

Approved: March 27, 1998  
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT.

The meeting was called to order by Chairman Bill Mason at 3:30 p.m. on March 23, 1998 in Room 423-S of the Capitol.

All members were present except: Barbara Allen (A)  
Lisa Benlon (E)

Committee staff present: Lynne Holt, Legislative Research Department  
Renae Jefferies, Revisor of Statutes  
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee: Mayor Joan Wagon  
Jim Kaup - City of Topeka

Others attending: See attached list

Representative Long moved that the minutes from the March 19 meeting be approved. Representative Osborne seconded the motion and the motion carried.

Chairman Mason opened the hearing on **SB 672** - an act on Tax Increment Financing.

Mayor Wagon appeared before the committee in support of **SB 672**. She stated there were two reasons for the bill: 1. To establish the start date of the 20-year limitation on the period of tax increments and 2. To authorize the City of Topeka to revise and revitalize its now dormant redevelopment plan for the "Watertower Place" TIF project (Attachment 1).

General discussion followed regarding: previous TIF projects, JDN - the real estate company that will be doing the project, timing or trigger date and clarification of the Senate's revisions.

Jim Kaup, City of Topeka, appeared in order to answer any questions.

Chairman Mason closed the hearing on **SB 672**.

Representative Kuether made the motion that **SB 672** be moved out favorably as amended by the Senate. Representative Sharp seconded the motion and the motion carried.

The meeting was adjourned at 3:45.

*Since this was the last committee meeting, copies of the above minutes were distributed to each committee member for his/her approval. **Deadline for changes is March 27.***





# CITY OF TOPEKA

Joan Wagnon, Mayor  
215 S.E. 7th Street Room 352  
Topeka, Kansas 66603  
Phone 785-368-3895  
Fax Number 785-368-3850

## LEGISLATIVE TESTIMONY

**TO:** House Committee on Economic Development  
**FROM:** Joan Wagnon, Mayor of the City of Topeka  
**RE:** **SB 672 - Amendments to the Tax Increment Finance Law Proposed by the City of Topeka**  
**DATE:** March 23, 1998

The City of Topeka requested SB 672, and supports it as amended by the Senate. The bill will achieve the following:

- (1) To establish, for all cities using the TIF (Tax Increment Financing) redevelopment act, the start date of the 20-year limitation on the period of tax increments. These statutory provisions also effectively establish the 20-year start date for TIF bonds; and
- (2) To authorize the City of Topeka to revise and revitalize its now dormant redevelopment plan for the "Watertower Place" TIF project. This is the area adjacent to and including the site of the proposed new state office building, and includes a portion of the land under jurisdiction of the Capitol Area Plaza Authority. It is bounded generally by Jackson Street on the west, 10th Avenue on the north, 13th Street on the south and I-70 on the east.

**Commencement of 20-year Period to Complete TIF Project.** The amendments found in sections 1 to 3, on pages 3 to 7 of SB 672, deal with the commencement of the 20-year period of time in which to complete a TIF project, as noted in (1) above.<sup>1</sup>

Under current law the 20-year period begins when the TIF redevelopment district is created. Under SB 672 the period would begin once the city transmits its TIF redevelopment plan to the county per K.S.A. 12-1776.

<sup>1</sup>See p. 3, lines 42:43; p. 4, lines 1:2 and 19:22; p. 5, lines 18:20 and 40:43; p. 6, lines 13:15 and 41:43; and p. 7 lines 1:3.

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ATTACHMENT 1

**Dormant TIF District in Topeka.** New Section 4 on page 7 of the bill, deals with the unusual Topeka situation noted in (2), above. Watertower Place appears to be the only dormant TIF district in Kansas. Section 4 permits the City to enter into negotiations which could significantly enhance an area within the existing dormant district, by utilizing the lengthy procedural and approval processes that have already been completed rather than having to start over completely by preparing a new TIF redevelopment plan.

New Section 4 of SB 672 does the following:

(a) provides for staged project areas, as now permitted under K.S.A. 1997 Supp. 12-1771 (see page 3, lines 38:39);

(b) requires a two-thirds vote of the city governing body to adopt a plan revision, the same as required for adoption of new redevelopment plan under subsection (e) of K.S.A. 12-1772; and

(c) includes requirements for (1) a new financial feasibility study, (2) a description of and map of the project area, and (3) a description of the proposed building and facilities. These same requirements are found at K.S.A. 12-1772(a), applicable to new redevelopment plans.

While New Section 4 could be made into a new subsection (f) to K.S.A. 12-1772, to do so would require a very lengthy amendment to SB 672. The City respectfully suggests the simpler approach of a new statute -- one the Revisor might codify as Supp. 12-1772a.

In summary, the City has attempted to carefully structure the amendments to SB 672 to permit the City to take advantage of some unique opportunities that may soon occur -- opportunities resulting from the "New State-Capitol City Partnership". To make this TIF project work, the City needs to revitalize a previously approved redevelopment plan. While the new sections will permit the City to promptly deal with recent private sector initiatives -- for redevelopment to be located in an area of declining assessed valuation for which no tax increment has been received -- procedural due process is provided, with a two-thirds governing body vote required to pass the ordinance modifying the redevelopment plan.

SB 672 passed the Senate on March 12, by a vote of 39-0.

**The City respectfully requests favorable Committee action on SB 672.**

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**NOTE:** HB 2631, the Kansas City motor speedway act, was published in the Kansas Register on February 26. Both HB 2631 and SB 672 amend K.S.A. 1997 Supp. 12-1771 and 12-1775. As a result, reconciliation amendments will be required, which normally occurs at the "recessed" or "veto"

session. It should be noted that the changes made by HB 2631 and SB 672 are not in conflict.

1998 House Bill 2631, at section 5, amends the TIF law to require of all cities, not just Kansas City, that an offer of compensation be made to owners of property within the TIF district that may be acquired by eminent domain, as follows: compensation equal to the highest appraised valuation of the property over the three years preceding the year of condemnation.

Applicable to Kansas City only, section 5 of HB 2631 requires that whatever final compensation is made --whether by negotiation or by court-award under the eminent domain procedure act -- that compensation is to be increased by 25%.