

MINUTES OF THE HOUSE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by Representative Jim Braden at  
Chairperson

9:00 a.m./~~p.m.~~ on February 28, 1983 in room 519S of the Capitol.

All members were present except: Representative Ott who was excused.

Committee staff present:

Wayne Morris, Research Department  
Don Hayward, Revisor of Statutes' Department  
Nancy Wolff, Secretary to the Committee

Conferees appearing before the committee:

Allen Alderson, Department of Revenue  
Loren Medley, Kansas Department of Economic Development

The meeting was called to order by the Chairman.

Wayne Morris of staff, appeared to present an explanation of the Enterprise Zone legislation that was enacted during the 1982 Session of the Kansas Legislature. (Attachment I) He stated that House Bill 2498 would cause 6 major changes in the current Enterprise Zone law. 1) require that cities seeking approval of an enterprise zone plan which must include a map of the zone, a narrative describing how the zone will eliminate economic distress, and local incentives that must be offered; (2) limit approval of new zones to a five-year period and allow reapproval of a zone after the five-year period; (3) "grandfather" approval of existing zones, but require reapproval every five years; (4) limit the size of a zone in a city to a total area containing not more than 25 percent of the population and not more than 25 percent of the land area of the city; (5) amend the special Job Expansion and Investment income tax credits available to businesses in enterprise zones, for 1983 and following tax years. The credits will remain \$350 for each new employee and each \$100,000 in new business facility investment, but to qualify for the employee credit; and (6) would eliminate the current sales tax refund for materials used in the constructing, equipping, maintaining, repairing, enlarging, or remodeling of a new business facility which qualifies for the income tax credit and would enact a sales tax refund for the sales tax paid on the sale and installation of manufacturing machinery and equipment purchased and installed in a new business facility which qualifies for the income tax credit.

Allen Alderson, Department of Revenue and Loren Medley, Kansas Department of Economic Development appeared briefly to help with the clarification of changes from the existing Enterprise Zone law.

The Committee then held discussions on House Bill 2471 which would allow retailers to make an election regarding the situs of such services. Representative Leach made a motion to report House Bill 2471 adversely and Representative Erne seconded the motion. The motion failed.

Representative Rolfs made a conceptual motion that House Bill 2471 be amended to allow a retailer sixty days to decide whether to use his business location as his situs for sales tax reporting purposes or the job situs for sales tax reporting purposes and to make the law effective upon publication in the Kansas Register. Representative Lowther seconded the motion.

Representative Leach made a substitute motion that House Bill 2471 be tabled and Representative Reardon seconded the motion. The motion carried. Representatives Rolfs, Aylward and Wunsch were recorded as voting "No".

The meeting was adjourned.

DATE: Feb 28 1983

GUEST REGISTER

HOUSE

ASSESSMENT & TAXATION  
COMMITTEE

NAME	ORGANIZATION	ADDRESS
Bill Edds	REVENUE	TOPEKA
Aran Anderson	REVENUE	"
Susan Schuedel	Budget	Topeka
Chris Imming	Topeka Comm. Dev.	Topeka
Janet Stubbs	WBAK	"
Sam Nichols	KACI	TOPEKA
DVD GRANT	"	"
Ron Calbert	U.J.U	NEWTON
Robert West	Nat'l Elec. Contractors Assn.	Topeka
Rowena Trevor	ABA Kansas City	Kansas City, Mo.
Adrian Dwyer	KMCA	Topeka
Walter Dean	EKOGA	"
George Jones	MOBIL	Hugoton
Geo Paul	KIOGA	Topeka
Louis Stroup Jr.	KMU	McPherson
Chris McKernie	League of Ks. Municip.	Topeka
Mary Ellen Casler	City of Wichita	Wichita
Shirley Wilkings	INT	Topeka
Paul Kelly	K.A.W.C.	Topeka
Martin Krenko		Topeka

## Enterprise Zones

1962 H.B. 3121 authorizes the creation of enterprise zones in cities to aid economically distressed areas by providing tax and other incentives for business and industrial development therein. Procedures for a city to be designated an enterprise zone include the passage of a resolution by the city and submission of the resolution to the Secretary of Economic Development for approval or disapproval. Criteria that a city must meet include certain population, poverty and unemployment guidelines.

Business and industrial development incentives available for areas designated as enterprise zones include preferences for state programs, funds and services which impact on the economic viability of the area, as well as a relaxation of state agency rules and regulations. Tax increment financing, which is currently available only for use in central business districts, is made available also in areas designated as enterprise zones. Eminent domain, however, can only be exercised in central business districts. Income tax credits under the Job Expansion and Investment Credit Act are to be given. These include \$350 for each new employee and each \$100,000 in new business facility investment and \$500 for any new employee who also resides within the enterprise zone. A sales tax refund is also available for materials used in the constructing, equipping, maintaining, repairing, enlarging, or remodeling of a new business facility which qualifies for the income tax credit. (See also S.B. 560 which amends the Job Expansion and Investment Credit Act.)

CHAPTER 75

House Bill No. 3121

(Amends Chapter 412)

AN ACT enacting the Kansas enterprise zone act; authorizing the creation of enterprise zones located within cities; providing authority and duties for certain state and local officials relating thereto; providing tax incentives for business development in such zones; amending K.S.A. 1981 Supp. 12-1770, 12-1771, 12-1772, 12-1773, 12-1774, 12-1778 and 79-32,153, as amended by 1982 Senate Bill No. 560, and repealing the existing sections.

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

New Section 1. This act shall be known and may be cited as the Kansas enterprise zone act.

New Sec. 2. The purpose of this act is to expand and renew the local economy and improve the social and economic welfare of residents in economically distressed zone areas located within the cities of the state of Kansas, by providing incentives for business and industry to develop new business and expand existing business within economically distressed areas and thereby create new jobs and sources of income, particularly for disadvantaged workers.

New Sec. 3. The governing body of a city seeking to designate an area located within the city as an enterprise zone shall submit to the secretary of the department of economic development a resolution requesting such area be approved as an enterprise zone. The secretary shall review the resolution and any evidence submitted therewith to determine whether such area meets the criteria listed in section 4. The secretary shall approve or disapprove the resolution by written findings of fact and shall notify the governing body of the city submitting the resolution of such determination. Upon the approval or disapproval of the resolution, the secretary shall transmit such findings to the governing body of such city. If the resolution is approved, the secretary shall transmit such findings and approval, to all affected state departments and agencies and shall notify such departments and agencies that the provisions of section 5 shall be effective for the authorized enterprise zone in accordance with the provisions of this act. The secretary shall have 30 days from receipt of such resolution to review, approve or disapprove its compliance with section 4 and if applicable, transmit written notice of approval. Upon expiration of the thirty-day period, if the secretary has taken no action, the designating resolution shall be deemed approved and written notice of the automatic approval shall be transmitted to all affected state departments and agencies.

New Sec. 4. The secretary of the department of economic development shall approve a resolution submitted pursuant to section 3 only if:

(a) The area is within the corporate limits of a city; and  
(b) the boundary of the area is continuous and includes, if feasible, vacant or underutilized lands or buildings which are easily accessible to residents of the area; and

(c) (1) the area has a population according to the most recent census, of at least 4,000, if any portion of the area is located within a standard metropolitan statistical area, as defined by section 103A(1)(4)(B) of the federal housing and community development act of 1974, and which has a population of at least 50,000; or

(2) the area has a population of at least 2,500 in any other case; and

(d) (1) there is widespread poverty, unemployment, and general distress in the area; or the average rate of unemployment in the area for the most recent eighteen-month period for which data is available was at least 1.5 times the average state rate of unemployment for such eighteen-month period; or at least 70% of the residents living in the area have incomes below 80% of the median income of the residents of the city as determined under section 119(b) of the housing and community development act of 1974; or the population in the area decreased by 10% or more between 1970 and 1980; and

(A) the governing body of the city finds that there is substantial deterioration, abandonment or demolition of commercial or residential structures in the area; or

(B) the governing body of the city finds that there are substantial tax arrearages of commercial or residential structures in the area; or

(2) the area is located wholly within a city which meets the requirements for federal assistance under section 119 of the housing and community development act of 1974.

New Sec. 5. (a) Preference shall be given to enterprise zones and businesses and other local incentive projects located therein in the provision of programs, funds and services administered by the secretary of the department of economic development.

(b) Preference shall be given to enterprise zones and businesses and other local incentive projects located therein in the provision of programs, funds and services not administered by the secretary, but which directly or indirectly impact the economic viability thereof, including, but not limited to, the provision of investment capital, the provision of maintenance services for infrastructure and the allocation of state and federal funds for social services.

(c) All state agencies, notified by the secretary of economic development pursuant to section 3, shall review the rules and

K.S.A. 12-17,107

12-17,108

12-17,109

12-17,111

regulations which they administer which may negatively impact the economic viability of such enterprise zones, and shall take the necessary steps to waive or modify such rules and regulations in enterprise zones and businesses and other local incentive projects located therein, so long as such action does not adversely affect the health, safety or welfare of the public.

(d) The secretary shall prepare a report, for use by cities with enterprise zones, which will provide detailed information on how cities may provide incentives for and reduce barriers to economic growth within enterprise zones. Also, the secretary shall provide all possible technical assistance to cities in aiding their implementation of the purposes of this act.

Sec. 6. K.S.A. 1981 Supp. 12-1770 is hereby amended to read as follows: 12-1770. It is hereby declared to be the purpose of this act to promote, stimulate and develop the general and economic welfare of the state of Kansas and its communities and to assist in the development and redevelopment of central business district areas of cities and enterprise zones located within cities, thus promoting the general welfare of the citizens of this state, by authorizing cities to acquire certain property and to issue special obligation bonds for the financing of redevelopment projects. It is further found and declared that the powers conferred by this act are for public uses and purposes for which public money may be expended and the power of eminent domain exercised; and that the necessity in the public interest for the provisions herein enacted is hereby declared as a matter of legislative determination.

Sec. 7. K.S.A. 1981 Supp. 12-1771 is hereby amended to read as follows: 12-1771. (a) No city shall exercise any of the powers conferred by this act K.S.A. 1981 Supp. 12-1770 et seq. unless the governing body of such city shall have adopted a resolution finding that: (1) The area sought to be redeveloped is a blighted area; or (2) has been designated as an enterprise zone pursuant to section 4; and (2) (3) the conservation, development or redevelopment of such area is necessary to promote the general and economic welfare of such city. For the purpose of this subsection, the term "blighted area" means an area which, because of the presence of a majority of the following factors, substantially impairs or arrests the sound 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) diversity of

ownership; (F) tax or special assessment delinquency exceeding the fair value of the land; (G) defective or unusual conditions of title; (H) improper subdivision or obsolete platting or land uses; (I) the existence of conditions which endanger life or property by fire and other causes; or (J) conditions which create economic obsolescence.

(b) The powers conferred upon cities under the provisions of this act K.S.A. 1981 Supp. 12-1770 et seq. shall be exercised only in central business district areas of cities, as determined by resolution adopted pursuant to K.S.A. 1979 1981 Supp. 12-1772; and amendments thereto or in enterprise zones designated pursuant to section 4.

(c) No privately owned property subject to ad valorem taxes shall be acquired and redeveloped under the provisions of this act K.S.A. 1981 Supp. 12-1770 et seq. if the board of county commissioners or the board of education levying taxes on such property determines by resolution adopted within thirty (30) 30 days following the hearing provided for in K.S.A. 1979 1981 Supp. 12-1772; and amendments thereto; that the proposed project will have an adverse effect on such county or school district.

(d) Any central business district redevelopment plan undertaken in accordance with the provisions of this act K.S.A. 1981 Supp. 12-1770 et seq. shall fix a date on which the development shall: (1) Commence, which date shall be not more than one (1) year from the date that any property is acquired by the city following adoption of the plan; and (2) be completed, which date shall be not more than five (5) years from the date the plan was adopted.

(e) Any increment in ad valorem property taxes resulting from a redevelopment project undertaken in accordance with the provisions of this act, apportioned to a special fund for the payment of special obligation bonds issued to finance such project pursuant to K.S.A. 1979 1981 Supp. 12-1775; and amendments thereto; may be pledged to such fund for not to exceed twenty (20) 20 years. For the purposes of this act, "increment" means that amount of ad valorem taxes collected from real property located within the redevelopment project area which is attributable to its increase in assessed valuation resulting from a redevelopment project and which is in excess of that amount which is produced from such property and attributable to the assessed valuation of such property prior to any increase in assessed valuation resulting from a redevelopment project and as of the date the redevelopment plan was adopted, as provided in subsection (c) (2) of K.S.A. 1979 1981 Supp. 12-1775; and amendments thereto.

(f) Before any central business district redevelopment project shall be is undertaken, there shall be provided to the city a

(Tax Increment  
Finance Act)



comprehensive feasibility study, which ~~study shall show that shows~~ the benefits derived from such project will exceed the costs and that the income therefrom will be sufficient to pay for the project *shall be prepared*.

Sec. 8. K.S.A. 1981 Supp. ~~12-1772~~ is hereby amended to read as follows: 12-1772. (a) Any city proposing to undertake a ~~central business district~~ redevelopment project in accordance with the provisions of this act shall first prepare a redevelopment plan in consultation with the planning commission of the city. The redevelopment plan shall include a summary of the feasibility study required by K.S.A. ~~1980~~ 1981 Supp. 12-1771 and amendments thereto, a description and map of the area to be redeveloped, the relocation assistance plan required by K.S.A. ~~1980~~ 1981 Supp. 12-1777 and amendments thereto, a description of the buildings and facilities proposed to be constructed or improved in such area and ~~such~~ other information as the governing body deems necessary to advise the public of the intent of the plan. A copy of the redevelopment 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. Upon a finding by the planning commission that the redevelopment plan is consistent with the comprehensive general 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 plan. Such resolution shall:

- (1) Give notice that a public hearing will be held to consider the adoption of the redevelopment plan and fix the date, hour and place of such public hearing;
- (2) describe the boundaries of the central business district of the city *or the boundaries of the enterprise zone to be established*;
- (3) describe the boundaries of the area proposed to be included within the redevelopment project area; and
- (4) state that the redevelopment 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 are available for inspection during regular office hours in the office of the city clerk.

(b) The date fixed for the public hearing shall be not less than 30 or more than 70 days following the date of the adoption of the resolution fixing the date of the hearing.

(c) A copy of the resolution providing for the public hearing 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. Copies shall also be mailed by certified mail to each owner

and occupant of land within the proposed redevelopment 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 or 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.

(d) At the public hearing, a representative of the city shall present the city's proposed redevelopment plan. Following the presentation of the 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.

(e) Following the public hearing, the governing body may adopt the redevelopment plan by ordinance passed upon a  $\frac{2}{3}$  vote. Any substantial changes to the plan as adopted shall be subject to public hearing following publication of notice thereof at least twice in the official city newspaper.

Sec. 9. K.S.A. 1981 Supp. 12-1773 is hereby amended to read as follows: 12-1773. (a) Any city which has adopted a ~~central business district~~ redevelopment plan in accordance with the provisions of this act may purchase or otherwise acquire real property; ~~and for this purpose any such city~~. Upon a ~~two-thirds~~ ~~( $\frac{2}{3}$ )~~  $\frac{2}{3}$  vote of the members of the governing body thereof; ~~shall have the right to a city may~~ acquire by condemnation any interest in real property, including a fee simple title thereto, which it may deem necessary for or in connection with any ~~undertaking provided for in this act~~ *redevelopment plan of an area located within the central business district*. Any such city may exercise the power of eminent domain in the manner provided in article 5 of chapter 26 of Kansas Statutes Annotated and acts amendatory thereof or supplemental thereto, but, in addition to any compensation or damages allowable under the eminent domain procedure act, such city shall also provide for the payment of relocation assistance as provided in K.S.A. ~~1980~~ 1981 Supp. 12-1777, and amendments thereto.

(b) Any property acquired by a city under the provisions of this act may be sold or leased to any person, firm or corporation, hereinafter referred to as a developer, in accordance with the redevelopment plan and under such other conditions as may be agreed upon. Such city shall use the proceeds of special obligation bonds issued under K.S.A. ~~1980~~ 1981 Supp. 12-1774, and amendments thereto, to acquire real property within the project area including the payment of relocation assistance, to prepare

the site for redevelopment, to finance any necessary related streets and municipal utilities, and to pay all necessary related expenses to redevelop and finance the ~~specified central business district~~ redevelopment project. None of the proceeds from the sale of such special obligation bonds shall be used for the construction of buildings or other improvements to be owned by such developer.

Sec. 10. K.S.A. 1981 Supp. ~~12-1774~~ is hereby amended to read as follows: 12-1774. (a) Any city shall have the power to issue special obligation bonds to finance the undertaking of any ~~central business district~~ redevelopment project in accordance with the provision of this act. Such special obligation bonds shall be made payable, both as to principal and interest: (1) From property tax increments allocated to, and paid into a special fund of the city under the provisions of K.S.A. ~~1070~~ 1981 Supp. 12-1775, and amendments thereto;

(2) from revenues of the city derived from or held in connection with the undertaking and carrying out of any ~~central business district~~ redevelopment project or projects under this act;

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

(4) by any combination of these methods.

(b) Bonds issued under this section 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 subsection (a) of this section; and special obligation bonds issued under this section shall so state on their face.

(c) Bonds issued under the provisions of this act 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. ~~1070~~ 1981 Supp. 10-112; ~~or any 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 subsection (a) of this section.

Sec. 11. K.S.A. 1981 Supp. 12-1778 is hereby amended to read as follows: 12-1778. ~~Notwithstanding~~ any other provision of law, it is hereby stated that it is an object of all ad valorem taxes levied by or for the benefit of any city, county or school district of the state on taxable tangible real property located within any ~~downtown~~ redevelopment project undertaken pursuant to this act, that such taxes may be applied and allocated to and when collected paid into a special fund of a city pursuant to the procedures and limitations of this act to pay the principal of and interest on special obligation bonds issued by such city to finance, in whole or in part, such redevelopment project.

Sec. 12. K.S.A. 1981 Supp. ~~79-32,153~~, as amended by 1982 Senate Bill No. 560, is hereby amended to read as follows: 79-32,153. (a) Any taxpayer who shall establish a new business facility, as defined in subsection (b) of K.S.A. 1981 Supp. 79-32,154, shall be allowed a credit, in an amount determined under subsection (b) ~~or~~, (c) or (d), as the case requires, against the tax imposed by the Kansas income tax act for the taxable year during which commencement of commercial operations, as defined in subsection (g) of K.S.A. 1981 Supp. 79-32,154, occurs at such new business facility, and for each of the nine succeeding taxable years. No credit shall be allowed under this section unless the number of new business facility employees, as determined under subsection (e) of K.S.A. 1981 Supp. 79-32,154, engaged or maintained in employment at the new business facility for the taxable year for which the credit is claimed equals or exceeds two.

(b) The credit allowed by subsection (a) for any taxpayer who established a new business facility prior to January 1, 1982, shall be a portion of the income tax, but not in excess of 50% of such tax, otherwise imposed by the Kansas income tax act on the taxpayer's new business facility income, as defined in subsection (h) of K.S.A. 1981 Supp. 79-32,154, for the taxable year for which such credit is allowed. Such portion shall be an amount equal to the sum of the following:

(1) Fifty dollars for each new business facility employee, determined under K.S.A. 1981 Supp. 79-32,154; plus

(2) fifty dollars for each \$100,000, or major fraction thereof (which shall be deemed to be 51% or more), in new business facility investment, as determined under K.S.A. 1981 Supp. 79-32,154.

(c) The credit allowed by subsection (a) for any taxpayer who establishes a new business facility *located outside an enterprise zone* on or after January 1, 1982, shall be a portion of the income tax, but not in excess of 50% of such tax, otherwise imposed by the Kansas income tax act on the taxpayer's new business facility income, as defined in subsection (h) of K.S.A. 1981 Supp. 79-

32,154 for the taxable year for which such credit is allowed. Such portion shall be an amount equal to the sum of the following:

(1) One hundred dollars for each new business facility employee determined under K.S.A. 1981 Supp. 79-32,154; plus

(2) one hundred dollars for each \$100,000, or major fraction thereof (which shall be deemed to be 51% or more), in new business facility investment as determined under K.S.A. 1981 Supp. 79-32,154.

(d) *The credit allowed by subsection (a) for any taxpayer who establishes a new business facility within an enterprise zone shall be a portion of the income tax, but not in excess of 50% of such tax, otherwise imposed by the Kansas income tax act on the taxpayer's new business facility income, as defined in subsection (h) of K.S.A. 1981 Supp. 79-32,154, for the taxable year for which such credit is allowed. Such portion shall be an amount equal to the sum of the following:*

(1) *Three hundred and fifty dollars for each new business facility employee as determined under K.S.A. 1981 Supp. 79-32,154 and who resides outside the enterprise zone;*

(2) *Five hundred dollars for each new business facility employee as determined under K.S.A. 1981 Supp. 79-32,154 and who resides within the enterprise zone; plus*

(3) *Three hundred and fifty dollars for each \$100,000, or major fraction thereof, which shall be deemed to be 51% or more, in new business facility investment as determined under K.S.A. 1981 Supp. 79-32,154.*

(e) No credit shall be allowed under this section for the establishment or expansion of a public utility, as such term is defined in K.S.A. 66-104 and amendments thereto.

79-  
3641 New Sec. 13. All sales tax paid on the sale of tangible personal property or services purchased for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging or remodeling a new business facility located within an enterprise zone, which qualifies for an income tax credit under K.S.A. 1981 Supp. 79-32,153, and amendments thereto, shall be refunded. Each claim for a sales tax refund shall be verified and submitted to the director of taxation upon forms furnished by the director and shall be accompanied by any additional documentation required by the director. The director shall review each claim and shall refund that amount of sales tax paid as determined under the provisions of this section. All refunds shall be paid from the sales tax refund fund upon warrants of the director of accounts and reports pursuant to vouchers approved by the director or the director's designee.

Sec. 14. K.S.A. 1981 Supp. 12-1770, 12-1771, 12-1772, 12-

1773, 12-1774, 12-1778 and 79-32,153, as amended by 1982 Senate Bill No. 560 are hereby repealed.

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

Approved April 22, 1982.

## CHAPTER 76

Senate Bill No. 530

AN ACT authorizing certain cities to establish self-supported municipal improvement districts; amending K.S.A. 1981 Supp. 12-1795 and repealing the existing section.

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

Section 1. K.S.A. 1981 Supp. 12-1795 is hereby amended to read as follows: 12-1795. As used in this act:

(a) "City" means ~~the city of Lawrence;~~ any city in Kansas.

(b) "District" means a self-supported municipal improvement district which may be created and the property taxed in accordance with this act.

(c) "Improvement" means the principal structures, works, component parts and accessories of any of the following:

(1) Sanitary and storm sewers and lift stations.

(2) Drainage conduits, channels and levees.

(3) Street grading, paving, graveling, macadamizing, curbing, guttering and surfacing.

(4) Street lighting fixtures, connections and facilities.

(5) Underground gas, water, heating, sewer and electrical connections located in streets for private property.

(6) Sidewalks and pedestrian underpasses or overpasses.

(7) Drives and driveway approaches located within the public right-of-way.

(8) Water mains and extensions.

(9) Plazas and arcades.

(10) Parking facilities.

(11) Removal of diseased or dead trees from any public place, publicly owned right-of-way or private property.

(12) Landscaping and plantings.

(d) "Revenue producing improvement" means any facility or property proposed to be leased in whole or in part to any person or governmental body which aids in the commercial development of the district, furthers the purposes of the district and does not substantially reduce the city's property tax base. ~~Such~~ The term shall include any utility as defined by K.S.A. 10-1201.

(e) "Cost" means (1) expenditures made for construction,



Fiscal Note  
1983 Session  
March 1, 1983

Bill No.

The Honorable James Braden, Chairperson  
Committee on Assessment and Taxation  
House of Representatives  
Third Floor, Statehouse

Dear Representative Braden:

SUBJECT: Fiscal Note for House Bill No. 2498 by Committee  
on Assessment and Taxation

In accordance with K.S.A. 75-3715a, the following fiscal note concerning House Bill No. 2498 is respectfully submitted to your committee.

House Bill No. 2498, as introduced, would change the criteria for cities to establish enterprise zones for the purpose of providing income tax credits as an incentive to attract new businesses and create new jobs, amending K.S.A. 12-17,109 and 12-17,110 and K.S.A. 1982 Supp. 79-32,153 and 79-3641.

Enactment of this bill would require the governing body of a city seeking an enterprise zone to submit a plan which must include a map of the boundaries and a narrative explaining how an enterprise zone would help the area. The enterprise zone designation would be effective for only five years. The seven enterprise zones that had previously been approved by the Secretary of Economic Development would remain in effect until five years after the date they were initially approved.

Section 2 limits the enterprise zone to 25 percent of the total population of the city and also to 25 percent of the land area of the city.

Section 3 increases the extra credit for certain employee(s) from \$350 to \$500 each if such employee(s) employment entitles the employers to a federal targeted jobs tax credit in the same taxable year. Section 4 limits the exemption of sales tax to manufacturing machinery and equipment purchased and installed when establishing a new business located in an enterprise zone. Previously, sales tax had been exempt on the sale of tangible personal property or services purchased for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging or remodeling of a new business facility located within an enterprise zone.

Passage of this bill could slightly increase FY 1984 general fund revenue. The Department of Revenue estimates that changes made to the business and job development credit qualifications should not cause a significant revenue impact. The possible impact results from a modification to the sales tax exemption which businesses locating in an enterprise zone are allowed.

Currently the sales tax exemption is allowed on tangible personal property or services purchased to equip, construct, remodeling or maintain a business located in an enterprise zone. This bill would limit the exemption to the purchase and installation of manufacturing machinery and equipment. The Department of Revenue estimates that there would be no administrative costs associated with the enactment of this bill.



Susan K. Schroeder  
Budget Analyst  
For the Director of the Budget

SKS:sr