

As Amended by Senate Committee

Session of 2007

SENATE BILL No. 242

By Committee on Commerce

2-1

10 AN ACT concerning economic development and redevelopment of cer-
11 tain localities; amending K.S.A. 2006 Supp. 12-1770a, 12-1771 and 12-
12 1774 and repealing the existing sections.
13

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

14
15 Section 1. K.S.A. 2006 Supp. 12-1770a is hereby amended to read
16 as follows: 12-1770a. As used in this act, and amendments thereto, the
17 following words and phrases shall have the following meanings unless a
18 different meaning clearly appears from the content:

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

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

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

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

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

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

37 (C) unsanitary or unsafe conditions;

38 (D) deterioration of site improvements;

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

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

- 1 (G) improper subdivision or obsolete platting or land uses;
2 (H) the existence of conditions which endanger life or property by
3 fire or other causes; or
4 (I) conditions which create economic obsolescence; or
5 (2) has been identified by any state or federal environmental agency
6 as being environmentally contaminated to an extent that requires a re-
7 medial investigation; feasibility study and remediation or other similar
8 state or federal action; or
9 (3) a majority of the property is a 100-year floodplain area; or
10 (4) previously was found by resolution of the governing body to be a
11 slum or a blighted area under K.S.A. 17-4742 et seq., and amendments
12 thereto.
- 13 (d) “Conservation area” means any improved area comprising 15%
14 or less of the land area within the corporate limits of a city in which 50%
15 or more of the structures in the area have an age of 35 years or more,
16 which area is not yet blighted, but may become a blighted area due to
17 the existence of a combination of two or more of the following factors:
18 (1) Dilapidation, obsolescence or deterioration of the structures;
19 (2) illegal use of individual structures;
20 (3) the presence of structures below minimum code standards;
21 (4) building abandonment;
22 (5) excessive vacancies;
23 (6) overcrowding of structures and community facilities; or
24 (7) inadequate utilities and infrastructure.
- 25 (e) “De minimus” means an amount less than 15% of the land area
26 within a redevelopment district.
- 27 (f) “Developer” means any person, firm, corporation, partnership or
28 limited liability company, other than a city and other than an agency,
29 political subdivision or instrumentality of the state or a county when re-
30 lating to a bioscience development district.
- 31 (g) “Eligible area” means a blighted area, conservation area, enter-
32 prise zone, historic theater, major tourism area or a major commercial
33 entertainment and tourism area or bioscience development area as de-
34 termined by the secretary.
- 35 (h) “Enterprise zone” means an area within a city that was designated
36 as an enterprise zone prior to July 1, 1992, pursuant to K.S.A. 12-17,107
37 through 12-17,113, and amendments thereto, prior to its repeal and the
38 conservation, development or redevelopment of the area is necessary to
39 promote the general and economic welfare of such city.
- 40 (i) “Environmental increment” means the increment determined
41 pursuant to subsection (b) of K.S.A. 12-1771a, and amendments thereto.
- 42 (j) “Environmentally contaminated area” means an area of land hav-
43 ing contaminated groundwater or soil which is deemed environmentally

- 1 contaminated by the department of health and environment or the United
2 States environmental protection agency.
- 3 (k) (1) “Feasibility study” means:
- 4 (A) A study which shows whether a redevelopment project’s, special
5 bond project’s or bioscience development project’s benefits and tax in-
6 crement revenue and other available revenues under subsection (a)(1) of
7 K.S.A. 12-1774, and amendments thereto, are expected to exceed or be
8 sufficient to pay for the redevelopment, special bond or bioscience de-
9 velopment project costs; and
- 10 (B) the effect, if any, the redevelopment project costs, special bond
11 project or bioscience development project will have on any outstanding
12 special obligation bonds payable from the revenues described in subsec-
13 tions(a)(1)(D) and (a)(1)(G) of K.S.A. 12-1774, and amendments thereto.
- 14 (2) For a redevelopment project, special bond project or bioscience
15 project financed by bonds payable from revenues described in subsections
16 (a)(1)(D) and (a)(1)(G) of K.S.A. 12-1774, and amendments thereto, the
17 feasibility study must also include:
- 18 (A) A description of any project submitted under K.S.A. 12-1771d,
19 and amendments thereto, to satisfy the requirements of paragraph (i) of
20 this section;
- 21 (B) a statement of how the jobs and taxes obtained from the project
22 will contribute significantly to the economic development of the state and
23 region;
- 24 (C) a statement concerning whether a portion of the local sales and
25 use taxes are pledged to other uses and are unavailable as revenue for the
26 redevelopment project. If a portion of local sales and use taxes is so com-
27 mitted, the applicant shall describe the following:
- 28 (i) The percentage of sales and use taxes collected that are so com-
29 mitted; and
- 30 (ii) the date or dates on which the local sales and use taxes pledged
31 to other uses can be pledged for repayment of special obligation bonds;
- 32 (D) an anticipated principal and interest payment schedule on the
33 bonds; and
- 34 (E) following approval of the redevelopment plan, the feasibility
35 study will be supplemented to include a copy of the minutes of the gov-
36 erning body meeting or meetings of any city whose bonding authority will
37 be utilized in the project, evidencing that a redevelopment plan has been
38 created, discussed, and adopted by the city in a regularly scheduled open
39 public meeting.
- 40 (3) For a proposed major commercial entertainment and tourism
41 area, the feasibility study must also include:
- 42 (A) Visitation expectations;
- 43 (B) economic impact;

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

- 1 tance plan as provided in K.S.A. 12-1777, and amendments thereto;
- 2 (3) site preparation including utility relocations;
- 3 (4) sanitary and storm sewers and lift stations;
- 4 (5) drainage conduits, channels, levees and river walk canal facilities;
- 5 (6) street grading, paving, graveling, macadamizing, curbing, gutter-
- 6 ing and surfacing;
- 7 (7) street light fixtures, connection and facilities;
- 8 (8) underground gas, water, heating and electrical services and con-
- 9 nections located within the public right-of-way;
- 10 (9) sidewalks and pedestrian underpasses or overpasses;
- 11 (10) drives and driveway approaches located within the public right-
- 12 of-way;
- 13 (11) water mains and extensions;
- 14 (12) plazas and arcades;
- 15 (13) parking facilities;
- 16 (14) landscaping and plantings, fountains, shelters, benches, sculp-
- 17 tures, lighting, decorations and similar amenities; ~~and~~
- 18 (15) related expenses to redevelop and finance the redevelopment
- 19 project, except that for a redevelopment project financed with special
- 20 obligation bonds payable from the revenues described in subsections
- 21 (a)(1)(D) and (a)(1)(G) of K.S.A. 12-1774, and amendments thereto, such
- 22 expenses shall require prior approval by the secretary of commerce; *and*
- 23 (16) *for purposes of an incubator project, such costs shall also include*
- 24 *wet lab equipment including hoods, lab tables, heavy water equipment*
- 25 *and all such other equipment found to be necessary or appropriate for a*
- 26 *commercial incubator wet lab facility by the city or county in its resolution*
- 27 *establishing such redevelopment district or a bioscience development*
- 28 *district.*
- 29 Redevelopment project costs shall not include costs incurred in con-
- 30 nection with the construction of buildings or other structures to be owned
- 31 by or leased to a developer, however, the “redevelopment project costs”
- 32 shall include costs incurred in connection with the construction of build-
- 33 ings or other structures to be owned or leased to a developer which in-
- 34 cludes an auto race track facility. In addition, for a redevelopment project
- 35 financed with special obligation bonds payable from the revenues de-
- 36 scribed in subsections (a)(1)(D) and (a)(1)(G) of K.S.A. 12-1774, and
- 37 amendments thereto, redevelopment project costs shall not include:
- 38 (1) Fees and commissions paid to real estate agents, financial advisors
- 39 or any other consultants who represent the businesses considering locat-
- 40 ing in a redevelopment district;
- 41 (2) salaries for local government employees;
- 42 (3) moving expenses for employees of the businesses locating within
- 43 the redevelopment district;

- 1 (4) property taxes for businesses that locate in the redevelopment
2 district;
- 3 (5) lobbying costs; and
- 4 (6) a bond origination fee charged by the city pursuant to K.S.A. 12-
5 1742, and amendments thereto.
- 6 (r) “Redevelopment district” means the specific area declared to be
7 an eligible area in which the city may develop one or more redevelopment
8 projects.
- 9 (s) “Redevelopment district plan” or “district plan” means the pre-
10 liminary plan that identifies all of the proposed redevelopment project
11 areas and identifies in a general manner all of the buildings, facilities and
12 improvements in each that are proposed to be constructed or improved
13 in each redevelopment project area.
- 14 (t) “Redevelopment project” means the approved project to imple-
15 ment a project plan for the development of the established redevelop-
16 ment district.
- 17 (u) “Redevelopment project plan” means the plan adopted by a mu-
18 nicipality for the development of a redevelopment project or projects
19 which conforms with K.S.A. 12-1772, and amendments thereto, in a re-
20 development district.
- 21 (v) “Secretary” means the secretary of commerce.
- 22 (w) “Substantial change” means, as applicable, a change wherein the
23 proposed plan or plans differ substantially from the intended purpose for
24 which the district plan or project plan was approved.
- 25 (x) “Tax increment” means that amount of real property taxes col-
26 lected from real property located within the redevelopment district that
27 is in excess of the amount of real property taxes which is collected from
28 the base year assessed valuation.
- 29 (y) “Taxing subdivision” means the county, city, unified school district
30 and any other taxing subdivision levying real property taxes, the territory
31 or jurisdiction of which includes any currently existing or subsequently
32 created redevelopment district including a bioscience development
33 district.
- 34 (z) “Special bond project” means a redevelopment project with:
- 35 (1) At least a \$50,000,000 capital investment and \$50,000,000 in pro-
36 jected gross annual sales revenues; or
- 37 (2) for areas outside of metropolitan statistical areas, as defined by
38 the federal office of management and budget, the secretary finds:
- 39 (A) The project meets the requirements of subsection (g); and
- 40 (B) would be of regional or statewide importance. A “special bond
41 project” shall not include a project for a gambling casino.
- 42 (aa) “Marketing study” means a study conducted to examine the im-
43 pact of the redevelopment project or special bond project upon similar

1 businesses in the projected market area.

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

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

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

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

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

22 (gg) “Bioscience” means the use of compositions, methods and or-
23 ganisms in cellular and molecular research, development and manufac-
24 turing processes for such diverse areas as pharmaceuticals, medical ther-
25 apeutics, medical diagnostics, medical devices, medical instruments,
26 biochemistry, microbiology, veterinary medicine, plant biology, agricul-
27 ture, industrial environmental and homeland security applications of bi-
28 oscience and future developments in the biosciences. Bioscience includes
29 biotechnology and life sciences.

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

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

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

34 (3) includes a bioscience facility.

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

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

40 (kk) “Bioscience development project plan” means the plan adopted
41 by the authority for a bioscience development project pursuant to K.S.A.
42 12-1772, and amendments thereto, in a bioscience development district.

43 (ll) “Bioscience facility” means real property and all improvements

- 1 thereof used to conduct bioscience research, including, without limita-
2 tion, laboratory space, incubator space, office space and any and all fa-
3 cilities directly related and necessary to the operation of a bioscience
4 facility.
- 5 (mm) “Bioscience project area” means an area designated by the au-
6 thority within a bioscience development district.
- 7 (nn) “Biotechnology” means those fields focusing on technological
8 developments in such area as molecular biology, genetic engineering,
9 genomics, proteomics, physiomics, nanotechnology, biodefense, biocom-
10 puting, bioinformatics and future developments associated with
11 biotechnology.
- 12 (oo) “Board” means the board of directors of the Kansas bioscience
13 authority.
- 14 (pp) “Life sciences” means the areas of medical sciences, pharma-
15 ceutical sciences, biological sciences, zoology, botany, horticulture, ecol-
16 ogy, toxicology, organic chemistry, physical chemistry, physiology and any
17 future advances associated with life sciences.
- 18 (qq) “Revenue increase” means that amount of real property taxes
19 collected from real property located within the bioscience development
20 district that is in excess of the amount of real property taxes which is
21 collected from the base year assessed valuation.
- 22 (rr) “Taxpayer” means a person, corporation, limited liability com-
23 pany, S corporation, partnership, registered limited liability partnership,
24 foundation, association, nonprofit entity, sole proprietorship, business
25 trust, group or other entity that is subject to the Kansas income tax act,
26 K.S.A. 79-3201 et seq., and amendments thereto.
- 27 (ss) “Floodplain increment” means the increment determined pur-
28 suant to subsection (b) of K.S.A. 2006 Supp. 12-1771e, and amendments
29 thereto.
- 30 (tt) “100-year floodplain area” means an area of land existing in a
31 100-year floodplain as determined by either an engineering study of a
32 Kansas certified engineer or by the United States federal emergency man-
33 agement agency.
- 34 (uu) “Major motorsports complex” means a complex in Shawnee
35 county that is utilized for the hosting of competitions involving motor
36 vehicles, including, but not limited to, automobiles, motorcycles or other
37 self-propelled vehicles other than a motorized bicycle or motorized
38 wheelchair. Such project may include racetracks, all facilities directly re-
39 lated and necessary to the operation of a motorsports complex, including,
40 but not limited to, parking lots, grandstands, suites and viewing areas,
41 concessions, souvenir facilities, catering facilities, visitor and retail cen-
42 ters, signage and temporary hospitality facilities, but excluding hotels,
43 motels, restaurants and retail facilities not directly related to or necessary

1 to the operation of such facility.

2 Sec. 2. K.S.A. 2006 Supp. 12-1771 is hereby amended to read as
3 follows: 12-1771. (a) *Resolution procedure for a redevelopment district or*
4 *bioscience development district.* When a city proposes to establish a re-
5 development district or when the Kansas bioscience authority proposes
6 to establish a bioscience development district within an eligible area, the
7 city or the Kansas bioscience authority shall adopt a resolution stating that
8 the city or the Kansas bioscience authority is considering the establish-
9 ment of a redevelopment district or a bioscience development district.
10 Such resolution shall:

11 (1) Give notice that a public hearing will be held to consider the
12 establishment of a redevelopment district or bioscience development dis-
13 trict and fix the date, hour and place of such public hearing;

14 (2) describe the proposed boundaries of the redevelopment district
15 or bioscience development district;

16 (3) describe the district plan;

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

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

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

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

38 (2) An ordinance for a bioscience development district shall make
39 findings that the area satisfies the definition of a bioscience area and the
40 creation of a bioscience district will contribute to the development of
41 bioscience in the state and promote the general and economic welfare of
42 the city. Such ordinance shall also contain the district plan as approved
43 and contain the legal description of the bioscience development district.

1 Such ordinance shall contain a development district plan that identifies
2 all of the proposed bioscience development project areas and identifies
3 in a general manner all of the buildings and facilities that are proposed
4 to be constructed or improved in each bioscience development project
5 area. The boundaries of such district shall not include any area not des-
6 ignated in the notice required by subsection (a). No bioscience devel-
7 opment district shall be established without the approval of the bioscience
8 authority. In creating a bioscience development district, eminent domain
9 shall not be used to acquire agricultural land.

10 (c) The governing body of a city may establish a redevelopment dis-
11 trict within that city, and, with the bioscience authority's approval, may
12 establish a bioscience development district within that city. Such city may
13 establish a district inclusive of land outside the boundaries of the city or
14 wholly outside the boundaries of such city upon written consent of the
15 board of county commissioners. Prior to providing written consent, the
16 board of county commissioners shall be subject to the same procedure
17 for public notice and hearing as is required of a city pursuant to subsection
18 (a) for the establishment of a redevelopment district or bioscience de-
19 velopment district. One or more redevelopment projects or bioscience
20 development projects may be undertaken by a city within a redevel-
21 opment district or bioscience development district after such redevel-
22 opment district or bioscience development district has been established in
23 the manner provided by this section.

24 (d) ~~Unless the redevelopment project plan or the bioscience develop-~~
25 ~~ment project plan provides that no ad valorem property tax revenues of~~
26 ~~the county or the school district levying taxes on such property shall be~~
27 ~~adversely impacted, then no~~ **No** privately owned property subject to ad
28 valorem taxes shall be acquired and redeveloped under the provisions of
29 K.S.A. 12-1770 et seq., and amendments thereto, if the board of county
30 commissioners or the board of education levying taxes on such property
31 determines by resolution adopted within 30 days following the conclusion
32 of the hearing for the establishment of the redevelopment district or
33 bioscience development district required by subsection (b) that the pro-
34 posed redevelopment district or bioscience development district will have
35 an adverse effect on such county or school district. The board of county
36 commissioners or board of education shall deliver a copy of such reso-
37 lution to the city. The city shall within 30 days of receipt of such resolu-
38 tion pass an ordinance terminating the redevelopment district or bioscience
39 development district. **The provisions of this subsection (d) shall not**
40 **apply if the redevelopment project plan or the bioscience develop-**
41 **ment project plan provides that ad valorem property tax revenues**
42 **of the county or the school district levying taxes on such property**
43 **will not be adversely impacted.**

- 1 (e) *Addition to area; substantial change.* Any addition of area to the
2 redevelopment district or bioscience development district or any sub-
3 substantial change as defined in K.S.A. 12-1770a, and amendments thereto,
4 to the district plan shall be subject to the same procedure for public notice
5 and hearing as is required for the establishment of the district.
- 6 (f) Any addition of any area to the redevelopment district or biosci-
7 ence development district shall be subject to the same procedure for
8 public notice and hearing as is required for the establishment of the re-
9 development district or bioscience development district. The base year
10 assessed valuation of the redevelopment district or bioscience develop-
11 ment district following the addition of area shall be revised to reflect the
12 base year assessed valuation of the original area and the added area as of
13 the date of the original establishment of the redevelopment district or
14 bioscience development district.
- 15 (g) A city may remove real property from a redevelopment district or
16 bioscience development district by an ordinance of the governing body.
17 If more than a de minimus amount of real property is removed from a
18 redevelopment district or bioscience development district, the base year
19 assessed valuation of the redevelopment district or bioscience develop-
20 ment district shall be revised to reflect the base year assessed valuation
21 of the remaining real property as of the date of the original establishment
22 of the redevelopment district or bioscience development district.
- 23 (h) A city may divide the real property in a redevelopment district or
24 bioscience development district, including real property in different re-
25 development district or bioscience development project areas within a
26 redevelopment district or bioscience development district, into separate
27 redevelopment districts or bioscience development districts. The base
28 year assessed valuation of each resulting redevelopment district or bio-
29 science development district following such division of real property shall
30 be revised to reflect the base year assessed valuation of the area of each
31 resulting redevelopment district or bioscience development district as of
32 the date of the original establishment of the redevelopment district or
33 bioscience development district. Any division of real property within a
34 redevelopment district or bioscience development district into more than
35 one redevelopment district or bioscience development district shall be
36 subject to the same procedure of public notice and hearing as is required
37 for the establishment of the redevelopment district or bioscience devel-
38 opment district.
- 39 (i) If a city has undertaken a redevelopment project or bioscience
40 development project within a redevelopment district or bioscience de-
41 velopment district, and either the city wishes to subsequently remove
42 more than a de minimus amount of real property from the redevelopment
43 district or bioscience development district or the city wishes to subse-

1 quently divide the real property in the redevelopment district or biosci-
2 ence development district into more than one redevelopment district or
3 bioscience development district, then prior to any such removal or divi-
4 sion the city must provide a feasibility study which shows that the tax
5 increment revenue from the resulting redevelopment district or biosci-
6 ence development district within which the redevelopment district or
7 bioscience development project is located is expected to be sufficient to
8 pay the redevelopment project costs or bioscience development project
9 costs.

10 (j) Removal of real property from one redevelopment district or bi-
11 oscience development district and addition of all or a portion of that real
12 property to another redevelopment district or bioscience development
13 district may be accomplished by the adoption of an ordinance and in such
14 event the determination of the existence or nonexistence of an adverse
15 effect on the county or school district under subsection (d) shall apply to
16 both such removal and such addition of real property to a redevelopment
17 district or bioscience development district.

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

22 (l) A bioscience development district may be established in the un-
23 incorporated area of a county by resolution of the board of county com-
24 missioners governing the area if:

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

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

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

34 Sec. 3. K.S.A. 2006 Supp. 12-1774 is hereby amended to read as
35 follows: 12-1774. (a) (1) Any city shall have the power to issue special
36 obligation bonds in one or more series to finance the undertaking of any
37 redevelopment project or *bioscience development project* in accordance
38 with the provisions of this act. Such special obligation bonds shall be made
39 payable, both as to principal and interest:

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

42 (B) from revenues of the city derived from or held in connection with
43 the undertaking and carrying out of any redevelopment project or projects

1 *or bioscience development project or projects* under this act including
2 historic theater sales tax increments and environmental increments;
3 (C) from any private sources, contributions or other financial assis-
4 tance from the state or federal government;
5 (D) from a pledge of all of the revenue received by the city from any
6 transient guest and local sales and use taxes which are collected from
7 taxpayers doing business within that portion of the city's redevelopment
8 district *or bioscience development district* established pursuant to K.S.A.
9 12-1771, and amendments thereto, occupied by a redevelopment project
10 if there first is a finding by the secretary that based upon the feasibility
11 study the redevelopment project *or bioscience development project* will
12 create a major tourism area for the state; is the restoration of a historic
13 theater as defined in subsection (l) of K.S.A. 12-1770a, and amendments
14 thereto; has been designated as a special bond project as defined in sub-
15 section (z) of K.S.A. 12-1770a, and amendments thereto *and is either a*
16 *redevelopment project or a bioscience development project*; or is a major
17 motorsports complex as defined in subsection (uu) of K.S.A. 12-1770a,
18 and amendments thereto. The proceeds of special obligation bonds issued
19 pursuant to this paragraph after June 3, 2004, shall not be used to finance
20 personal property as defined in K.S.A. 79-102, and amendments thereto.
21 A city proposing to finance a major motorsports complex pursuant to this
22 paragraph shall prepare a project plan as required in K.S.A. 12-1780c,
23 and amendments thereto;
24 (E) (i) from a pledge of a portion or all increased revenue received
25 by the city from franchise fees collected from utilities and other busi-
26 nesses using public right-of-way within the redevelopment district; (ii)
27 from a pledge of all or a portion of the revenue received by the city from
28 sales taxes;
29 (F) with the approval of the county, from a pledge of all of the rev-
30 enues received by the county from any transient guest, local sales and use
31 taxes which are collected from taxpayers doing business within that por-
32 tion of the redevelopment district *or bioscience development district* es-
33 tablished pursuant to K.S.A. 12-1771, and amendments thereto;
34 (G) from a pledge of all of the revenue received from any state sales
35 taxes which are collected from taxpayers doing business within that por-
36 tion of the city's redevelopment district *or bioscience development district*
37 occupied by a redevelopment project *or bioscience development project*
38 if the secretary finds that, based upon the feasibility study, the redev-
39 opment project will create a major tourism area for the state; is the res-
40 toration of a historic theater as defined in subsection (1) of K.S.A. 12-
41 1770a, and amendments thereto, *is a redevelopment project or a*
42 *bioscience development project*; has been designated a special bond pro-
43 ject as defined in subsection (z) of K.S.A. 12-1770a, and amendments

1 thereto; or is a major motorsports complex as defined in subsection (uu)
2 of K.S.A. 12-1770a, and amendments thereto. The proceeds of special
3 obligation bonds issued pursuant to this paragraph after June 3, 2004,
4 shall not be used to finance personal property as defined in K.S.A. 79-
5 102, and amendments thereto, *except as provided in K.S.A. 2006 Supp.*
6 *12-1771, and amendments thereto;*

7 (H) by any combination of these methods except that for a project
8 which has been designated as a special bond project as defined in sub-
9 section (z) of K.S.A. 12-1770a and amendments thereto, 100% of city and
10 county sales taxes shall be pledged for such project except for amounts
11 committed to other use by election of voters or pledged to bond repay-
12 ment prior to the approval of a project using special obligation bonds
13 payable from the revenues described in subsections (a)(1)(D) and
14 (a)(1)(G) of K.S.A. 12-1774, and amendments thereto.

15 The city may pledge such revenue to the repayment of such special
16 obligation bonds prior to, simultaneously with, or subsequent to the is-
17 suance of such special obligation bonds.

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

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

39 (b) (1) Subject to the provisions of paragraph (2) of this subsection,
40 any city shall have the power to issue full faith and credit tax increment
41 bonds to finance the undertaking of any redevelopment project in ac-
42 cordance with the provisions of K.S.A. 12-1770 et seq., and amendments
43 thereto, other than a project that will create a major tourism area, is a

1 special bond project or result in the renovation of an historic theater.
2 Such full faith and credit tax increment bonds shall be made payable,
3 both as to principal and interest: (A) From the revenue sources identified
4 in paragraph (1)(A), (B), (C), (D), (E) or (G) of subsection (a) or by any
5 combination of these sources; and (B) subject to the provisions of para-
6 graph (2) of this subsection, from a pledge of the city's full faith and credit
7 to use its ad valorem taxing authority for repayment thereof in the event
8 all other authorized sources of revenue are not sufficient.

9 (2) Except as provided in paragraph (3) of this subsection, before the
10 governing body of any city proposes to issue full faith and credit tax in-
11 crement bonds as authorized by this subsection, the feasibility study re-
12 quired by K.S.A. 12-1772, and amendments thereto, shall demonstrate
13 that the benefits derived from the project will exceed the cost and that
14 the income therefrom will be sufficient to pay the costs of the project.
15 No full faith and credit tax increment bonds shall be issued unless the
16 governing body states in the resolution required by K.S.A. 12-1772, and
17 amendments thereto, that it may issue such bonds to finance the proposed
18 redevelopment project. The governing body may issue the bonds unless
19 within 60 days following the date of the public hearing on the proposed
20 project plan a protest petition signed by 3% of the qualified voters of the
21 city is filed with the city clerk in accordance with the provisions of K.S.A.
22 25-3601 et seq., and amendments thereto. If a sufficient petition is filed,
23 no full faith and credit tax increment bonds shall be issued until the
24 issuance of the bonds is approved by a majority of the voters voting at an
25 election thereon. Such election shall be called and held in the manner
26 provided by the general bond law. The failure of the voters to approve
27 the issuance of full faith and credit tax increment bonds shall not prevent
28 the city from issuing special obligation bonds in accordance with this
29 section. No such election shall be held in the event the board of county
30 commissioners or the board of education determines, as provided in
31 K.S.A. 12-1771, and amendments thereto, that the proposed redevelop-
32 ment district will have an adverse effect on the county or school district.

33 (3) As an alternative to paragraph (2) of this subsection, any city which
34 adopts a redevelopment project plan but does not state its intent to issue
35 full faith and credit tax increment bonds in the resolution required by
36 K.S.A. 12-1772, and amendments thereto, and has not acquired property
37 in the redevelopment project area may issue full faith and credit tax in-
38 crement bonds if the governing body of the city adopts a resolution stating
39 its intent to issue the bonds and the issuance of the bonds is approved by
40 a majority of the voters voting at an election thereon. Such election shall
41 be called and held in the manner provided by the general bond law. The
42 failure of the voters to approve the issuance of full faith and credit tax
43 increment bonds shall not prevent the city from issuing special obligation

1 bonds pursuant to paragraph (1) of subsection (a). Any project plan
2 adopted by a city prior to the effective date of this act in accordance with
3 K.S.A. 12-1772, and amendments thereto, shall not be invalidated by any
4 requirements of this act.

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

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

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

25 (c) Any increment in ad valorem property taxes resulting from a re-
26 development project in the established redevelopment district under-
27 taken in accordance with the provisions of this act, shall be apportioned
28 to a special fund for the payment of the redevelopment project costs,
29 including the payment of principal and interest on any special obligation
30 bonds or full faith and credit tax increment bonds issued to finance such
31 project pursuant to this act and may be pledged to the payment of prin-
32 cipal and interest on such bonds.

33 (d) For each project financed with special obligation bonds payable
34 from the revenues described in subsections (a)(1)(D) and (a)(1)(G), the
35 city shall prepare and submit annually to the secretary of commerce by
36 October 1 of each year, a report describing the status of any projects
37 within such redevelopment area, any expenditures of the proceeds of
38 special obligation bonds that have occurred since the last annual report
39 and any expenditures of the proceeds of such bonds expected to occur in
40 the future, including the amount of sales tax revenue, how it has been
41 spent, the projected amount of such revenue and the anticipated use of
42 such revenue. The department of commerce shall compile this informa-
43 tion and submit a report annually to the governor, Kansas, Inc. and the

1 legislature by February 1 of each year.

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

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

16 Sec. 4. K.S.A. 2006 Supp. 12-1770a, 12-1771 and 12-1774 are hereby
17 repealed.

18 Sec. 5. This act shall take effect and be in force from and after its
19 publication in the statute book.