A. 10-112, and amendments thereto. Such special obligation bonds shall, however, contain the following recitals, viz., the authority under which such special obligation bonds are issued, they are in conformity with the provisions, restrictions and limitations thereof, and that such special obligation bonds and the interest thereon are to be paid from the money and revenue received as provided in paragraph (1) of this subsection.

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

(2) Except as provided in paragraph (3) of this subsection, before the governing body of any city proposes to issue full faith and credit tax increment bonds as authorized by this subsection, the feasibility study required by K.S.A. 12-1772, and amendments thereto, shall demonstrate that the benefits derived from the project will exceed the cost and that the income therefrom will be sufficient to pay the costs of the project. No full faith and credit tax increment bonds shall be issued unless the governing body states in the resolution required by K.S.A. 12-1772, and amendments thereto, that it may issue such bonds to finance the proposed redevelopment project. The governing body may issue the bonds unless within 60 days following the date of the public hearing on the proposed project plan a protest petition signed by 3% of the qualified voters of the city is filed with the city clerk in accordance with the provisions of K.S.A. 25-3601 *et seq.*, and amendments thereto. If a sufficient petition is filed, no full faith and credit tax increment bonds shall be issued until the

issuance of the bonds is approved by a majority of the voters voting at an election thereon. Such election shall be called and held in the manner provided by the general bond law. The failure of the voters to approve the issuance of full faith and credit tax increment bonds shall not prevent the city from issuing special obligation bonds in accordance with ~~K.S.A. 12-1774, and amendments thereto~~ *this section*. No such election shall be held in the event the board of county commissioners or the board of education determines, as provided in K.S.A. 12-1771, and amendments thereto, that the proposed redevelopment district will have an adverse effect on the county or school district.

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

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

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

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

(c) Any increment in ad valorem property taxes resulting from a redevelopment project in the established redevelopment district undertaken in accordance with the provisions of this act, shall be apportioned to a special fund for the payment of the redevelopment project costs, including the payment of principal and interest on any special obligation bonds or full faith and credit tax increment bonds issued to finance such project pursuant to this act and may be pledged to the payment of principal and interest on such bonds.

(d) For each project financed ~~pursuant to subsection~~ *with special obligation bonds payable from the revenues described in subsections (a)(1)(D) and (a)(1)(G)*, the city shall prepare and submit annually to ~~the governor, the secretary of commerce, Kansas, Inc. and the legislature~~ by October 1 of each year, a report describing the status of any projects within such redevelopment area, *any expenditures of the proceeds of special obligation bonds that have occurred since the last annual report and any expenditures of the proceeds of such bonds expected to occur in the future, including the amount of sales tax revenue, how it has been spent, the projected amount of such revenue and the anticipated use of such revenue. The department of commerce shall compile this information and submit a report annually to the governor, Kansas, Inc. and the legislature by February 1 of each year.*

(e) A city may use the proceeds of special obligation bonds or full faith and credit tax increment bonds, or any uncommitted funds derived

from sources set forth in this section to pay the redevelopment project costs as defined in K.S.A. 12-1770a, and amendments thereto, to implement the redevelopment project plan.

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

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

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

(a) Provide for relocation payments to be made to persons, families and businesses who move from real property *located in the redevelopment district* or who move personal property from real property *located in the redevelopment district* as a result of the acquisition of the real property by the city in carrying out the provisions of this act. With respect to any redevelopment project other than one which includes an auto race track facility, such payments shall not be less than \$500;

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

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

Sec. 9. K.S.A. 2004 Supp. 12-1780b is hereby amended to read as follows: 12-1780b. (a) The governing body of a city may establish one or more special bond projects *or major motorsports complexes* in any area within such city or wholly outside the boundaries of such city. A special bond project *or major motorsports complex* wholly outside the boundaries of such city must be approved by the board of county commissioners through county resolution. The special bond projects *or major motorsports complexes* shall be eligible for financing by special obligation bonds payable from revenues described by subsection (a)(1)(D) or (a)(1)(G) of K.S.A. 12-1774, and amendments thereto. Each special bond project *or major motorsports complex* shall first be approved by the secretary, if the secretary determines that the proposed project *or complex* sufficiently promotes, stimulates and develops the general and economic welfare of the state as described in K.S.A. 12-1770. *For a city proposing to finance a major motorsports complex pursuant to subsection (a)(1)(D) or (a)(1)(G) of K.S.A. 12-1774, and amendments thereto, the secretary of commerce, upon approving the project, may approve such financing in an amount not to exceed 50% of the redevelopment project costs.* The secretary may approve a special bond project *or major motorsports complex* located in a redevelopment district established by a city prior to ~~the effective date of this act~~ *May 1, 2003*. A special bond project *or major motorsports complex* shall not be granted to any business that proposes to relocate its business from another area of the state into such city, for the purpose of consideration for a special bond project *or major motorsports complex* and shall not receive any of the benefits provided by K.S.A. 12-1770 *et seq.*, and amendments thereto. A special bond project *or major motorsports complex* shall not be approved by the secretary if the marketing study required by K.S.A. 2004 Supp. 12-1780c, and amendments thereto,

indicates a substantial negative impact upon businesses in the project *or complex* market area or the granting of such project *or complex* would cause a default in the payment of any outstanding special obligation bonds ~~as~~ payable from revenues authorized pursuant to subsection (a)(1)(D) or (a)(1)(G) of K.S.A. 12-1774, and amendments thereto.

(b) The maximum maturity of special obligation bonds payable primarily from revenues described by subsection (a)(1)(D) or (a)(1)(G) of K.S.A. 12-1774, and amendments thereto, to finance special bond projects *or major motorsports complexes* pursuant to this section shall not exceed 20 years.

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

Sec. 10. K.S.A. 2004 Supp. 12-1780c is hereby amended to read as follows: 12-1780c. (a) Any city proposing to undertake a special bond project established pursuant to K.S.A. 2004 Supp. 12-1780b, and amendments thereto, *or a major motorsports complex as defined in K.S.A. 12-1770a, and amendments thereto*, shall prepare a project plan in consultation with the planning commission of the city. Such project plan shall also be prepared in consultation with the planning commission of the county, if any, if a special bond project *or major motorsports complex* is located wholly outside the boundaries of the city. The project plan shall include:

- (1) A summary of the feasibility study done as defined in K.S.A. 12-1770a, and amendments thereto, which will be an open record;
- (2) a summary of the marketing study done as defined in K.S.A. 12-1770a, and amendments thereto, which will be an open record;
- (3) a reference to the district plan established under K.S.A. 12-1771, and amendments thereto, that identifies the project area that is set forth in the project plan that is being considered;
- (4) a description and map of the location of the facility that is the subject of the special bond project *or major motorsports complex*;
- (5) the relocation assistance plan required by K.S.A. 12-1777, and amendments thereto;
- (6) a detailed description of the buildings and facilities proposed to be constructed or improved; and
- (7) any other information the governing body deems necessary to advise the public of the intent of the special bond project *or major motorsports complex* plan.

(b) *Resolution requirements.* A copy of the project plan shall be delivered to the board of county commissioners of the county and the board of education of any school district levying taxes on property subject to the special bond project *or major motorsports complex*. Upon a finding by the planning commission of the city that the project plan is consistent with the intent of the comprehensive plan for the development of the city, and a finding by the planning commission of the county, if any, with respect to a special bond project *or a major motorsports complex* located wholly outside the boundaries of the city, that the project plan is consistent with the intent of the comprehensive plan for the development of the county, the governing body of the city shall adopt a resolution stating that the city is considering the adoption of the project plan. Such resolution shall:

- (1) Give notice that a public hearing will be held to consider the adoption of the project plan and fix the date, hour and place of such public hearing;
- (2) describe the boundaries of the area subject to the special bond project *or major motorsports complex*; and
- (3) state that the project plan, including a summary of the feasibility study, relocation assistance plan and financial guarantees of the prospective developer and a description and map of the area to be developed are available for inspection during regular office hours in the office of the city clerk.

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

(2) A copy of the resolution providing for the public hearing shall be by certified mail, return receipt requested sent to the board of county commissioners of the county and the board of education of any school district levying taxes on property subject to the special bond project *or major motorsports complex*. The resolution shall be published once in the official city newspaper not less than one week nor more than two weeks preceding the date fixed for the public hearing. A description in sufficient detail to advise the reader of the particular proposed special bond project *or major motorsports complex* shall be published with the resolution.

(3) At the public hearing, a representative of the city shall present the city's proposed project plan. Following the presentation of the project plan, all interested persons shall be given an opportunity to be heard. The governing body for good cause shown may recess such hearing to a time and date certain, which shall be fixed in the presence of persons in attendance at the hearing.

(d) The public hearing records and feasibility study shall be subject to the open records act, K.S.A. 45-215, and amendments thereto.

(e) *Posthearing procedure.* Following the public hearing, the governing body may adopt the project plan by ordinance passed upon a $\frac{2}{3}$ vote.

(f) Any substantial changes as defined in K.S.A. 12-1770a, and amendments thereto, to the project plan as adopted shall be subject to a public hearing following publication of notice thereof at least twice in the official city newspaper.

(g) Any project shall be completed within 20 years from the date of the approval of the project plan. Kansas resident employees shall be given priority consideration for employment in construction projects located in a special bond project *or major motorsports complex* area.

(h) Any developer of a special bond project *or major motorsports complex* shall commence work on such project *or complex* within two years from the date of adoption of the project plan. Should the developer fail to commence work on the special bond project *or major motorsports complex* within the two-year period, funding for such project *or complex* shall cease and the developer of such project *or complex* shall have one year to appeal to the secretary for reapproval of such project *or complex* and the funding for it. Should the project *or complex* be reapproved, the two-year period for commencement shall apply.

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

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

New Sec. 11. Subject to the approval of the governor, the secretary of commerce is authorized to contract with federal government agencies, governmental entities of any state, and private not-for-profit corporations for the performance of data processing services and training.

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

New Sec. 13. (a) Redevelopment projects using financing pursuant to subsection (a)(1)(G) of K.S.A. 12-1774, and amendments thereto, shall be audited by an independent certified public accountant annually at the expense of the city. The audit report shall supplement the annual report required pursuant to K.S.A. 12-1771b and 12-1774, and amendments thereto.

(b) Such audits shall determine whether bond financing obtained

pursuant to subsection (a)(1)(G) of K.S.A. 12-1774, and amendments thereto, is being used only for authorized purposes. Audit results shall be reported to the house economic development committee, the senate commerce committee, the governor and the secretary of commerce during the legislative session immediately following the audit.

(c) If audit findings indicate that bond funds have been used for unauthorized or ineligible purposes, the city shall repay to the bond fund all such unauthorized or ineligible expenditures. Such city shall enter into a repayment agreement with the secretary of revenue specifying the terms of such repayment obligation.

Sec. 14. K.S.A. 12-1774a and 12-1777 and K.S.A. 2004 Supp. 12-1770a, 12-1771, 12-1771b, 12-1772, 12-1773, 12-1774, 12-1780b, 12-1780c and 75-5735 are hereby repealed.

Sec. 15. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the HOUSE, and passed that body

HOUSE adopted
Conference Committee Report _____

Speaker of the House.

Chief Clerk of the House.

Passed the SENATE
as amended _____

SENATE adopted
Conference Committee Report _____

President of the Senate.

Secretary of the Senate.

APPROVED _____

Governor.