Approved: February 15, 1996
date

MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Alicia Salisbury at 8:00 a.m. on February 14, 1996 in Room 123-S of the Capitol.

Members present: Senators Salisbury, Burke, Downey, Feleciano, Gooch, Harris, Hensley, Jordan, Petty, Ranson, Reynolds, Steffes and Vidricksen.

Committee staff present: Lynne Holt, Legislative Research Department
Jerry Donaldson, Legislative Research Department
Bob Nugent, Revisor of Statutes
Betty Bomar, Committee Secretary

Conferees appearing before the committee:
Wayne Maichel, AFL-CIO
Brad Smoot, Legislative Counsel, American Insurance Association

Others attending: See attached list

SB 649: Omnibus workers compensation act

Wayne Maichel, testified for the AFL-CIO, and stated the AFL-CIO supports the sections of SB 649 recommended by the Advisory Council. The AFL-CIO supports the provision relating to volunteer firefighters found on Page 3. If the Benefit Review Conference (BRC) provision is stricken from the bill as recommended, the AFL-CIO would request an amendment on Page 10, line 29, changing the selection of a physician from the employer to the employee. The AFL-CIO oppose the change relating to establishing functional impairment. The proposed change re-establishes a cumbersome procedure changed in 1993, increases the cost and represents a gross unfairness to claimants, more litigation, less legal representation for claimants and more confusion. The AFL-CIO opposes the temporary total overpayment provision on Page 17, lines 3-7. The choice of physicians, return to work, and payment of temporary total on a voluntary basis are all exclusively within control of the employer. The proposed amendment is a penalty to employees should the insurance carrier, through its own negligence, make an improper payment.

Mr. Maichel stated on Page 17, lines 22-25, was not a part of the Advisory Council recommendation and the AFL-CIO requests this sentence be stricken. The AFL-CIO supports permitting an appeal from a preliminary award being heard and decided by a single member of the board. They request an amendment on Page 22, lines 33-34, striking the following "...and if no request is made, then the board shall approve such actions, findings, awards, decisions, rulings or modifications of findings or awards of the administrative law judge." The Kansas AFL-CIO supports SB 649 in general. Mr. Maichel stated the Kansas Constitution (Article 15, Sec.2) prohibits terms of Administrative Law Judges (AFL) for no more than 4 years Attachment 1

Brad Smoot, Legislative Counsel, The American Insurance Association (AIA) , testified in support of most of the provisions in SB 649. Mr. Smoot stated the AIA is disappointed to see the state give up on the Benefit Review Conference (BRC) concept and replace it with a voluntary mediation system. Mr. Smoot stated the AIA would prefer giving authority to the Director to require benefit review conferences in some cases and waive them in others. The BRC concept works well in Texas and AIA does not know why there have been so many complaints about it in Kansas. The AIA is further against the abolishment of the AMA rating guidelines, and the permissive, rather than mandatory use of independent medical examiners. Attachment 2.

The hearing on SB 649 was concluded. The Chair appointed a Subcommittee to consider proposed amendments to SB 649 and other workers compensation issues and report back to the full Committee by February 22, 1996. The Subcommittee consists of Senator Harris, Chairman, and Senators Reynolds, Hensley, Petty and Salisbury.

Upon motion of Senator Burke, seconded by Senator Steffes, the Minutes of the February 13, 1996 meeting were unanimously approved.

Lynne Holt, Research staff, briefed the Committee on SB 328, SB 405, and SB 501 referred to the Tax Increment Finance Subcommittee chaired by Senator Ranson.

Senator Ranson, Chair, Tax Increment Finance Subcommittee, reported the Subcommittee recommends **SB 328 - concerning cities; relating to tax increment financing** be considered for an interim study. The Subcommittee met on numerous occasions with the Real Estate Association, League of Kansas Municipalities and the Builders Association. The Subcommittee determined a problem in providing housing in small communities does exist and there is a need to put in place a funding mechanism. However, the manner to accomplish the desired results will necessitate a thorough study.

SB 405: Concerning cities; relating to financing redevelopment districts

Bob Nugent, Revisor, explained Senate Bill 405 expands the areas eligible for tax increment financing by including conservation areas. The subcommittee recommends section 2 of SB 501 be amended into SB 405. This provides that increments in revenue from all taxing subdivisions be included within a currently existing or subsequently created redevelopment district. The subcommittee further recommends the pledge for bonds of a redevelopment project be limited to local sales and use taxes deleting the pledge of excise and transient guest taxes. The subcommittee recommends that eminent domain power be retained within a conservation area. The subcommittee further recommends reinstatement of language to retain the use of the 35 mill school levy for redevelopment projects and the language relating to the approval authority of the Secretary of Commerce concerning redevelopment projects of a specified magnitude. A new section was added that amends 12-1770, the purpose of the Act, to comply with SB 405 as amended. Attachment 3

Senator Ranson distributed an editorial dated February 8, 1996, from the *Omaha World-Herald* about financing incentive, Attachment 4, and a list of TIF projects in the state prepared by the League of Kansas Municipalities. Attachment 5

Senator Ranson moved, seconded by Senator Steffes the amendments to **SB 405** be adopted. The motion was approved on a voice vote.

Senator Vidricksen moved, seconded by Senator Burke, that **SB 405** be recommended favorable for passage as amended. The recorded vote was in favor of the motion. Senator Feleciano voted "no".

The meeting adjourned at 9:00 a.m.

The next meeting is scheduled for February 15, 1996.

SENATE COMMERCE COMMITTEE GUEST LIST

DATE: February 14, 1996

NAME	REPRESENTING
Bill Sneed	BOEING
Bud Grant	KCCI
Christy A. Caldwell	Topeka Chamber of Com
H Boos	BofA SSIC
L. Arnold	DofA
Kevin Robertson	Barbee & Associates
Jamie Clover Adams	KS Grain & Feed Assn
Roger Trower	FFC
George Stephanopolous	Senior Aide to the President
JASON PITSENBERGER	BRAD SMOOT
Mark Bartelli	KDOC&H
DON SEIFERT	CITY OF OLATHE
KAREN FRANCE	KS. ASSOC. OF REALTORS
Mike Taylor	City of Wichita
Jean Barbee	Travel Industry Assn of KS
Chris McKenzie	League of Kansas Municip.

TESTIMONY BEFORE THE SENATE COMMERCE COMMITTEE
SB 649
KANSAS AFL-CIO
JOHN M. OSTROWSKI
February 13, 1996

INTRODUCTION

In general, the Kansas AFL-CIO is supportive of SB 649 as to those sections/changes which emerged from the Advisory Council created by K.S.A. 44-596. As this Committee will recall, the Advisory Council, in order to comment on legislation requires four votes "from each side of the table." It was obviously the philosophy of the legislature in creating the Advisory Council that workers compensation is a labor-management problem, and that said sides, by reaching compromise, can produce appropriate changes.

SPECIFIC POSITION OF THE KANSAS AFL-CIO

I. VOLUNTEER FIREFIGHTERS. Page 3, lines 39-40.

AFL-CIO supports this provision, however, the statutory language is not clear and will lead to litigation. Rather than being phrased in the negative, it should be clearly stated that from the instant a volunteer firefighter is notified of a fire, coverage begins. That was the intent of the Advisory Council.

II. UNSATISFACTORY MEDICAL SERVICES. Page 10, lines 31-43, page 11, line 1.

The Advisory Council recommended the abolution of the benefit review conferences and benefit review officers. Accordingly, this strikeover dovetails that change. However, if the section is to be amended, the Kansas AFL-CIO will propose that page 10, line 29 be modified. This section currently reads:

> "If the injured employee is unable to obtain satisfactory services from any of the health providers submitted by the employer under this section..."

Kansas AFL-CIO would propose:

> "If the injured employee is unable to obtain satisfactory services from the health care provider selected by the injured employee under this subsection..."

The reason for the proposal is to reduce costs and litigation. A claimant is obviously going to select the

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physician most likely to provide satisfactory services from the list of three. If said selection proves unsatisfactory, the likelihood of the remaining two physicians providing satisfactory services is remote. This may have been the original intent of the initial legislation.

Kansas AFL-CIO would also suggest that the parties be required to continue the practice of submitting proposals to the Director. Again, this leads to judicial economy.

III. AMA GUIDELINES. Page 14, lines 2-4.

This was the recommendation of the Advisory Council following much debate. Both sides of the table were convinced by the requisite number to strike the AMA Guidelines. Multiple reasons were given, including making "experts" of nonexperts, higher ratings, changing editions, time consumption by the docs to follow the guides, etc.

IV. FUNCTIONAL IMPAIRMENT. Page 15, lines 12-14

This issue was not discussed by the Advisory Council, and the AFL-CIO opposes the change. Under the current system, employers have attempted to find "reasonable" treating physicians who give "reasonable" impairment ratings. Such attempts have, to a large extent, avoided the battling docs. Furthermore, on many occasions when there is a dispute about ratings, the parties are able to agree to a physician and both parties become bound as well as the ALJ's.

A change in the law will force us to return to the old system of finding the most conservative doctor in the first instance. This forces a claimant to then find his doctor, and then we will be involved with a third physician, for no apparent reason because the ALJ can reject the opinion of the third physician. This change in the law will represent a serious cost driver, particularly since the present system is now understood, and is working fairly well.

Additionally, the language currently in existence is part of the 1993 compromise, and it is to be recalled that claimants were forbidden the use of unauthorized medical for purposes of impairment ratings. For low wage earners, the cost of a medical examination is exceedingly unfair when employers/insurance carriers have vigorously defended the right to pick the doctor. The proposed changes represent nothing more than gross unfairness to claimants, more litigation, less legal representation for claimants and more confusion.

V. TEMPORARY TOTAL OVERPAYMENT. Page 17, lines 3-7.

This proposal was not put forth by the Advisory Council, and the AFL-CIO opposes it vehemently.

Temporary total is totally controlled by employers. As such, it is impossible for a claimant to "overreach" or receive a "windfall". Perfectly innocently, a claimant can receive an overpayment of temporary total. To recoup that "after the fact" at an accelerated rate from PPD is grossly unfair. If a claimant were to be warned in advance of the overpayment occurring, or warned as to termination of benefits, the claimant could make appropriate arrangements and avoid the unjust result proposed in this bill.

For example, a worker sees his doctor on February 1, 1996. The physician does not get a report out indicating a release to return to work for three or four weeks to the insurance company (not an unusual result!). The insurance company fails to note that the claimant had been released for another three weeks. Now there is a six week overpayment, and the claimant intentionally did not work because the claimant did not want to violate the doctor's restrictions. There is no "windfall" to a claimant because he/she was not working during this time. That overpayment will be recouped at the PPD rate, and the claimant is not made "whole".

Another example would be that the claimant is released with certain restrictions, and again, the insurance company is not promptly notified, or does not notify the employer. Several weeks or months could go by, and then an employer indicates that the claimant could have been accommodated within those restrictions. Again, because of miscommunication, an overpayment results through no fault of the claimant. Again, there is no windfall.

The AFL-CIO emphasizes (again) that the choice of physicians, return to work releases, and payment of temporary total on a voluntary basis are all exclusively within control of the employer/insurance carrier. This provision is nothing more than a penalty should the insurance carrier, <u>through its own fault</u>, make an improper payment.

In discussing this bill in the Advisory Committee, the concern seemed to be a claimant who was paid improperly because of drawing temporary total and working. Such would be a fraudulent/abusive practice. The AFL-CIO would not oppose a credit in those situations, nor any other time where there is an overpayment through some "fault" of the worker.

VI. LUMP SUMS. Page 17, lines 22-25.

In part, this provision came from the Advisory Council. As such, the AFL-CIO will not oppose it at this time. However, the final sentence was not part of the agreement, and its inclusion totally defeats the prohibition, which would not arise in the first instance unless comparable wages were had. Accordingly, the final sentence should be stricken.

VII. FINES. Page 18, lines 17-20.

This matter was approved by the Advisory Council and the AFL-CIO supports the same.

VIII. BENEFIIT REVIEW CONFERENCE AND BENEFIT REVIEW OFFICERS. Page 19, lines 42-43, page 20, lines 1-2, page 27, lines 38-39.

This matter was approved by the Advisory Council and the AFL-CIO supports the same.

IX. VOLUNTEER OFFICERS. Page 21, lines 15-43, page 22, lines 1-6.

This matter was approved by the Advisory Council and the AFL-CIO supports the same.

X. PRELIMINARY HEARING APPEALS. Page 22, lines 33-34.

This matter was discussed by the Advisory Council at great length. It is with reservations that the AFL-CIO supports this modification, and it is hoped that some relief from the backlog of cases will be had by the change. It must be noted that the Advisory Council proposed that the preliminary hearings be assigned to individual Board members on a rotating/random basis, and that statement is not contained in SB 649.

Within the same section, the Advisory Council recommended that the following words be stricken from 44-551(b)(1):

> "...and if no such request is made, then the Board shall approve such actions, findings, awards, decisions, rulings or modifications of findings or awards of the Administrative Law Judge." Page 22, lines 19-22.

The striking of this language will eliminate the need for the Board to issue decisions with three signatures which merely affirm certain matters.

XI. FUND LIABILITY. Page 25, lines 5-8.

This matter was not discussed by the Advisory Council. The AFL-CIO does not have a "dog in the fight" over this issue. However, it would certainly seem detrimental to employers were this provision to pass.

XII. MEDIATION. Page 26, lines 18-35.

This matter was approved by the Advisory Council and the AFL-CIO supports the same.

XIII. ABUSIVE PRACTICE. Page 27, line 9.

This matter was approved by the Advisory Council and the AFL-CIO supports the same.

CONCLUSION

As stated, the Kansas AFL-CIO supports the provisions which came from the Advisory Council. Particular sections of the bill which are opposed are identified above, with our reasons.

We thank the Committee for this opportunity to testify on this piece of proposed legislation.

TEMPORARY TOTAL "OVERPAYMENT"
EXAMPLE

The following is a mathematical comparison of a situation where an employer, in retrospect, claims an "overpayment" for ten weeks. This situation often arises where an employer claims that light duty could have been provided -- again after the fact. During the ten weeks at issue, the claimant is receiving his weekly check and believes that he is following the restrictions of the physician. As such, no efforts are made to draw unemployment, look for alternative work, etc. In essence, the overpayment is made through absolutely no fault of the claimant.

Assuming a comp rate of $200 per week, a comparison is made:

Voluntary payment of 40 weeks TTD	Alleged overpayment of 10 weeks of TTD
415	415
+15 Additional TTD weeks	+15 Additional TTD weeks
430 Total weeks	430 Total weeks
-40 Weeks of TTD paid	-30 Weeks of TTD
390	400
x10% Permanent partial disability	x10% Permanent partial disability
39 Weeks remaining	40 Weeks remaining
x$200	x$200
$7,800.00 Permanent partial	$8,000 Permanent partial disability
+8,000.00 (40 Weeks of TTD)	+6,000 (30 weeks of TTD)
$15,800.00 Total Award	$14,000.00 Total Award

BRAD SMOOT
ATTORNEY AT LAW

[illegible] & JACKSON STREET
MERCANTILE BANK BUILDING
SUITE 808
TOPEKA, KANSAS 66612
(913) 233-0016
(913) 234-3687 FAX

10200 STATE LINE ROAD
SUITE 230
LEAWOOD, KANSAS 66206
(913) 649-6836

Statement of Brad Smoot, Legislative Counsel
The American Insurance Association
Before the Senate Commerce Committee
Regarding 1996 Senate Bill 649
February 14, 1996

The American Insurance Association (AIA) is a trade group of more than 270 property and casualty insurers whose members provide various lines of insurance including workers compensation in Kansas and across the nation. We are pleased to have an opportunity to comment on 1996 Senate Bill 649.

We commend the Kansas Legislature for the worker's compensation system reforms enacted in 1993 and its continued willingness to study and decide these difficult issues. In our view, the 1993 changes are responsible for the reduced premiums most employers are now experiencing. In particular, our claims representatives tell us that the medical fee schedule, a change in the definition of work disability, elimination of mandatory vocational rehabilitation and less attorney involvement are principally responsible for the recent trend.

AIA generally supports the changes proposed in S 649. In particular we like the repeal of the two year ban on lump sum settlements (Section 6), the two year limit on inactive claims pending in the Second Injury Fund (Section 11) and the overpayment credit against awards (Section 5). We are also comfortable with the volunteer firefighter amendment (Section 1), increased penalties for fraud (Section 14) and failure to insure for workers compensation (Section 7), and the elect-in option for officers and directors of nonprofit corporations (Section 9).

AIA is disappointed to see the state give up on the benefit review conference concept (Sections 2 and 12) and replace it with a voluntary mediation system (Section 13). While we did not suggest the benefit review conference procedure adopted in the 1993 reform bill, we have members who operate under a similar system in Texas and find it invaluable. I cannot tell you why it has failed in Kansas but almost no one, including AIA member companies, have anything positive to say about BRC's. We are, however, very skeptical about the value of voluntary mediation and would prefer instead that the Legislature consider giving authority to the Director of Workers Compensation to require benefit review conferences in some cases and waive them in others. We think the Director and his staff could use the procedure effectively to settle those cases that might be settled and move those that can't on through the litigation process.

We are most concerned, however, with the proposal to abolish use of the AMA rating guidelines (Section 3) and the permissive, rather than mandatory, use of Independent Medical Examiners (IME) (Section 4).

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AIA strongly supports the use of the AMA Guides in the determination of disability. These guides are widely used throughout the country, and if properly considered by the ALJ, should add a degree of certainty to disability ratings. A return to the presentation of "competent evidence" adds more evidentiary uncertainty, subjectivity and litigation to the system. While I can understand that lawyers on both sides may be more comfortable with the evidentiary process, litigation was one of the costs that the 1993 reformers sought to reduce. We urge the Committee to reject this provision and instead change the reference in the statute to a more recent version of the AMA Guidelines.

We are also concerned about the proposed changes regarding use of IME's. It was our view that an IME should be used when rating doctors for the employer and employee differ on the disability rating. In 1993 we were hearing complaints about "dueling docs" and "arbitrary" ALJ ratings. Under the reforms, it was expected that when doctors disagreed, the ALJ could draw an impartial IME from a list of providers to resolve the issue. Unfortunately, we are now hearing complaints that IME's are being used where only one rating has been presented and that no list of IME's was ever developed.

While we like the change proposed regarding IME's on page 15, lines 12 and 13, we cannot support the discretion given the ALJ in line 14. We instead would prefer that it be mandatory for an IME to be consulted and further that his or her opinion would be the final determination of disability.

In conclusion, S 649 contains several provisions which we support and a few we cannot. I would encourage the Committee to consider these changes carefully since, in some cases, they represent a step backward toward a more litigious and costly workers compensation system.

Thank you for consideration of our views and I would be pleased to respond to your questions.

Session of 1996

SENATE BILL No. 405

By Special Committee on Assessment and Taxation
Re Proposal No. 13

12-20

AN ACT concerning cities; relating to financing redevelopment districts; amending K.S.A. 12-1773 and 12-1775 and K.S.A. 1995 Supp. 12-1771, 12-1774 and 72-6431 and repealing the existing sections.

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

Section 1. K.S.A. 1995 Supp. 12-1771 is hereby amended to read as follows: 12-1771. (a) No city shall exercise any of the powers conferred by K.S.A. 12-1770 *et seq.*, and amendments thereto, unless the governing body of such city has adopted a resolution finding that the specific project area sought to be redeveloped is a blighted area, *a conservation area* or was designated prior to July 1, 1992, as an enterprise zone pursuant to K.S.A. 12-17,110 prior to its repeal, and the conservation, development or redevelopment of such area is necessary to promote the general and economic welfare of such city. Enterprise zones designated prior to July 1, 1992, may be enlarged by the city to an area not exceeding 25% of the city's land area upon a finding by the secretary of the department of commerce and housing that a redevelopment project proposed by the city which requires the enlargement is of statewide importance and that it will meet the criteria specified in K.S.A. 12-1774 (a)(1)(D), and amendments thereto. For the purpose of this subsection, the term "blighted area" means an area which: (1) 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; or (2) has been identified by any state or federal environmental agency as being environmentally contaminated to an extent that requires

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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.

For the purpose of this subsection, conservation area means any improved 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. Such an area is not yet blighted, but may become a blighted area due to a combination of two or more of the following factors: (i) Dilapidation, obsolescence or deterioration of the structures; (ii) illegal use of individual structures; (iii) the presence of structures below minimum code standards; (iv) building abandonment; (v) excessive vacancies; (vi) overcrowding of structures and community facilities; or (vii) inadequate utilities and infrastructure. Not more than 15% of the land area of a city may be found to be a conservation area.

(b) The powers conferred upon cities under the provisions of K.S.A. 12-1770 *et seq.*, and amendments thereto, shall be exercised ~~in central business district areas of~~ *by* cities, as determined by resolution adopted pursuant to K.S.A. 12-1772, and amendments thereto, in enterprise zones designated prior to July 1, 1992, including any area added to such enterprise zone after July 1, 1992, pursuant to subsection (a), in blighted areas of cities and counties described by subsection (a)(2) or in blighted areas of cities, as determined by resolution adopted pursuant to K.S.A. 17-4742 *et seq.*, and amendments thereto.

(c) Within that portion of the city described in subsection (b), the governing body of a city may establish a district to be known as a "redevelopment district". Within that portion of a city and county described in subsection (b), the governing body of the city, upon written consent of the board of county commissioners, may establish a district inclusive of land outside the boundaries of the city to be known as a "redevelopment district". In all such cases, the board of county commissioners, prior to providing written consent, shall be subject to the same procedure for public notice and hearing as is required of a city pursuant to subsection (d) for the establishment of a redevelopment district. One or more redevelopment projects may be undertaken by a city within a redevelopment district after such redevelopment district has been established in the manner provided by subsection (d).

(d) Any city proposing to establish a redevelopment district shall adopt a resolution stating that the city is considering the establishment of a redevelopment district. Such resolution shall:

(1) Give notice that a public hearing will be held to consider the establishment of a redevelopment district and fix the date, hour and place of such public hearing;

, which

the existence of

(1)

(2)

(3) in conservation areas of cities;

(4)

excluding paragraph (3),

(2) describe the proposed boundaries of the redevelopment district;

(3) describe a proposed comprehensive plan that identifies all of the proposed redevelopment project areas and that identifies in a general manner all of the buildings and facilities that are proposed to be constructed or improved in each redevelopment project area;

(4) state that a description and map of the proposed redevelopment 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.

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

(e) Upon the conclusion of the public hearing, the governing body may adopt a resolution to make any findings required by subsection (a) and may establish the redevelopment district by ordinance. Such resolution shall contain a comprehensive 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 (d). Any addition of area to the redevelopment district or any substantial change to the comprehensive plan shall be subject to the same procedure for public notice and hearing as is required for the establishment of the district.

(f) 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 resolution adopted within 30 days following the conclusion of the hearing for the establishment of the redevelopment district required by subsection (d) that the proposed redevelopment district will have an adverse effect on such county or school district.

(g) Any redevelopment plan undertaken within the redevelopment district may be in separate development stages. Each plan shall be adopted according to the provisions of K.S.A. 12-1772, and amendments thereto, and shall fix a date for completion. Except as provided herein, any project shall be completed within ~~15~~ *20* years from the date of the establishment of the redevelopment district. Projects relating to environmental investigation and remediation under subsection (i) shall be completed within 20 years from the date a city enters into a consent decree agreement with the Kansas department of health and environment or the United States environmental protection agency.

(h) Any increment in ad valorem property taxes resulting from a redevelopment district undertaken in accordance with the provisions of this

act, shall be apportioned to a special fund for the payment of the cost of the redevelopment project, 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. The maximum maturity on bonds issued to finance projects pursuant to this act shall not exceed 20 years. For the purposes of this act, "increment" means that amount of ad valorem taxes collected from real property located within the redevelopment district that is in excess of the amount which is produced from such property and attributable to the assessed valuation of such property prior to the date the redevelopment district was established, as determined under the provisions of K.S.A. 12-1775, and amendments thereto.

(i) The governing body of a city, in contracts entered into with the Kansas department of health and environment or the United States environmental protection agency, may pledge increments receivable in future years to pay costs directly relating to the investigation and remediation of environmentally contaminated areas. The provisions in such contracts pertaining to pledging increments in future years shall not be subject to K.S.A. 10-1101 *et seq.* or ~~K.S.A.~~ 79-2925 *et seq.*, and amendments thereto.

(j) Before any redevelopment project is undertaken, a comprehensive feasibility study, which 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. Such feasibility study shall be an open public record.

Insert new section (see attachment)

Sec. 2. K.S.A. 12-1773 is hereby amended to read as follows: 12-1773. (a) Any city which has adopted a redevelopment plan in accordance with the provisions of this act may purchase or otherwise acquire real property. Upon a 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 redevelopment plan of an area located within the redevelopment district. 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 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. *However, such eminent domain power shall not be exercised to acquire real property within a conservation area.*

strike

(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

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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 implement the redevelopment plan including, without limitation:

(1) Acquisition of property within the project area;

(2) payment of relocation assistance;

(3) site preparation;

(4) sanitary and storm sewers and lift stations;

(5) drainage conduits, channels and levees;

(6) street grading, paving, graveling, macadamizing, curbing, guttering and surfacing;

(7) street lighting 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 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.

None of the proceeds from the sale of such bonds shall be used for the construction of buildings or other structures to be owned by such developer.

Sec. 3. K.S.A. 1995 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 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 property 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;

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

(D) from a pledge of a portion or all of the revenue received by the city from sales, use, ~~excise~~ and transient guest taxes collected pursuant to K.S.A. 79-3601 *et seq.*, 79-3701 *et seq.*, 12-187 *et seq.* and 12-1696 *et seq.*, and amendments thereto, and 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 the department of commerce and housing that the redevelopment project is of statewide as well as local importance. In making such finding, the secretary must conclude at least: (1) That capital improvements costing not less than $300,000,000 will be built in the state for such redevelopment project, and (2) not less than 1,500 permanent and seasonal employment positions as defined by K.S.A. 74-50,114, and amendments thereto, will be created in the state by such redevelopment project; or~~;

(E) 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; or

~~(E)~~ *(F)* by any combination of these methods.

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 ~~(a)~~ and such bonds shall so state on their face.

(3) Bonds issued under the provisions of paragraph (1) of *this* subsection ~~(a)~~ 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 ~~(a)~~.

(b) (1) Subject to the provisions of paragraph (2) of this subsection,

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(2) from a pledge of a portion or all of the revenue received by the city from sales taxes collected pursuant to K.S.A. 12-187, a amendments thereto ; or

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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 determined by the secretary of commerce and housing to be of statewide as well as local importance and to meet the other criteria specified in K.S.A. 12-1774 (a)(1)(D), and amendments thereto. 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) and (C) 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. 12-1771, 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 redevelopment 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. 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 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

(D) and (E)

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 redevelopment 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 city's 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 city's cost 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.

Sec. 4. K.S.A. 12-1775 is hereby amended to read as follows: 12-1775. (a) For the purposes of this act, the term "taxing subdivision" shall include [only] the county, the city [and] [the unified school district], the territory or jurisdiction of which includes [the] redevelopment district. The term "real property taxes" includes all taxes levied on an ad valorem basis upon land and improvements thereon.

(b) All tangible taxable property located within a redevelopment district shall be assessed and taxed for ad valorem tax purposes pursuant to law in the same manner that such property would be assessed and taxed if located outside such district, and all ad valorem taxes levied on such property shall be paid to and collected by the county treasurer in the same manner as other taxes are paid and collected. Except as otherwise provided in this section, the county treasurer shall distribute such taxes as may be collected in the same manner as if such property were located

and any other taxing subdivision levying real property taxes

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any currently existing or subsequently created

outside a redevelopment district. Each redevelopment district established under the provisions of this act shall constitute a separate taxing unit for the purpose of the computation and levy of taxes.

(c) ~~Beginning~~ *Except as otherwise provided in paragraph (3), beginning* with the first payment of taxes which are levied following the date of approval of any redevelopment district established pursuant to K.S.A. 12-1771, and amendments thereto, real property taxes received by the county treasurer resulting from taxes which are levied subject to the provisions of this act by and for the benefit of a taxing subdivision, as herein defined, on property located within such redevelopment district constituting a separate taxing unit under the provisions of this section, shall be divided as follows:

(1) From the taxes levied each year subject to the provisions of this act by or for each of the taxing subdivisions upon property located within a redevelopment district constituting a separate taxing unit under the provisions of this act, the county treasurer first shall allocate and pay to each such taxing subdivision all of the real property taxes collected which are produced from that portion of the current assessed valuation of such real property located within such separate taxing unit which is equal to the total assessed value of such real property on the date of the establishment of the redevelopment district.

(2) *Unless otherwise authorized by a redevelopment plan as provided in subsection (e),* any real property taxes produced from that portion of the current assessed valuation of real property within the redevelopment district constituting a separate taxing unit under the provisions of this section in excess of an amount equal to the total assessed value of such real property on the effective date of the establishment of the district shall be allocated and paid by the county treasurer to the treasurer of the city and deposited in a special fund of the city to pay the cost of redevelopment projects including the payment of principal of and interest on any special obligation bonds or full faith and credit tax increment bonds issued by such city to finance, in whole or in part, such redevelopment project. When such obligation bonds and interest thereon have been paid, all moneys thereafter received from real property taxes within such redevelopment district shall be allocated and paid to the respective taxing subdivisions in the same manner as are other ad valorem taxes. If such obligation bonds and interest thereon have been paid before the completion of a project, the city may continue to use such moneys for any purpose authorized by this act until such time as the project is completed, but for not to exceed ~~15~~ *20* years from the date of the establishment of the redevelopment district.

(3) *Notwithstanding the provisions of paragraphs (1) and (2), and with regard to all payment of taxes which are levied following the date of*

Beginning

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approval of any redevelopment district established after the effective date of this act pursuant to K.S.A. 12-1771, and amendments thereto, by and for the benefit of a unified school district pursuant to K.S.A. 1995 Supp. 72-6431, and amendments thereto, the county treasurer shall distribute the total amount of such payments to the unified school district in accordance with the provisions of K.S.A. 12-1678a, and amendments thereto.

(d) In any redevelopment plan or in the proceedings for the issuing of any special obligation bonds or full faith and credit tax increment bonds by the city to finance a redevelopment project, the property tax increment portion of taxes provided for in paragraph (2) of subsection (c) may be irrevocably pledged for the payment of the principal of and interest on such obligation bonds, subject to the provisions of subsection (h) of K.S.A. 12-1771, and amendments thereto. *A city may adopt a redevelopment plan in which only a specified percentage of the tax increment realized from taxpayers in the redevelopment district are pledged to the redevelopment project. The county treasurer shall allocate the specified percentage of the tax increment to the treasurer of the city for deposit in the special fund of the city to finance the cost of redevelopment projects if the city has other available revenues and pledges the revenues to the redevelopment project in lieu of the tax increment. Any portion of such tax increment not allocated to the city for the redevelopment project shall be allocated and paid in the same manner as other ad valorem taxes.*

Sec. 5. K.S.A. 1995 Supp. 72-6431 is hereby amended to read as follows: 72-6431. (a) The board of each district shall levy an ad valorem tax upon the taxable tangible property of the district in the school years specified in subsection (b) for the purpose of:

(1) Financing that portion of the district's general fund budget which is not financed from any other source provided by law;

(2) paying a portion of the costs of operating and maintaining public schools in partial fulfillment of the constitutional obligation of the legislature to finance the educational interests of the state; and

(3) *[with respect to any redevelopment district established prior to the effective date of this act pursuant to K.S.A. 12-1771, and amendments thereto]* paying a portion of the principal and interest on bonds issued by cities under authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located within the district.

(b) The tax required under subsection (a) shall be levied at a rate of 35 mills in the 1994-95 and 1995-96 school years.

(c) The proceeds from the tax levied by a district under authority of this section, except the proceeds of such tax levied for the purpose of paying a portion of the principal and interest on bonds issued by cities under authority of K.S.A. 12-1774, and amendments thereto, for the fi-

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nancing of redevelopment projects upon property located within the district, shall be deposited in the general fund of the district.

(d) On June 1 of each year, the amount, if any, by which a district's local effort exceeds the amount of the district's state financial aid, as determined by the state board, shall be remitted to the state treasurer. Upon receipt of any such remittance, the state treasurer shall deposit the same in the state treasury to the credit of the state school district finance fund.

(e) No district shall proceed under K.S.A. 79-1964, 79-1964a or 79-1964b, and amendments to such sections.

Sec. 6. K.S.A. 12-1773 and 12-1775 and K.S.A. 1995 Supp. 12-1771, 12-1774 and 72-6431 are hereby repealed.

Sec. 7. This act shall take effect and be in force from and after its publication in the statute book.

valuation of such property prior to the date the redevelopment district was established, as determined under the provisions of K.S.A. 12-1775, and amendments thereto.

(i) The governing body of a city, in contracts entered into with the Kansas department of health and environment or the United States environmental protection agency, may pledge increments receivable in future years to pay costs directly relating to the investigation and remediation of environmentally contaminated areas. The provisions in such contracts pertaining to pledging increments in future years shall not be subject to K.S.A. 10-1101 *et seq.* or ~~K.S.A.~~ 79-2925 *et seq.*, and amendments thereto.

(j) Before any redevelopment project is undertaken, a comprehensive feasibility study, which 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. Such feasibility study shall be an open public record.

Sec. 2. K.S.A. 1995 Supp. 12-1771a is hereby amended to read as follows: 12-1771a. (a) The governing body of a city may establish an increment in ad valorem taxes using the procedure set forth in subsection (b) for projects that are initiated upon a finding that the area is a blighted area under subsection (a)(2) of K.S.A. 12-1771, and amendments thereto, when the following conditions exist:

(1) The proposed district has been identified by the Kansas department of health and environment or the United States environmental protection agency to be an environmentally contaminated area;

(2) the city has entered into a consent decree or settlement agreement or has taken action expressing an intent to enter into a consent decree or settlement agreement with the Kansas department of health and environment or the United States environmental protection agency that addresses the investigation and remediation of the environmental contamination;

(3) the consent decree or settlement agreement contains a provision that has the effect of releasing property owners who are not responsible for the contamination from the responsibility of paying the response costs of the investigation and remediation of the contamination; and

(4) the city intends to establish a redevelopment district pursuant to K.S.A. 12-1771, and amendments thereto, to wholly finance or partially finance the investigation and remediation of contamination within such district.

(b) An increment established after a city has found that the condition in subsection (a)(2) of K.S.A. 12-1771, and amendments thereto, exists shall be set on a yearly basis. For purposes of this section, a yearly basis shall be a calendar year. Each year's increment shall be an amount suf-

Attachment Section

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ficient to pay the direct costs of investigation and remediation of the contaminated condition anticipated to be incurred that year including principal and interest due on any special obligation bonds or full faith and credit tax increment bonds issued to finance in whole or in part the remediation and investigation, costs relating to remediation investigation and feasibility studies, operation and maintenance expenses and other expenses relating directly to the investigation and remediation of contamination. Each year's increment shall not exceed 20% of the amount of taxes that are produced ~~from the~~ *by all taxing subdivisions within any currently existing or subsequently created* redevelopment district area in the year the redevelopment district is first established.*

(c) The budget that establishes the yearly increment shall be certified by the city to the county clerk and county treasurer no later than August 25th, preceding the calendar year for which the budget is being set. Funds derived from an increment established by this section and interest on all funds derived from an increment established by this section may be used only for projects involving the investigation and remediation of contamination in the district.

(d) The real property taxes produced by the increment established under subsection (b) from a redevelopment district established under the provisions of K.S.A. 12-1771, and amendments thereto, shall be allocated and paid by the county treasurer to the treasurer of the city and deposited in a special separate fund of the city to pay the direct cost of investigation and remediation of contamination in the redevelopment district. Any funds collected by the city from parties determined to be responsible in any manner for the contaminated condition shall be either: (1) Deposited in the same separate special fund created hereunder, and with all interest earned thereon, may be used only for projects involving the investigation and remediation of contamination in the established redevelopment district; or (2) distributed to parties who have entered into a contract with the city to pay a portion of investigation and remediation of the contamination in the redevelopment district and the terms of such contract provide that such parties are entitled to reimbursement for a portion of funds they have expended for such investigation and remediation of contamination from the recovery of costs that are collected from other third party responsible parties.

A redevelopment district created under the provisions of this section shall constitute a separate taxing district. If all costs for such investigation and remediation of contamination in the redevelopment district have been paid and moneys remain in the special fund, such moneys shall be remitted to each taxing subdivision which paid moneys into the special fund on the basis of the proportion which the total amount of moneys paid by such taxing subdivision into the special fund bears to the total

*Nothwithstanding that such subdivision was not required to receive notice of the establishment of said district.

amount of all moneys paid by all taxing subdivisions into the fund.

(e) Nothing in this section shall prevent any city from establishing a redevelopment district for other purposes pursuant to K.S.A. 12-1770 *et seq.*, and amendments thereto, which may include part or all of the real property included in the district established under this section.

(f) Nothing in this section shall be construed to affect the obligations of the county to annually review the fair market value of property in accordance with procedures set by law or to affect the right of any taxpayer to protest and appeal the appraised or reappraised value of their property in accordance with procedures set forth by law.

(g) Commencing with the regular session of the legislature in 1993, each city that establishes a redevelopment district under this section shall make a status report on a biennial basis to the standing committee on commerce of the senate and the standing committee on economic development of the house of representatives during the month of January. The status report shall contain information on the status of the investigation and remediation of contamination in the redevelopment district.

Sec. 3. K.S.A. 12-1772 is hereby amended to read as follows: 12-1772. (a) Any city proposing to undertake a redevelopment project within a redevelopment district established pursuant to K.S.A. 12-1771, and amendments thereto, shall prepare a redevelopment plan in consultation with the planning commission of the city. The redevelopment plan shall include: (1) A summary of the feasibility study required by K.S.A. 12-1771, and amendments thereto; (2) a reference to the redevelopment district plan established under K.S.A. 12-1771, and amendments thereto, that identifies the redevelopment project area that is set forth in the comprehensive plan that is being considered; (3) a description and map of the 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 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~~ *governing body of any taxing subdivision* 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

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OMAHA DAILY HERALD FOUNDED 1865
OMAHA DAILY WORLD FOUNDED BY GILBERT M. HITCHCOOK 1885
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Financing Incentive Often Misunderstood

For more than 20 years, Nebraska has been using a special form of tax incentive to lure businesses back to rundown areas that they have left. The incentive also has been used to attract new businesses to economically depressed, older parts of cities rather than the outskirts.

The incentive is called "tax-increment financing." It gets its name from an innovative way local governments use to pay back the money they borrow to provide improvements at a site where a business wants to build. The payback method uses the difference between the old property taxes on the site and the new property taxes the business will be assessed when its improvements are in place. The difference is the incremental tax increase — thus the name "tax-increment financing."

This way of renovating blighted areas is widely misunderstood. Some public officials seem to resent it. They claim that the incremental tax increase — the money that is used to help develop the property — is being taken away from local government.

Critics of the incentive ignore two things. First, tax increment financing brings in development that would not otherwise occur. Second, local governments lose nothing — they continue to receive the tax they always received on the property, and when the borrowed money is paid back, they receive the incremental tax, too.

Tax-increment financing was endorsed for Omaha's Peony Park redevelopment Tuesday by a 6-1 vote of the City Council. At Peony, the incentive will lead to an 8.5-acre park at the north end of the site — the developer's concession in exchange for the incentive. City officials defined Peony as blighted because of rundown structures on the site and because a nearby census tract had lost population.

Disagreements surfaced at a recent hearing in Lincoln on two legislative bills. One would allow any local governing board, not just the city council or county board, to veto a tax-increment financing project within its boundaries. The other would prevent tax-increment financing from being used for commercial or recreational development, leaving only residential and industrial projects eligible.

John Deegan, assistant superintendent of the Bellevue Public Schools, said: "Everybody we know would sell their soul to bring economic development into town, and what they're doing is selling the school districts down the river." He said two Bellevue projects — a Kmart near Bellevue University and a Menards at Cornhusker Road and the Kennedy Freeway — will deprive the Bellevue schools of added revenue for 15 years.

But nobody is sold down the river when tax-increment financing brings in a development or a public amenity such as a park that wouldn't otherwise be provided. Existing businesses share in the prosperity by selling goods and services to the new business. New jobs bring in more residents who rent apartments, buy homes and pay taxes. Areas that meet the legal definition of "blighted" are restored. And in time, the full valuation of the upgraded property provides money for school districts and other local governments.

If the site isn't developed, local governments get nothing, or only the barest minimum. So if additional taxes on the site are diverted for a few years to pay off the cost of improvements, schools haven't "lost" anything. And they have gained much in indirect benefits — more people, more jobs, more economic activity and much more neighborhood stability.

Senate Commerce Committee
February 14, 1996
Attachment 4

Sen. Ways & Means Committee
February 14, 1996
Attachment 5-2

TRADITIONAL TIF PROJECTS

TIF Project Name	Total Project Cost	Total Years Financing	Current Year of Financing	Current Total Est. Annual Cost to City	Est. Annual Increment from 35 Mills	Stage of Project Completion[1]
Kansas City						
Pala Vista	$400,000	15 years	2	$ 26,060	$ 5,200	4
Mt. Zion	$950,000	15 years	—	$ 63,333	$ 12,666	2
Gateway Gardens/ EPA	$700,000	15 years	—	$ 46,666	$ 9,332	2
I-635 Industrial Pk.	$529,274	15 years	1	$ 35,284	$ 7,056	4
East Armourdale	$385,000	15 years	—	$ 25,666	$ 5,120	3
Leavenworth						
Walmart TIF	$1,205,000	11 years	1st	$ 162,000	$ 49,038	completed[2]
Manhattan						
Downtown Redevelopment	$9,270,000	17 years	10	$1,100,000	$227,000[3]	completed
Merriam						
Merriam Town Center[4]	$50,000,000	20 years	1	$1,574,500	$437,500	2
Homestead Village	4,250,000	2o years	1	$ 100,000	$ 39,000	2[5]
Baron Redevelopment	$4,500,000	20 years	1	$ 110,000	$ 43,000	1

[1]Stage of Project Completion Code: (1) Preliminary--no land acquired or construction commenced: (2) Intermediate--land acquired, but no construction commenced; (3) Advanced--construction underway; or (4) Completed--project and financing completed. If necessary, list more than one number.

[2]This 35 mil reduction would be devasting, EXCEPT that we have a written agreement with the business whereby they will make up any shortfall between TIF and our annual cost.

[3]Increases each year as valuations in the district increase.

[4]Properties under contract.

[5]Property under contract

TRADITIONAL TIF PROJECTS

TIF Project Name	Total Project Cost	Total Years Financing	Current Year of Financing	Current Total Est. Annual Cost to City	Est. Annual Increment from 35 Mills	Stage of Project Completion
Olathe						
119th & Straight	$3,500,000	10 years	-0-	$ 800,000	$225,000	1[6]
Roeland Park						
Red. Area Proj. I-Old Downtown	$1,000,000	15 years	2	$ 150,000	$ 50,000	4
Red. Area Proj. II - Mac's pkland	$ 200,000	To be bonded this year	—	$ 18,200	$ 6,300	2
Wichita						
Old Town	$ 9,400,000	15 years	2	$ 500,000	$ 32,000	3-4
East Bank	$30,000,000	15 years	0	$3,000,000	$155,000	2
21st & Grove	$17,000,000	15 years	0	$ 200,000	$ 35,000	1-2
North Industrial Corridor	$20,000,000	20 years		$5,000,000	$300,000	
West Bank	$ 5,000,000	15 years		$ 100,000	$ 12,000	
Total	$158,289,274			$13,011,709	$1,650,212	

ENVIRONMENTAL CONTAMINATION TIF PROJECTS

Hutchinson						
4th & Carey Remedial Investigation/Feasibility Study	$ 4,000,000	20 years	1	$200,000	$46,446	Begun in May 1994 Estimated completion March 96[7]
Wichita						
Gilbert-Mosley	$20,000,000	20 years	3	$5,700,000	$145,000	1-2

[6]The Redevelopment Dist. has been established, the redevelopment plan has not been approved.

[7]4TH & Carey Remedial Design/Remedial Action (to be determined after FI/FS)