

Approved: March 13, 1998
date

MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Alicia Salisbury at 8:00 a.m. on March 12, 1998 in Room 123-S of the Capitol.

Members present: Senators Salisbury, Barone, Brownlee, Donovan, Feleciano, Gooch, Jordan, Ranson, Steffes, Steineger and Umbarger.

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

Conferees appearing before the committee:
Lieutenant Governor Gary Sherrer, Secretary Department of Commerce and Housing
Gary Anderson, Gilmore & Bell
Don Jarrett, Chief Counsel, Johnson County
William Caton, President, Kansas Development Finance Authority

Others attending: See attached list

SB 675 - Authorizing K DFA bonds to be issued for projects of statewide and local importance

The Chair reported the Subcommittee met on March 9 and 10 and reviewed **SB 675** with representatives from Johnson County, Oz Entertainment Company and Gilmore and Bell. Amendments recommended by the subcommittee are technical in nature and intended to clarify the intent of the provisions.

Lieutenant Governor Gary Sherrer, Secretary Department of Commerce and Housing, testified that the proposed Oz Theme Park would be a major attraction and important to the State of Kansas. Lieutenant Governor Sherrer stated **SB 675** is structured to allow Oz Entertainment Company (OES) the opportunity to purchase federal land as an option site for the theme park and is applicable to either Sunflower or Parsons Ammunition sites. The state, when putting an economic development package together, doesn't care with the project is in community A or community B; the package is the same. **SB 675** provides a level playing field.

Lieutenant Governor Sherrer distributed a flow chart entitled "Disposal Process" (Attachment 1) illustrating the procedure excessed federal property must experience prior to the property being transferred to a private or public entity. The excessing procedure is presently at approximately the third stage and the State has sent a letter to the Department of Army expressing its interest in the property. Lieutenant Governor Sherrer stated the liability for the environmental clean up belongs to the Army and stays with the Army, and the state is free from risks both financially and environmentally.

Gary Anderson, Gilmore and Bell, submitted a balloon draft of **SB 675**, which constitutes the Subcommittee report. Mr. Anderson stated there was concern recently shared by the County regarding the fact that one percent of the Johnson County sales tax is dedicated to certain projects by a vote of the electorate and would not be available for this project. (Attachment 2)

Don Jarrett, Johnson County Counselor, stated there was a concern that those monies collected for dedicated purposes would not be available for this project, and there was not a mechanism to exempt them out, as the Secretary of Revenue was the interceptor of taxes collected and the distributor.

William Caton, President, Kansas Development Financing Authority, stated the Authority believes **SB 675** would facilitate the issuance of bonds.

The Chair advised the bill would be scheduled for further consideration later next week after Johnson County has developed a method to insure payment of the dedicated county tax to the cities for the purposes for which they were dedicated.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON COMMERCE, Room 123-S Statehouse, at 8:00 a.m.
on March 12, 1998.

Upon motion by Senator Brownlee, seconded by Senator Jordan, the Minutes of the March 11, 1998 Meeting were unanimously approved.

The meeting adjourned at 9:00 a.m.

The next meeting is scheduled for March 13, 1998.

DISPOSAL PROCESS

Excess

AGENCY REPORTS
PROPERTY
EXCESS TO GSA FOR
DISPOSITION

Federal Transfer

DETERMINED
SURPLUS IF NOT
TRANSFERRED
TO ANOTHER
FEDERAL AGENCY

Discount Conveyance

PROPERTY
AVAILABLE
FOR CERTAIN
PUBLIC USES
UP TO 100%
DISCOUNT

Negotiated Sale

TO ELIGIBLE
PUBLIC BODIES
FOR OTHER
PUBLIC USES
FAIR MARKET
VALUE
REQUIRED

Public Sale

OFFERED TO
PUBLIC AND
PRIVATE PARTIES
VIA
AUCTION OR
SEALED BID
FAIR MARKET
VALUE REQUIRED

AIRPORT
CORRECTIONAL
EDUCATION
HISTORIC
HOMELESS
HOUSING
PARK & RECREATION
PUBLIC HEALTH
PUBLIC SAFETY
WILDLIFE CONSERVATION

SENATE BILL No. 675

By Committee on Federal and State Affairs

2-17

9 AN ACT concerning the Kansas development finance authority; author-
 10 izing the issuance of bonds for projects of statewide as well as local
 11 importance; amending K.S.A. 74-8907, 79-3603 and 79-3703 and
 12 K.S.A. 1997 Supp. 74-8902 and 74-8905 and repealing the existing
 13 sections.

14
 15 *Be it enacted by the Legislature of the State of Kansas:*

16 Section 1. K.S.A. 1997 Supp. 74-8902 is hereby amended to read as
 17 follows: 74-8902. The following words or terms used in this act shall have
 18 the following meanings unless a different meaning clearly appears from
 19 the context:

20 (a) "Act" means the Kansas development finance authority act.

21 (b) "Authority" means the Kansas development finance authority cre-
 22 ated by K.S.A. 74-8903, and amendments thereto.

23 (c) "Agricultural business enterprises" means facilities supporting or
 24 utilized in the operation of farms, ranches and other agricultural, aqua-
 25 cultural or silvicultural commodity producers and services provided in
 26 conjunction with the foregoing.

27 (d) "Board of directors" means the board of directors of the authority
 28 created by K.S.A. 74-8903, and amendments thereto.

29 (e) "Bonds" means any bonds, notes, debentures, interim certificates,
 30 grant and revenue anticipation notes, interest in a lease, lease certificate
 31 of participation or other evidences of indebtedness, whether or not the
 32 interest on which is subject to federal income taxation, issued by the
 33 authority pursuant to this act.

34 (f) "Capital improvements" means any physical public betterment or
 35 improvement or any preliminary plans, studies or surveys relative thereto;
 36 land or rights in land, including, without limitations, leases, air rights,
 37 easements, rights-of-way or licenses; and any furnishings, machinery, ve-
 38 hicles, apparatus or equipment for any public betterment or improve-
 39 ment.

40 (g) "Construct" means to acquire or build, in whole or in part, in such
 41 manner and by such method as the authority shall determine to be in the
 42 public interest and necessary to accomplish the purposes of and authority
 43 set forth in this act.

Senate Commerce Committee

Date 3-12-98

Attachment # 2-1 thru 2-21

1 (h) "Loans" means loans made for the purposes of financing any of
2 the activities authorized within this act, including loans made to financial
3 institutions for funding or as security for loans made for accomplishing
4 any of the purposes of this act and reserves and expenses appropriate or
5 incidental thereto.

6 (i) "Educational facilities" means real, personal and mixed property
7 of any and every kind intended by an educational institution in further-
8 ance of its educational program.

9 (j) "Facilities" means any real property, personal property or mixed
10 property of any and every kind.

11 (k) "Health care facilities" means facilities for furnishing physical or
12 mental health care.

13 (l) "Housing development" means any work or undertaking, whether
14 new construction or rehabilitation, which is designed and financed pur-
15 suant to the provisions of this act for the primary purpose of providing
16 dwelling accommodations for elderly persons and families of low income
17 in need of housing.

18 (m) "Industrial enterprise" means facilities for manufacturing, pro-
19 ducing, processing, assembling, repairing, extracting, warehousing, dis-
20 tributing, communications, computer services, transportation, corporate
21 and management offices and services provided in connection with any of
22 the foregoing, in isolation or in any combination, that involve the creation
23 of new or additional employment or the retention of existing employment.

24 (n) "Political subdivision" means political or taxing subdivisions of the
25 state, including municipal and quasi-municipal corporations, boards, com-
26 missions, authorities, councils, committees, subcommittees and other
27 subordinate groups or administrative units thereof, receiving or expend-
28 ing and supported, in whole or in part, by public funds.

29 (o) "Pooled bonds" means bonds of the authority, the interest on
30 which is subject to federal income taxation, which are issued for the pur-
31 pose of acquiring bonds issued by two or more political subdivisions.

32 (p) "Project of statewide as well as local importance" means a project
33 as to which the secretary of commerce and housing has made a finding
34 that at least: (i) Capital improvements costing not less than \$300,000,000
35 will be built in the state for such project; ~~(ii)~~ (ii) not less than 1,500
36 permanent and seasonal employment positions as defined by K.S.A. 74-
37 50.114, and amendments thereto, will be created in the state by such

38 project;

39 (q) "State" means the state of Kansas.

40 (r) "State agency" means any office, department, board, commis-
41 sion, bureau, division, public corporation, agency or instrumentality of
42 this state.

43 Sec. 2. K.S.A. 1997 Supp. 74-8905 is hereby amended to read as

(iii) is to be located outside the city limits of any city; and (iv) is to be located at a site designated as a federal enclave as of January 1, 1998.

1 follows: 74-8905. (a) The authority is hereby authorized and empowered
2 to issue bonds, either for a specific activity or on a pooled basis for a series
3 of related or unrelated activities or projects duly authorized by a political
4 subdivision or group of political subdivisions of the state in such amounts
5 as shall be determined by the authority for the purpose of financing cap-
6 ital improvement facilities, educational facilities, health care facilities and
7 housing developments. Nothing in this act shall be construed to authorize
8 the authority to issue bonds or use the proceeds thereof to (1) purchase,
9 condemn, or otherwise acquire a utility plant or distribution system
10 owned or operated by a regulated public utility or (2) finance any capital
11 improvement facilities, educational facilities, or health care facilities
12 which are authorized under the laws of the state to be financed by the
13 issuance of general obligation or utility revenue bonds of a political sub-
14 division, except that the acquisition by the authority of general obligation
15 or utility revenue bonds issued by political subdivisions with the proceeds
16 of pooled bonds shall not violate the provisions of the foregoing. Nothing
17 in this subsection (a) shall prohibit the issuance of bonds by the authority
18 when any statute specifically authorizes the issuance of bonds by the au-
19 thority or approves any activity or project of a state agency for purposes
20 of authorizing any such issuance of bonds in accordance with this section
21 and provides an exemption from the provisions of this subsection (a).

22 (b) The authority is hereby authorized and empowered to issue bonds
23 for activities and projects of state agencies as requested by the secretary
24 of administration. No bonds may be issued pursuant to this act for any
25 activity or project of a state agency unless the activity or project either
26 has been approved by an appropriation or other act of the legislature or
27 has been approved by the state finance council acting on this matter which
28 is hereby characterized as a matter of legislative delegation and subject
29 to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and
30 amendments thereto. When requested to do so by the secretary of ad-
31 ministration, the authority is further authorized and empowered to issue
32 bonds for the purpose of refunding, whether at maturity or in advance of
33 maturity, any outstanding bonded indebtedness of any state agency. The
34 revenues of any state agency which are pledged as security for any bonds
35 of such state agency which are refunded by refunding bonds of the au-
36 thority may be pledged to the authority as security for the refunding
37 bonds.

38 (c) The authority is hereby authorized and empowered to issue bonds
39 for the purpose of financing industrial enterprises, agricultural business
40 enterprises, educational facilities, health care facilities and housing de-
41 velopments, or any combination of such facilities, or any interest in facil-
42 ities, including without limitation leasehold interests in and mortgages on
43 such facilities. No less than 30 days prior to the issuance of any bonds

1 authorized under this act with respect to any project or activity which is
 2 to be undertaken for the direct benefit of any person or entity which is
 3 not a state agency or a political subdivision, written notice of the intention
 4 of the authority to provide financing and issue bonds therefor shall be
 5 given by the president of the authority to the governing body of the city
 6 in which the project or activity is to be located, or, if the project or activity
 7 is not proposed to be located within a city, such notice shall be given to
 8 the governing body of the county. No bonds for the financing of the
 9 project or activity shall be issued by the authority for a one-year period
 10 if, within 15 days after the giving of such notice, the governing body of
 11 the political subdivision in which the project or activity is proposed to be
 12 located shall have duly enacted an ordinance or resolution stating express
 13 disapproval of the project or activity and shall have notified the president
 14 of the authority of such disapproval.

15 (d) The authority is hereby authorized and empowered to issue bonds
 16 for the purpose of establishing and funding one or more series of venture
 17 capital funds in such principal amounts, at such interest rates, in such
 18 maturities, with such security, and upon such other terms and in such
 19 manner as is approved by resolution of the authority. The proceeds of
 20 such bonds not placed in a venture capital fund or used to pay or reim-
 21 burse organizational, offering and administrative expenses and fees nec-
 22 essary to the issuance and sale of such bonds shall be invested and rein-
 23 vested in such securities and other instruments as shall be provided in
 24 the resolution under which such bonds are issued. Moneys in a venture
 25 capital fund shall be used to make venture capital investments in new,
 26 expanding or developing businesses, including, but not limited to, equity
 27 and debt securities, warrants, options and other rights to acquire such
 28 securities, subject to the provisions of the resolution of the authority. The
 29 authority shall establish an investment policy with respect to the invest-
 30 ment of the funds in a venture capital fund not inconsistent with the
 31 purposes of this act. The authority shall enter into an agreement with a
 32 management company experienced in venture capital investments to
 33 manage and administer each venture capital fund upon terms not incon-
 34 sistent with the purposes of this act and such investment policy. The
 35 authority may establish an advisory board to provide advice and consulting
 36 assistance to the authority and the management company with respect to
 37 the management and administration of each venture capital fund and the
 38 establishment of its investment policy. All fees and expenses incurred in
 39 the management and administration of a venture capital fund not paid or
 40 reimbursed out of the proceeds of the bonds issued by the authority shall
 41 be paid or reimbursed out of such venture capital fund.

in one or more series

a project of statewide as well as local importance

42 (e) The authority is hereby authorized and empowered to issue bonds
 43 for the purpose of financing ~~facilities and capital improvements in com~~

sections 4 and 5 of this act

1 nection with a redevelopment plan that is approved by the authority in
2 accordance with ~~K.S.A. 74-8921 and 74-8922 and amendments thereto~~
3 and is a project of statewide as well as local importance.

4 (e) (f) The authority is hereby authorized and empowered to use the
5 proceeds of any bond issues herein authorized, together with any other
6 available funds, for venture capital investments or for purchasing, leasing,
7 constructing, restoring, renovating, altering or repairing facilities as
8 herein authorized, for making loans, purchasing mortgages or security
9 interests in loan participations and paying all incidental expenses there-
10 with, paying expenses of authorizing and issuing the bonds, paying inter-
11 est on the bonds until revenues thereof are available in sufficient amounts,
12 purchasing bond insurance or other credit enhancements on the bonds,
13 and funding such reserves as the authority deems necessary and desirable.
14 All moneys received by the authority, other than moneys received by
15 virtue of an appropriation, are hereby specifically declared to be cash
16 funds, restricted in their use and to be used solely as provided herein.
17 No moneys of the authority other than moneys received by appropriation
18 shall be deposited with the state treasurer.

19 (f) (g) Any time the authority is required to publish a notification
20 pursuant to the tax equity and fiscal responsibility act of 1982, the au-
21 thority shall further publish such notification in the Kansas register.

22 (g) (h) Any time the authority issues bonds pursuant to this section,
23 the authority shall publish notification of such issuance of bonds 14 days
24 prior to any bond hearing in the official county newspaper where such
25 bonds will be used and in the Kansas register.

26 Sec. 3. K.S.A. 74-8907 is hereby amended to read as follows: 74-
27 8907. (a) The bonds may be sold in such manner, either at public or
28 private sale, and upon such terms as the authority shall determine to be
29 reasonable and expedient for effectuating the purposes for which the
30 authority was created. The bonds may be sold at such price as the au-
31 thority may accept, including sale at discount or premium.

32 (b) The bonds shall be executed by manual or facsimile signatures of
33 the chairperson of the board of directors and the president of the au-
34 thority or of any other director or officer of the authority authorized to
35 make such signature by resolution of the board of directors. In case any
36 of the officers whose signatures appear on the bonds or coupons shall
37 cease to be such officers before delivery of such bonds or coupons, their
38 signatures, nevertheless, shall be valid and sufficient for all purposes. The
39 authority shall adopt and use a seal in the execution and issuance of the
40 bonds, and each bond shall be impressed or imprinted with the seal of
41 the authority.

42 (c) It shall be plainly stated on the face of each bond that it has been
43 issued under this act, that the bonds shall be obligations only of the au-

approves

has been designated by the secretary of commerce and housing as

To establish a redevelopment district, the authority shall adopt a resolution stating its intent to establish the redevelopment district, describing the boundaries of the proposed district, identifying any proposed projects to be considered as a part of the redevelopment district, and stating the time, place, and manner that the authority will receive public written comment on the proposed redevelopment district. The resolution shall be published once each week for two consecutive weeks in a newspaper of general circulation within the County in which the redevelopment district may be established. A copy of the resolution shall be mailed to the governing bodies of the County and the school district in which the proposed redevelopment district is located. Upon conclusion of a public comment period of not less than ten (10) days following the second publication, the authority may adopt a resolution establishing the redevelopment district. Any addition of area to the redevelopment district shall be subject to the same procedure as the original resolution that established the redevelopment district.

(c) Subject to the provisions of section 8, any

1 thority, and that, in no event, shall the bonds constitute an indebtedness
2 of the state of Kansas or an indebtedness for which the faith and credit
3 or taxing powers of the state of Kansas are pledged. The payment of the
4 principal of, redemption premium, if any, or interest on the trustee's and
5 paying agent's fees in connection with the bonds may be secured by a
6 lien on and security interest in facilities financed by bonds issued here-
7 under, by lien or pledge of loans made or mortgages purchased by the
8 authority and any collateral security received by the authority, including
9 without limitation the authority's interest in and any revenue derived from:
10 any loan, *lease or other financing* agreements. It shall not be necessary,
11 to the perfection of the lien and pledge for such purposes that the trustee
12 in connection with such bond issue or the holders of the bonds take
13 possession of the loans, mortgages and, *leases or* collateral security.

14 New Sec. 4. (a) In addition to the other requirements of this act,
15 bonds issued by the authority under subsection (e) of K.S.A. 74-8905 and
16 amendments thereto, shall be issued only after the authority establishes
17 a redevelopment district and ~~adopts~~ a redevelopment plan for a project
18 of statewide as well as local importance in accordance with subsections
19 (b) and (c).

20 (b) The authority may establish a district to be known as a "redevelop-
21 opment district" within the state that ~~is~~
22 ~~(1) suitable for the construction of facilities for a project of statewide~~
23 ~~as well as local importance,~~

24 ~~(2) is then located outside the city limits of any city; and~~
25 ~~(3) as of January 1, 1998, was designated as a federal enclave within~~
26 ~~the meaning of army regulation 405-20.~~

27 (c) A project of statewide as well as local importance may be under-
28 taken by ~~the authority or a developer on behalf of the authority~~, in one
29 or more phases, within a redevelopment district after the redevelopment
30 district has been established by the authority. ~~To establish a redevelop-~~
31 ~~ment district the authority shall adopt a resolution that describes the~~
32 ~~boundaries of the redevelopment district and makes the findings required~~
33 ~~by this subsection. Any addition of area to the redevelopment district shall~~
34 ~~be subject to the adoption of a resolution of the authority supplementing~~
35 ~~or amending the original resolution establishing the redevelopment dis-~~
36 ~~trict.~~

37 (d) Any redevelopment plan undertaken within the redevelopment
38 district may be in separate development stages. Each plan shall be
39 adopted according to the provisions of section 5, and shall fix a date for
40 completion. Any project constituting a part of an approved redevelopment
41 plan shall be completed within 20 years from the date of the establish-
42 ment of the redevelopment district.

43 (e) ~~Any~~ increment in ad valorem property taxes resulting from a re-

the redevelopment bond fund created pursuant to section 16

1 development district undertaken in accordance with the provisions of this
2 act, shall be apportioned to a special fund for the payment of the costs
3 of the project of statewide as well as local importance, including the pay-
4 ment of principal and interest on any bonds issued to finance such project
5 pursuant to this act and may be pledged to the payment of principal and
6 interest on such bonds. The maximum maturity on bonds issued to fi-
7 nance projects of statewide as well as local importance pursuant to this
8 section and subsection (e) of K.S.A. 74-8905 and amendments thereto
9 shall not exceed 20 years. For the purposes of this act, "increment" means

from the date of establishment of the redevelopment district.

10 that amount of ad valorem taxes collected from real property located
11 within the redevelopment district that is in excess of the amount which
12 is produced from such property and attributable to the assessed valuation
13 of such property prior to the date the redevelopment district was estab-
14 lished, as determined under the provisions of section 8.

by the developer and submitted to the secretary of commerce and housing and the authority and an agreement between the authority and the developer with respect to implementing the redevelopment plan shall have been executed.

15 (f) Before any project of statewide as well as local importance is un-
16 dertaken, a comprehensive feasibility study, which shows the benefits
17 derived from such project will exceed the costs and that the income there-
18 from will be sufficient to pay for the project, shall be prepared. Such
19 feasibility study shall be an open public record.

A copy of the proposed redevelopment plan shall be delivered by the developer to the authority, the secretary of housing and commerce and the board of county commissioners of the county in which the redevelopment district is located, and the board of county commissioners shall determine, within 30 days after receipt of the plan, whether the plan as proposed is consistent with the comprehensive general plan for the development of the area. If the proposed redevelopment plan is not consistent with the comprehensive general plan, the board of county commissioners shall provide its comments and objections to the authority, which shall modify, approve or deny the plan. If the redevelopment plan is consistent with the comprehensive general plan of the county, then the authority may adopt the redevelopment plan by resolution passed by a majority of the board of directors of the authority. Any substantial changes to the plan as adopted shall be made in the same manner, with notice and approval of the board of county commissioners and adoption of a resolution by the authority. A redevelopment plan may be adopted by the authority, pursuant to these procedures, at the same time that the authority establishes the redevelopment district under section 4.

20 New Sec. 5. (a) If the ~~authority or a~~ developer proposes to undertake
21 a project of statewide as well as local importance within a redevelopment
22 district established pursuant to section 4, the ~~authority or the~~ developer
23 shall prepare a redevelopment plan. The redevelopment plan shall in-
24 clude:

- 25 (1) A summary of the feasibility study required by section 4;
- 26 (2) a reference to the redevelopment district established under sec-
27 tion 4;
- 28 (3) a comprehensive description of the project of statewide as well as
29 local importance;
- 30 (4) a description and map of the area to be redeveloped;
- 31 (5) detailed description of the buildings and facilities proposed to be
32 constructed or improved in such area; and
- 33 (6) any other information the authority deems necessary to advise the
34 public of the intent of the plan.

35 (b) ~~A copy of the redevelopment shall be delivered to the authority.~~
36 ~~The authority may adopt the redevelopment plan by resolution passed by~~
37 ~~a majority of the board of directors of the authority. Any substantial~~
38 ~~changes to the plan as adopted shall be subject to further review and~~
39 ~~approval by the authority. A redevelopment plan may be adopted by the~~
40 ~~authority at the same time the authority establishes a redevelopment dis-~~
41 ~~trict under section 4.~~

42 New Sec. 6. The authority may use the proceeds of bonds issued
43 subsection (e) of K.S.A. 74-8905 and amendments thereto, or any uncom-

pursuant to

1 mitted funds derived from those sources set forth in section 7, to imple-
2 ment the redevelopment plan, including, the payment or reimbursement
3 of all costs of the project of statewide as well as local importance.

4 New Sec. 7. Any bonds issued by the authority under subsection (e)
5 of K.S.A. 74-8905 and amendments thereto to finance the undertaking
6 of any project of statewide as well as local importance in accordance with
7 the provisions of this act, shall be made payable, both as to principal and
8 interest:

9 (a) From property tax increments allocated to, and paid into a special
10 fund of the authority under the provisions of section 8;

11 (b) from revenues of the authority or the developer derived from or
12 held in connection with the undertaking and carrying out of any rede-
13 velopment plan under this act;

14 (c) from any private sources, contributions or other financial assis-
15 tance from the state or federal government;

16 (d) from a pledge of a portion or all of the revenue received by the
17 state from transient guest sales and use taxes collected pursuant to K.S.A.
18 12-187 *et seq.*, 12-1696 *et seq.*, 79-3601 *et seq.* and 79-3701 *et seq.*, and
19 amendments thereto, and which are collected from taxpayers doing busi-
20 ness within that portion of the redevelopment district established pur-
21 suant to section 4 occupied by a project of statewide as well as local
22 importance;

23 ~~(e) (1) from a pledge of a portion or all increased revenue received
24 by any city from franchise fees collected from utilities and other busi-
25 nesses using public right-of-way within the redevelopment district;~~

26 ~~(2) from a pledge of a portion or all of the revenue received by any
27 city from sales taxes collected pursuant to K.S.A. 12-187, and amend-
28 ments thereto; or~~

29 ~~(3) by any combination of these methods.~~
30 (f) The authority may pledge such revenue to the repayment of such
31 special obligation bonds prior to, simultaneously with, or subsequent to
32 the issuance of such special obligation bonds.

33 New Sec. 8. (a) For the purposes of this act, the term "taxing sub-
34 division" shall include the county, the city, the unified school district and
35 any other taxing subdivision levying real property taxes, the territory or
36 jurisdiction of which includes any currently existing or subsequently cre-
37 ated redevelopment district. The term "real property taxes" includes all
38 taxes levied on an ad valorem basis upon land and improvements thereon.

39 (b) All tangible taxable property located within a redevelopment dis-
40 trict shall be assessed and taxed for ad valorem tax purposes pursuant to
41 law in the same manner that such property would be assessed and taxed
42 if located outside such district, and all ad valorem taxes levied on such
43 property shall be paid to and collected by the county treasurer in the

2

collected

2

for a period not to exceed 20 years after the date of establishment of the redevelopment district;

(e)

and paid by the county treasurer according to specified percentages of the tax increment expressly agreed upon and consented to by the governing bodies of the county and school district in which the redevelopment district is located. The amount of the real property taxes allocated and payable to the authority under the agreement shall be paid by the county treasurer to the treasurer of the state. The remaining amount of the real property taxes not payable to the authority shall be allocated and paid in the same manner as other ad valorem taxes. Any real property taxes paid to the state treasurer under this section shall be deposited in

pursuant to section 16 hereof

,

1 same manner as other taxes are paid and collected. Except as otherwise
 2 provided in this section, the county treasurer shall distribute such taxes
 3 as may be collected in the same manner as if such property were located
 4 outside a redevelopment district. Each redevelopment district established
 5 under the provisions of this act shall constitute a separate taxing unit for
 6 the purpose of the computation and levy of taxes.

7 (c) Beginning with the first payment of taxes which are levied follow-
 8 ing the date of approval of any redevelopment district established pur-
 9 suant to K.S.A. 74-8921, and amendments thereto, real property taxes
 10 received by the county treasurer resulting from taxes which are levied
 11 subject to the provisions of this act by and for the benefit of a taxing
 12 subdivision, as herein defined, on property located within such redevel-
 13 opment district constituting a separate taxing unit under the provisions
 14 of this section, shall be divided as follows:

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

24 (2) Any real property taxes produced from that portion of the current
 25 assessed valuation of real property within the redevelopment district con-
 26 stituting a separate taxing unit under the provisions of this section in
 27 excess of an amount equal to the total assessed value of such real property
 28 on the effective date of the establishment of the district shall be allocated
 29 ~~and paid by the county treasurer to the treasurer of the state and depos-~~
 30 ~~ited in the redevelopment bond finance fund of the authority which is~~
 31 ~~hereby created~~ to pay the costs of the project of statewide as well as local
 32 importance, including the payment of principal of and interest on any
 33 bonds issued by the authority to finance, in whole or in part, such project.
 34 When such bonds and interest thereon have been paid, all moneys there-
 35 after received from real property taxes within such redevelopment district
 36 shall be allocated and paid to the respective taxing subdivisions in the
 37 same manner as are other ad valorem taxes. If such bonds and interest
 38 thereon have been paid before the completion of a project, the authority
 39 may continue to use such moneys for any purpose authorized by this act
 40 until such time as the project costs are paid or reimbursed, but for a
 41 period not to exceed 20 years from the date of the establishment of the
 42 redevelopment district.

43 (d) In any redevelopment plan or in the proceedings for the issuing

1 of any bonds by the authority to finance a project of statewide as well as
2 local importance, the property tax increment portion of taxes provided
3 for in paragraph (2) of subsection (c) may be irrevocably pledged for the
4 payment of the principal of and interest on such bonds. The authority
5 may adopt a redevelopment plan in which only a specified percentage of
6 the tax increment realized from taxpayers in the redevelopment district
7 is pledged to the payment of costs of the project of statewide as well as
8 local importance. ~~The county treasurer shall allocate the specified per-~~
9 ~~centage of the tax increment to the treasurer of the state for deposit in~~
10 ~~the redevelopment bond finance fund of the authority to finance the costs~~
11 ~~of the project if the authority has other available revenues and pledges~~
12 ~~the revenues to the project in lieu of the tax increment. Any portion of~~
13 ~~such tax increment not allocated to the authority for the project shall be~~
14 ~~allocated and paid in the same manner as other ad valorem taxes.~~

15 New Sec. 9. (a) No later than 30 days prior to a meeting of the board
16 of directors of the authority at which a redevelopment plan that contains
17 the provisions authorized by section 5 is to be considered by the authority,
18 the secretary of the authority shall transmit a copy of the proposed re-
19 development plan to be considered by the authority to the clerk, assessor
20 and treasurer of the county in which the redevelopment district is located
21 and to the governing bodies of the county and school district which levy
22 taxes upon any property in the redevelopment district. A representative
23 of each office or jurisdiction receiving a copy of the proposed redevelop-
24 ment plan under this subsection shall have the right to be present and
25 heard at the meeting of the board of directors of the authority at which
26 the redevelopment plan is first considered by the authority.

27 (b) For any year in which taxes are to be paid to the redevelopment
28 bond finance fund established under subsection (c)(2) of section 8, any
29 increase in assessed valuation of taxable tangible real property within the
30 redevelopment district in excess of an amount equal to the total assessed
31 value of such real property on the date of the establishment of the re-
32 development district shall not be considered by any taxing subdivision in
33 computing any debt limitation or for any other purpose except for the
34 levy of taxes and in determining the amount to be paid to such fund.

35 (c) The appraiser of any county in which a redevelopment district is
36 authorized by the authority shall certify the amount of such increase in
37 assessed valuation of real and personal property within the redevelopment
38 district to the county clerk on or before July 1 of each year.

39 New Sec. 10. As used in sections 10 through 13 of this act, the fol-
40 lowing words and phrases shall have the meanings respectively ascribed
41 to them herein:

42 (a) "Person" means an individual, firm, partnership, corporation, joint
43 venture or other association of persons;

1 (b) "Hotel, motel or tourist court" means any structure or building
 2 which contains rooms furnished for the purposes of providing lodging,
 3 which may or may not also provide meals, entertainment or various other
 4 personal services to transient guests, and which is kept, used, maintained,
 5 advertised or held out to the public as a place where sleeping accom-
 6 modations are sought for pay or compensation by transient or permanent
 7 guests and having more than eight bedrooms furnished for the accom-
 8 modation of such guests;

9 (c) "Transient guest" means a person who occupies a room in a hotel,
 10 motel or tourist court for not more than 28 consecutive days;

11 (d) "Business" means any person engaged in the business of renting,
 12 leasing or letting living quarters, sleeping accommodations, rooms or a
 13 part thereof in connection with any motel, hotel or tourist court.

14 New Sec. 11. (a) Upon notification to the director of taxation that
 15 the Kansas development finance authority has established a redevelop-
 16 ment district pursuant to section 4, there is hereby imposed a tax at the
 17 rate of 5% upon the gross receipts derived from or paid by transient guests
 18 for sleeping accommodations, exclusive of charges for incidental services
 19 or facilities, in any hotel, motel or tourist court located in a redevelopment
 20 district established pursuant to section 4, ~~for so long as such district is not~~
 21 ~~located within a city which imposes such a tax.~~

22 (b) Any transient guest tax levied pursuant to this section shall be
 23 based on the gross rental receipts collected by any business.

24 (c) The taxes levied pursuant to this section shall be paid by the con-
 25 sumer or user to the business and it shall be the duty of each and every
 26 business to collect from the consumer or user the full amount of any such
 27 tax, or an amount equal as nearly as possible or practicable to the average
 28 equivalent thereto. Each business collecting any of the taxes levied here-
 29 under shall be responsible for paying over the same to the state depart-
 30 ment of revenue in the manner prescribed by section 12 and the state
 31 department of revenue shall administer and enforce the collection of such
 32 taxes.

33 New Sec. 12. (a) The tax levied and collected pursuant to section 11
 34 shall become due and payable by the business monthly, on or before the
 35 last day of the month immediately succeeding the month in which it is
 36 collected, but any person filing an annual or quarterly return under the
 37 Kansas retailers' sales tax act, as prescribed in K.S.A. 79-3607, and amend-
 38 ments thereto, shall, upon such conditions as the secretary of revenue
 39 may prescribe, pay the tax required by this act on the same basis and at
 40 the same time such person pays the retailers' sales tax. Each business
 41 shall make a true report to the department of revenue, on a form pre-
 42 scribed by the ~~secretary of revenue~~, providing such information as may
 43 be necessary to determine the amounts to which any such tax shall apply

director of taxation

1 for all gross rental receipts for the applicable month or months, which
2 report shall be accompanied by the tax disclosed thereby. Records of gross
3 rental receipts shall be kept separate and apart from the records of other
4 retail sales made by a business in order to facilitate the examination of
5 books and records as provided herein.

6 (b) The secretary of revenue or the secretary's authorized represen-
7 tative shall have the right at all reasonable times during business hours
8 to make such examination and inspection of the books and records of a
9 business as may be necessary to determine the accuracy of such reports.

director of taxation

10 (c) The ~~Secretary of revenue~~ is hereby authorized to administer and
11 collect the transient guest tax levied pursuant to this act and to adopt such
12 rules and regulations as may be necessary for the efficient and effective
13 administration and enforcement of the collection thereof. Whenever any
14 business liable to pay any transient guest tax refuses or neglects to pay
15 the same, the amount, including any penalty, shall be collected in the
16 manner prescribed for the collection of the retailers' sales tax by K.S.A.
17 79-3617, and amendments thereto. All of the taxes collected under the
18 provisions of this act shall be paid into the state treasury daily by the
19 ~~secretary of revenue~~, and all moneys shall be credited at least quarterly
20 by the state treasurer as directed in section 15. 16

director of taxation

21 New Sec. 13. (a) If any taxpayer shall fail to pay the tax levied pur-
22 suant to section 11 at the time required by or under the provisions of
23 section 12 there shall be added to the unpaid balance of the tax, interest
24 at the rate per month prescribed by subsection (a) of K.S.A. 79-2968, and
25 amendments thereto, from the date the tax was due until paid.

26 (b) If any taxpayer due to negligence or intentional disregard fails to
27 file a return or pay the tax due at the time required by or under the
28 provisions of section 12 there shall be added to the tax a penalty in an
29 amount equal to 10% of the unpaid balance of tax due.

30 (c) If any person fails to make a return, or to pay any tax, within 30
31 days after notice from the director, except in the case of an extension of
32 time granted by the director, there shall be added to the tax due a penalty
33 equal to 25% of the amount of such tax.

34 (d) If any taxpayer, with fraudulent intent, fails to pay any tax or make,
35 render or sign any return, or to supply any information, within the time
36 required by or under the provisions of section 12 there shall be added to
37 the tax a penalty in an amount equal to 50% of the unpaid balance of tax
38 due.

of taxation

39 (e) Penalty or interest applied under the provisions of subsections (a)
40 and (d) shall be in addition to the penalty added under any other provi-
41 sions of this section, but the provisions of subsections (b) and (c) shall be
42 mutually exclusive of each other.

43 (f) Whenever, in the judgment of the director, the failure of the tax-

1 payer to comply with the provisions of subsections (b) and (c) was due to
 2 reasonable causes and not willful neglect, the director may waive or re-
 3 duce any of the penalties upon making a record of the reasons therefor.
 4 (g) In addition to all other penalties provided by this section, any
 5 person who willfully fails to make a return or to pay any tax imposed
 6 under section 11 or who makes a false or fraudulent return, or fails to
 7 keep any books or records necessary to determine the accuracy of the
 8 person's reports, or who willfully violates any regulations of the secretary
 9 of revenue, for the enforcement and administration of the provisions of
 10 sections 10 through 12, or who aids and abets another in attempting to
 11 evade the payment of any tax imposed by section 11 or who violates any
 12 other provision of sections 10 through 12, upon conviction thereof, shall
 13 be fined not less than \$100 nor more than \$1,000, or be imprisoned in
 14 the county jail not less than one month nor more than six months, or be
 15 both so fined and imprisoned, in the discretion of the court.

there is hereby levied and there shall be collected
 and paid an additional tax at the rate of 1%

the earlier of: (1) the date

; or (2) 20 years after establishment of the
 redevelopment district

16 Sec. 14. K.S.A. 79-3603 is hereby amended to read as follows: 79-
 17 3603. For the privilege of engaging in the business of selling tangible
 18 personal property at retail in this state or rendering or furnishing any of
 19 the services taxable under this act, there is hereby levied and there shall
 20 be collected and paid a tax at the rate of 4.9%, ~~except that~~ *Within a*
 21 *redevelopment district established pursuant to section 4, the tax shall be*
 22 *paid at the rate of 5.9%, but only until such time as the bonds issued to*
 23 *finance or refinance the redevelopment project undertaken in the district*
 24 *have been paid in full*

25 (a) The gross receipts received from the sale of tangible personal
 26 property at retail within this state;

27 (b) (1) the gross receipts from intrastate telephone or telegraph serv-
 28 ices and (2) the gross receipts received from the sale of interstate tele-
 29 phone or telegraph services, which (A) originate within this state and
 30 terminate outside the state and are billed to a customer's telephone num-
 31 ber or account in this state; or (B) originate outside this state and ter-
 32 minate within this state and are billed to a customer's telephone number
 33 or account in this state except that the sale of interstate telephone or
 34 telegraph service does not include: (A) Any interstate incoming or out-
 35 going wide area telephone service or wide area transmission type service
 36 which entitles the subscriber to make or receive an unlimited number of
 37 communications to or from persons having telephone service in a speci-
 38 fied area which is outside the state in which the station provided this
 39 service is located; (B) any interstate private communications service to
 40 the persons contracting for the receipt of that service that entitles the
 41 purchaser to exclusive or priority use of a communications channel or
 42 group of channels between exchanges; (C) any value-added nonvoice
 43 service in which computer processing applications are used to act on the

- 1 form, content, code or protocol of the information to be transmitted; (D)
2 any telecommunication service to a provider of telecommunication serv-
3 ices which will be used to render telecommunications services, including
4 carrier access services; or (E) any service or transaction defined in this
5 section among entities classified as members of an affiliated group as
6 provided by federal law (U.S.C. Section 1504);
- 7 (c) the gross receipts from the sale or furnishing of gas, water, elec-
8 tricity and heat, which sale is not otherwise exempt from taxation under
9 the provisions of this act, and whether furnished by municipally or pri-
10 vately owned utilities;
- 11 (d) the gross receipts from the sale of meals or drinks furnished at
12 any private club, drinking establishment, catered event, restaurant, eating
13 house, dining car, hotel, drugstore or other place where meals or drinks
14 are regularly sold to the public;
- 15 (e) the gross receipts from the sale of admissions to any place pro-
16 viding amusement, entertainment or recreation services including admis-
17 sions to state, county, district and local fairs, but such tax shall not be
18 levied and collected upon the gross receipts received from sales of ad-
19 missions to any cultural and historical event which occurs triennially;
- 20 (f) the gross receipts from the operation of any coin-operated device
21 dispensing or providing tangible personal property, amusement or other
22 services except laundry services, whether automatic or manually operated;
- 23 (g) the gross receipts from the service of renting of rooms by hotels,
24 as defined by K.S.A. 36-501 and amendments thereto, or by accommo-
25 dation brokers, as defined by K.S.A. 12-1692, and amendments thereto;
- 26 (h) the gross receipts from the service of renting or leasing of tangible
27 personal property except such tax shall not apply to the renting or leasing
28 of machinery, equipment or other personal property owned by a city and
29 purchased from the proceeds of industrial revenue bonds issued prior to
30 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
31 12-1749, and amendments thereto, and any city or lessee renting or leas-
32 ing such machinery, equipment or other personal property purchased
33 with the proceeds of such bonds who shall have paid a tax under the
34 provisions of this section upon sales made prior to July 1, 1973, shall be
35 entitled to a refund from the sales tax refund fund of all taxes paid
36 thereon;
- 37 (i) the gross receipts from the rendering of dry cleaning, pressing,
38 dyeing and laundry services except laundry services rendered through a
39 coin-operated device whether automatic or manually operated;
- 40 (j) the gross receipts from the rendering of the services of washing
41 and washing and waxing of vehicles;
- 42 (k) the gross receipts from cable, community antennae and other sub-
43 scriber radio and television services;

1 (l) the gross receipts received from the sales of tangible personal
2 property to all contractors, subcontractors or repairmen of materials and
3 supplies for use by them in erecting structures for others, or building on,
4 or otherwise improving, altering, or repairing real or personal property.
5 of others;

6 (m) the gross receipts received from fees and charges by public and
7 private clubs, drinking establishments, organizations and businesses for
8 participation in sports, games and other recreational activities, but such
9 tax shall not be levied and collected upon the gross receipts received from:

10 (1) Fees and charges by any political subdivision, or any youth recreation
11 organization exclusively providing services to persons 18 years of age or
12 younger which is exempt from federal income taxation pursuant to section
13 501(c)(3) of the federal internal revenue code of 1986, for participation
14 in sports, games and other recreational activities; and (2) entry fees and
15 charges for participation in a special event or tournament sanctioned by
16 a national sporting association to which spectators are charged an admis-
17 sion which is taxable pursuant to subsection (e);

18 (n) the gross receipts received from dues charged by public and pri-
19 vate clubs, drinking establishments, organizations and businesses, pay-
20 ment of which entitles a member to the use of facilities for recreation or
21 entertainment;

22 (o) the gross receipts received from the isolated or occasional sale of
23 motor vehicles or trailers but not including: (1) The transfer of motor
24 vehicles or trailers by a person to a corporation solely in exchange for
25 stock securities in such corporation; or (2) the transfer of motor vehicles
26 or trailers by one corporation to another when all of the assets of such
27 corporation are transferred to such other corporation; or (3) the sale of
28 motor vehicles or trailers which are subject to taxation pursuant to the
29 provisions of K.S.A. 79-5101 et seq., and amendments thereto, by an
30 immediate family member to another immediate family member. For the
31 purposes of clause (3), immediate family member means lineal ascendants
32 or descendants, and their spouses. In determining the base for computing
33 the tax on such isolated or occasional sale, the fair market value of any
34 motor vehicle or trailer traded in by the purchaser to the seller may be
35 deducted from the selling price;

36 (p) the gross receipts received for the service of installing or applying
37 tangible personal property which when installed or applied is not being
38 held for sale in the regular course of business, and whether or not such
39 tangible personal property when installed or applied remains tangible
40 personal property or becomes a part of real estate, except that no tax shall
41 be imposed upon the service of installing or applying tangible personal
42 property in connection with the original construction of a building or
43 facility or the construction, reconstruction, restoration, replacement or

1 repair of a bridge or highway.

2 For the purposes of this subsection:

3 (1) "Original construction" shall mean the first or initial construction
4 of a new building or facility. The term "original construction" shall include
5 the addition of an entire room or floor to any existing building or facility,
6 the completion of any unfinished portion of any existing building or fa-
7 cility and the restoration, reconstruction or replacement of a building or
8 facility damaged or destroyed by fire, flood, tornado, lightning, explosion
9 or earthquake, but such term shall not include replacement, remodeling,
10 restoration, renovation or reconstruction under any other circumstances:

11 (2) "building" shall mean only those enclosures within which individ-
12 uals customarily live or are employed, or which are customarily used to
13 house machinery, equipment or other property, and including the land
14 improvements immediately surrounding such building; and

15 (3) "facility" shall mean a mill, plant, refinery, oil or gas well, water
16 well, feedlot or any conveyance, transmission or distribution line of any
17 cooperative, nonprofit, membership corporation organized under or sub-
18 ject to the provisions of K.S.A. 17-4601 et seq., and amendments thereto,
19 or of any municipal or quasi-municipal corporation, including the land
20 improvements immediately surrounding such facility;

21 (q) the gross receipts received for the service of repairing, servicing,
22 altering or maintaining tangible personal property, except computer soft-
23 ware described in subsection (s), which when such services are rendered
24 is not being held for sale in the regular course of business, and whether
25 or not any tangible personal property is transferred in connection there-
26 with. The tax imposed by this subsection shall be applicable to the services
27 of repairing, servicing, altering or maintaining an item of tangible personal
28 property which has been and is fastened to, connected with or built into
29 real property;

30 (r) the gross receipts from fees or charges made under service or
31 maintenance agreement contracts for services, charges for the providing
32 of which are taxable under the provisions of subsection (p) or (q);

33 (s) the gross receipts received from the sale of computer software,
34 and the sale of the services of modifying, altering, updating or maintaining
35 computer software. As used in this subsection, "computer software"
36 means information and directions loaded into a computer which dictate
37 different functions to be performed by the computer. Computer software
38 includes any canned or prewritten program which is held or existing for
39 general or repeated sale, even if the program was originally developed
40 for a single end user as custom computer software. The sale of computer
41 software or services does not include: (1) The initial sale of any custom
42 computer program which is originally developed for the exclusive use of
43 a single end user; or (2) those services rendered in the modification of

there is hereby levied and there shall be collected, and paid an additional tax of 1%

the earlier of: (1) the date

; or (2) 20 years after the establishment of the redevelopment district

Until the earlier of: (1) the date the bonds issued to finance or refinance the redevelopment undertaken in the redevelopment district have been paid in full, or (2) 20 years after the establishment of the redevelopment district,

a countywide retailers' sales tax pursuant to K.S.A. 12-187,

which is hereby established

New Sec. 17. The secretary of commerce and housing, the state treasurer, the board of county commissioners, the director of taxation, any bond trustee or fiscal agent are authorized to enter into agreements in connection with the implementation of any redevelopment project with a redevelopment district established pursuant to section 4 of this act.

New Sec. 18.—See Insert.

New Sec. 19.—See Insert.

20

21

1 computer software when the modification is developed exclusively for a
2 single end user only to the extent of the modification and only to the
3 extent that the actual amount charged for the modification is separately
4 stated on invoices, statements and other billing documents provided to
5 the end user. The services of modification, alteration, updating and main-
6 tenance of computer software shall only include the modification, alter-
7 ation, updating and maintenance of computer software taxable under this
8 subsection whether or not the services are actually provided; and

9 (t) the gross receipts received for telephone answering services, in-
10 cluding mobile phone services, beeper services and other similar services.

11 Sec. 15. K.S.A. 79-3703 is hereby amended to read as follows: 79-
12 3703. There is hereby levied and there shall be collected from every
13 person in this state a tax or excise for the privilege of using, storing, or
14 consuming within this state any article of tangible personal property. Such
15 tax shall be levied and collected in an amount equal to the consideration
16 paid by the taxpayer multiplied by the rate of 4.9%, ~~except that within a~~

17 ~~redemption district established pursuant to section 4, the rate shall be~~
18 ~~5.9%, but only until such time as the bonds issued to finance or refinance~~

19 ~~the redevelopment project undertaken in the district have been paid in~~
20 ~~full~~ All property purchased or leased within or without this state and
21 subsequently used, stored or consumed in this state shall be subject to
22 the compensating tax if the same property or transaction would have been
23 subject to the Kansas retailers' sales tax had the transaction been wholly
24 within this state.

25 New Sec. 16. All revenues collected or received from the state tran-
26 sient guest tax established pursuant to sections 10 through 13, the state
27 retailers' sales tax pursuant to K.S.A. 79-3603 and amendments thereto
28 and the state compensating use tax, pursuant to K.S.A. 79-3703 and
29 amendments thereto, which have been certified by the director of taxation
30 to have been derived from taxpayers located in a redevelopment district
31 shall be remitted to the state treasurer. The state treasurer shall credit

32 all such revenues to the redevelopment bond fund established pursuant
33 to ~~section 4~~. The state treasurer shall make such biannual distributions
34 on dates mutually agreed upon by the treasurer and the authority. The
35 authority shall use all such moneys received pursuant to this section to
36 pay the costs of a redevelopment project of statewide as well as local
37 importance as described in K.S.A. 74-8902, and amendments thereto.

38 Sec. 17. K.S.A. 74-8907, 79-3603 and 79-3703 and K.S.A. 1997 Supp.
39 74-8902 and 74-8905 are hereby repealed.

40 Sec. 18. This act shall take effect and be in force from and after its
41 publication in the Kansas register.

2-10

Section 18. K.S.A. 1997 Supp. 12-189 is hereby amended to read as follows: 12-189. Same; rates; administration and collection by state; refunds; remittance to cities and counties; monthly reports. Except as otherwise provided by paragraph (2) of subsection (a) of K.S.A. 12-187, and amendments thereto, the rate of any class A or class C city retailers' sales tax shall be fixed in the amount of .25%, .5%, .75% or 1% which amount shall be determined by the governing body of the city. Except as otherwise provided by paragraph (2) of subsection (a) of K.S.A. 12-187, and amendments thereto, the rate of any class B city retailers' sales tax shall be fixed in the amount of .25%, .5%, .75%, 1%, 1.25%, 1.5%, 1.75% or 2%. Except as otherwise provided by paragraph (2) of subsection (a) of K.S.A. 12-187, and amendments thereto, the rate of any class D city retailers' sales tax shall be fixed in the amount of .25%, .5%, .75%, 1%, 1.25%, 1.5% or 1.75%. The rate of any countywide retailers' sales tax shall be fixed in an amount of either .25%, .5%, .75% or 1% which amount shall be determined by the board of county commissioners, except that:

(a) The board of county commissioners of Cherokee, Crawford, Saline, Seward or Wyandotte county, for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.5%, and the board of county commissioners of Barton, Jefferson or Ottawa county, for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 2%;

(b) the board of county commissioners of Jackson county, for the purposes of paragraph (3) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 2%;

(c) the boards of county commissioners of Finney and Ford counties, for the purposes of paragraph (4) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at .25%;

(d) the board of county commissioners of any county for the purposes of paragraph (5) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate allowed to be imposed by a board of county commissioners on the effective date of this act plus .25%, .5%, .75% or 1%, as the case requires; or

(e) the board of county commissioners of Dickinson county, for the purposes of paragraph (7) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.25%.

Any county or city levying a retailers' sales tax is hereby prohibited from administering or collecting such tax locally, but shall utilize the services of the state department of revenue to administer, enforce and collect such tax. Except as otherwise specifically provided in K.S.A. 12-189a, and amendments thereto, such tax shall be identical in its application, and exemptions therefrom, to the Kansas retailers' sales tax act and all laws and administrative rules and regulations of the state department of revenue relating to the Kansas retailers' sales tax shall apply to such local sales tax insofar as such laws and rules and regulations may be made applicable. The state director of taxation is hereby authorized to administer, enforce and collect such local sales taxes and to adopt such rules and regulations as may be necessary for the efficient and effective administration and enforcement thereof.

Upon receipt of a certified copy of an ordinance or resolution authorizing the levy of a local retailers' sales tax, the state director of taxation shall cause such taxes to be collected within or without the boundaries of such taxing subdivision at the same time and in the same manner provided for the collection of the state retailers' sales tax. All moneys collected by the director of taxation under the provisions of this section shall be credited to a county and city retailers' sales tax fund which fund is hereby established in the state treasury. Any refund due on any county or city retailers' sales tax collected pursuant to this act shall be paid out of the sales tax refund fund and reimbursed by the director of taxation from collections of local retailers' sales tax revenue. **Except for local retailers' sales tax revenue required to be deposited in the**

redevelopment bond fund established under section 16, [a]ll local retailers' sales tax revenue collected within any county or city pursuant to this act shall be apportioned and remitted at least quarterly by the state treasurer, on instruction from the director of taxation, to the treasurer of such county or city. The director of taxation shall provide, upon request by a city or county clerk or treasurer of any city or county levying a local retailers' sales tax, a monthly report identifying each retailer having a place of business in such city or county and setting forth the amount of such tax remitted by each retailer during the preceding month. Such report shall be made available to the clerk or treasurer of such city or county within a reasonable time after it has been requested from the director of taxation. The director of taxation shall be allowed to assess a reasonable fee for the issuance of such report. Information received by any city or county pursuant to this section shall be confidential, and it shall be unlawful for any officer or employee of such city or county to divulge any such information in any manner. Any violation of this paragraph by a city or county officer or employee is a class B misdemeanor, and such officer or employee shall be dismissed from office.

Section 19. K.S.A. 1997 Supp. 12-192 is hereby amended to read as follows: 12-192. Same; apportionment of revenue from countywide retailers' sales tax; notification of state sales tax collected in county for preceding year; county clerks to provide secretary information necessary for apportionment. (a) Except as otherwise provided by subsection (b), (d) or (h), all revenue received by the director of taxation from a countywide retailers' sales tax shall be apportioned among the county and each city located in such county in the following manner: (1) One-half of all revenue received by the director of taxation shall be apportioned among the county and each city located in such county in the proportion that the total tangible property tax levies made in such county in the preceding year for all funds of each such governmental unit bear to the total of all such levies made in the preceding year, and (2) except as provided by paragraph (3), 1/2 of all revenue received by the director of taxation from such countywide retailers' sales tax shall be apportioned among the county and each city located in such county, first to the county that portion of the revenue equal to the proportion that the population of the county residing in the unincorporated area of the county bears to the total population of the county, and second to the cities in the proportion that the population of each city bears to the total population of the county, except that no persons residing within the Fort Riley military reservation shall be included in the determination of the population of any city located within Riley county, or (3) one-half of all revenue received by the director of taxation from countywide retailers' sales taxes levied in Geary county in any year shall be apportioned among the county and each city located in such county, first to the county that portion of the revenue equal to the proportion that the population of the county residing in the unincorporated area of the county less the population residing on a military reservation bears to the total population of the county less the population residing on a military reservation, and second to the cities in the proportion that the population of each city bears to the total population of the county less the population residing on a military reservation. All revenue apportioned to a county shall be paid to its county treasurer and shall be credited to the general fund of the county.

(b) (1) As an alternative and in lieu of the apportionment formula provided in subsection (a), all revenue received by the director of taxation from a countywide retailers' sales tax imposed within Johnson county at the rate of .75% or 1% after the effective date of this act may be apportioned among the county and each city located in such county in the following manner: (A) The revenue received from the first .5% rate of tax shall be apportioned in the manner prescribed by subsection (a) and (B) the revenue received from the rate of tax exceeding .5% shall be apportioned as follows: (i) One-fourth shall be apportioned among the county and each city located in such county in the proportion that the total tangible property tax levies made in such county in the preceding year for all funds of each such governmental unit bear to the total of all such levies made in the preceding year and (ii) one-fourth shall be apportioned among the county and each city located in such county, first to the county that portion of the revenue equal to the proportion that the population of

the county residing in the unincorporated area of the county bears to the total population of the county, and second to the cities in the proportion that the population of each city bears to the total population of the county and (iii) one-half shall be retained by the county for its sole use and benefit.

(2) In lieu of the apportionment formula provided in subsection (a), all money received by the director of taxation from a countywide sales tax imposed within Montgomery county pursuant to the election held on November 8, 1994, shall be remitted to and shall be retained by the county and expended only for the purpose for which the revenue received from the tax was pledged. All revenue apportioned and paid from the imposition of such tax to the treasurer of any city prior to the effective date of this act shall be remitted to the county treasurer and expended only for the purpose for which the revenue received from the tax was pledged.

(c) (1) Except as otherwise provided by paragraph (2) of this subsection, for purposes of subsections (a) and (b), the term "total tangible property tax levies" means the aggregate dollar amount of tax revenue derived from ad valorem tax levies applicable to all tangible property located within each such city or county. The ad valorem property tax levy of any county or city district entity or subdivision shall be included within this term if the levy of any such district entity or subdivision is applicable to all tangible property located within each such city or county.

(2) For the purposes of subsections (a) and (b), any ad valorem property tax levied on property located in a city in Johnson county for the purpose of providing fire protection service in such city shall be included within the term "total tangible property tax levies" for such city regardless of its applicability to all tangible property located within each such city. If the tax is levied by a district which extends across city boundaries, for purposes of this computation, the amount of such levy shall be apportioned among each city in which such district extends in the proportion that such tax levied within each city bears to the total tax levied by the district.

(d) (1) All revenue received from a countywide retailers' sales tax imposed pursuant to paragraphs (2), (6) or (7) of subsection (b) of K.S.A. 12-187, and amendments thereto, shall be remitted to and shall be retained by the county and expended only for the purpose for which the revenue received from the tax was pledged.

(2) Except as otherwise provided in paragraph (5) of subsection (b) of K.S.A. 12-187, and amendments thereto, all revenues received from a countywide retailers' sales tax imposed pursuant to paragraph (5) of subsection (b) of K.S.A. 12-187, and amendments thereto, shall be remitted to and shall be retained by the county and expended only for the purpose for which the revenue received from the tax was pledged.

(e) All revenue apportioned to the several cities of the county shall be paid to the respective treasurers thereof and deposited in the general fund of the city. Whenever the territory of any city is located in two or more counties and any one or more of such counties do not levy a countywide retailers' sales tax, or whenever such counties do not levy countywide retailers' sales taxes at a uniform rate, the revenue received by such city from the proceeds of the countywide retailers' sales tax, as an alternative to depositing the same in the general fund, may be used for the purpose of reducing the tax levies of such city upon the taxable tangible property located within the county levying such countywide retailers' sales tax.

(f) Prior to March 1 of each year, the secretary of revenue shall advise each county treasurer of the revenue collected in such county from the state retailers' sales tax for the preceding calendar year.

(g) Prior to December 31 of each year, the clerk of every county imposing a countywide retailers' sales tax shall provide such information deemed necessary by the secretary of revenue to apportion and remit revenue to the counties and cities pursuant to this section.

(h) All revenue received by the director of taxation from a countywide retailers' sales tax within a redevelopment district established pursuant to section 4 of this act shall be deposited into the redevelopment bond fund established by section 16 for the period of time set forth in section 16.