

Approved: March 4, 1999
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT .

The meeting was called to order by Chairperson Bill Mason at 3:30 p.m. on February 18, 1999 in Room 522-S of the Capitol.

All members were present except: Representative Broderick Henderson - E

Committee staff present: April Holman, Legislative Research Department
Lynne Holt, Legislative Research Department
Renaë Jefferies, Office of Revisor of Statutes
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Representative Kenny Wilk
Gary Carlson, Leavenworth Area Development
Bud Burke, Issues Management Group
Skip Palmer, The OZ Entertainment Co.

Others attending: See Attached

HB 2320: An act concerning port authorities, relating to the creation thereof: amending K.S.A. 12-3402 and repealing the existing section.

Representative Wilk stated that this amendment is a small technical clean-up regarding Port Authority and would benefit counties across the state. He introduced Gary Carlson, Executive Director of Leavenworth Area Development (LAD) to explain the details.

Gary Carlson, briefed the committee on the bill (Attachment 1). He summarized by saying the Leavenworth Area Development Corporation Board of Directors and the Board of the Leavenworth County Port Authority have encouraged the introduction and now support the passage of **HB 2320** which would allow the current 1969 joint agreement to be amended to allow greater cooperation, participation and representation in economic development by other cities in Leavenworth County through an amended joint agreement for a county port authority.

Discussion followed regarding counties included in amendment, number of port authorities in Kansas, benefits, privileges, history and function of port authorities.

Representative Campbell moved that **HB 2320** be moved out favorably. Representative Sharp seconded.

Discussion followed concerning statewide effects of this amendment. A vote was taken and the motion carried. The committee discussed whether the bill should be placed on the consent calendar. Representative Campbell changed the motion to move that **HB 2320** be placed on the consent calendar. Representative Sharp seconded and the motion carried.

Chairman Mason opened the discussion on **HB 2166**. He noted conferees representing *The Wonderful World of OZ* were present to answer any questions.

Representative Vickrey distributed copies of the bill, with several amendments for the committee's consideration (Attachment 2). The intent of the amendments was to define 1) where the use of the Star Bonds would apply and narrow that to the OZ project 2) an accelerated payment provision in case the funds came in from the Star Bonds sooner than projected. These amendments would also restrict the further use of the Star Bonds.

Following are the suggested amendments: the first amendment **page 1** added (12-1771, 12-1774), **page 15** added two sub-headings: (b) *If the proceeds from a project of statewide as well as local importance exceed what is needed for a payment on the bond indebtedness owed, the proceeds in excess of a required payment shall be used to make an accelerated payment on such debt. No penalty shall be assessed for early retirement of such bond indebtedness.* (c) *The Kansas development finance authority shall not issue additional bonds after the initial bonds are issued and retired.* On **page 20**, the word *including* was added, **page 26, section D** (*or tourist related activity facility*) and (*a tourist related activity facility means*

a theme park and facilities directly related and necessary to the operation of such facility including, but not limited to, parking facilities, theme park, hotel, golf course, restaurant, amusement rides and ancillary infrastructure) were added.

Clarification, explanation and justification of the suggested amendments were discussed, including responses from the Oz project and Johnson County Representatives. Discussion followed.

Ms. Jefferies reviewed the original amendments presented on February 16 (Attachment 3). **Page 7, second line**, changed the years from 20 to 30 and struck language pertaining to 32 years. Other technical changes were made to clarify the language. **Page 8, line 3**, restricts the sales tax collected to within the redevelopment district and struck out line 5-7. **Page 10 and 15** added the language restricting it within the redevelopment district, making it consistent throughout the bill. Chairman Mason called for discussion.

Representative Campbell moved that the amendments be added to **HB 2166**. Representative Aday seconded and the motion carried.

Discussion followed clarifying the multi-phases of the STAR bonds and the pay off dates thirty years hence of issuance. The tax authority is limited to the date certain of thirty years.

Representative Stone moved that **HB 2166** be passed out favorably, as amended, seconded by the Committee. The motion carried.

Representative Geringer moved that the minutes from the February 11th meeting be approved. Representative Campbell seconded and the motion carried.

The next meeting date will be announced.

The Chairman adjourned the meeting at 4:45 p.m.

HOUSE ECONOMIC DEVELOPMENT COMMITTEE TESTIMONY

In support of House Bill 2320

by

Gary E. Carlson, Executive Director
Leavenworth Area Development Corporation

February 18, 1999

Hello, my name is Gary Carlson. I'm the Executive Director of Leavenworth Area Development Corporation. We are a private non-profit development corporation established in 1981, whose employees also serve as staff to the Leavenworth County Port Authority.

The Leavenworth County Port Authority was created in 1969 by a joint agreement between the city of Leavenworth and Leavenworth County without prior approval by the Kansas Legislature. In 1981, a change in the law now requires approval by concurrent resolution of the Legislature before any "new" Port Authority can be created.

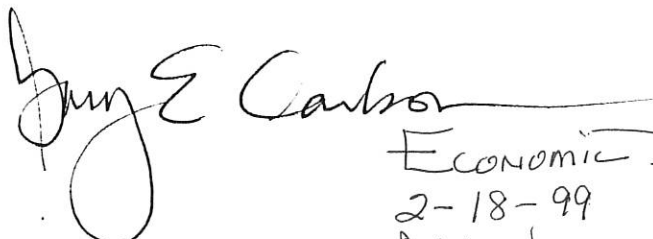
However, the changes in to K.S.A. 12-3402 in 1981, according to a June 23, 1993 letter by Mary Feighny, Assistant Attorney General, and based on A.G. Opinion 91-42, now requires that ANY change in an existing Port Authority Joint Agreement can only be accomplished by first dissolving and then by reconstituting a new Port Authority authorized by a new concurrent resolution of the legislature.

The Leavenworth County Port Authority operates throughout Leavenworth County and owns industrial land and buildings in the cities of Leavenworth and Tonganoxie. The cities of Basehor, Lansing and Tonganoxie would like to have the possibility of more formally participating in further industrial development through the Leavenworth County Port Authority. The cities of Basehor, Lansing and Tonganoxie have expressed an interest in entering into the joint agreement and becoming affiliated with the Port Authority and having representation on the current five member appointed board.

Because of the many real estate and financing arrangements, it is not advisable or practical to dissolve the current Port Authority. Thus, the only practical solution is to amend state law (K.S.A. 12-3402) as proposed by House Bill 2320 to allow cities and counties to amend existing Port Authority Joint Agreements which could also include adding additional cities and representation.

The Leavenworth Area Development Corporation Board of Directors and the board of the Leavenworth County Port Authority have encouraged the introduction and now support the passage of House Bill 2320 which would allow the current 1969 joint agreement to be amended to allow greater cooperation, participation and representation in economic development by other cities in Leavenworth County through an amended joint agreement for a county port authority.

Gary E. Carlson, CED, EDFP


Economic Development
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Attachment 1

HOUSE BILL No. 2166

By Committee on Taxation

1-28

9 AN ACT concerning redevelopment projects of statewide as well as local
10 importance; amending K.S.A. 1998 Supp. 12-195, 74-8902, 74-8921,
11 74-8924, 74-8925, 74-8927, 79-3603 and 79-3703 and repealing the
12 existing sections; also repealing K.S.A. 1998 Supp. 74-8902a and 79-
13 3603a.

12-1771, 12-1774

14

15 *Be it enacted by the Legislature of the State of Kansas:*
16 Section 1. K.S.A. 1998 Supp. 12-195 is hereby amended to read as
17 follows: 12-195. (a) Except as otherwise provided in K.S.A. 12-195b, 12-
18 1774, 12-17,103 and K.S.A. 1998 Supp. 74-8924, and amendments
19 thereto, or subsection (b), no city or county shall commit any of the funds
20 or proceeds derived from a retailers' sales tax as a guarantee for the pay-
21 ment of bonds issued by such city or county or the Kansas development
22 finance authority.

23 (b) Any city or county which is the recipient of funds derived from a
24 local option sales tax pursuant to K.S.A. 12-187 *et seq.*, and amendments
25 thereto, is hereby authorized to issue revenue bonds to provide for the
26 payment of all or any portion of the cost of public facilities or improve-
27 ments of such city or county for which such city or county is authorized
28 pursuant to the constitution or laws of this state to issue general obligation
29 bonds and to pledge revenues received from countywide or city retailers'
30 sales taxes for the payment thereof. No such bonds shall be issued for the
31 payment of all or any portion of the cost of any facilities or improvements
32 to be used for commercial or retail purposes, except that such prohibition
33 shall not apply to revenue bonds issued for the payment of the cost of
34 constructing or improving a convention or exposition hall or center or
35 public auditorium. In the event the governing body of a city or county
36 proposes to issue such bonds, and the question of pledging the revenues
37 received from the countywide or city retailers' sales tax has not previously
38 been submitted to and approved by the voters of the city or county, such
39 proposition shall be published once each week for two consecutive weeks
40 in the official city or county newspaper, as the case requires. If, within
41 30 days after the last publication of the proposition, a petition is filed with
42 the county election officer signed by not less than 4% of the electors of
43 the city or county, as the case requires, who voted for the office of sec-

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1 retary of state at the last preceding general election for such office re-
 2 questing an election thereon, no such bonds shall be issued unless the
 3 proposition is submitted to and approved by a majority of the voters of
 4 the city or county, as the case requires, voting at an election held thereon.
 5 Any such election shall be called and held in accordance with the provi-
 6 sions of K.S.A. 10-120, and amendments thereto, or in accordance with
 7 the provisions of the mail ballot election act.

8 (1) Such bonds shall be authorized by ordinance of the governing
 9 body of such city or resolution of the governing body of such county. The
 10 bonds may be issued as registered bonds or coupon bonds, payable to
 11 bearer, and, if coupon bonds, may be registrable as to principal only or
 12 as to principal and interest, and may be made exchangeable for bonds of
 13 another denomination or in another form. The bonds may be in such
 14 form and denominations, may have such date or dates, may be stated to
 15 mature at such time or times, may bear interest payable at such times
 16 and at such rate or rates, may be payable at such places within or without
 17 the state, may be subject to such terms of redemption in advance of
 18 maturity at such prices, and may contain such terms and conditions, all
 19 as the city or county shall determine. The bonds shall have all the qualities
 20 of and shall be deemed to be negotiable instruments under the laws of
 21 the state of Kansas. The authorizing ordinance or resolution may contain
 22 any other terms, covenants and conditions that the city or county deems
 23 reasonable and desirable, including without limitation those pertaining to
 24 the maintenance of various funds and reserves, the nature and extent of
 25 any security for payment of the bonds, the custody and application of the
 26 proceeds of the bonds, the collection, transfer and disposition of sales tax
 27 revenues, the investing of bond proceeds or any funds pledged to the
 28 repayment of the bonds, and the rights, duties and obligations of the city
 29 or county and the owners of the bonds.

30 (2) The authorizing ordinance or resolution may provide for the ex-
 31 ecution of a trust indenture between the city or county and any financial
 32 institution within or without the state of Kansas. The trust indenture may
 33 contain any terms, covenants and conditions that are deemed desirable
 34 by the city or county.

35 (3) Any authorizing ordinance or resolution and trust indenture re-
 36 lating to the issuance of and security for the bonds shall constitute a
 37 contract between the city or county and the owners of the bonds, which
 38 contract, and all covenants, agreements and obligations therein, shall be
 39 promptly performed in strict compliance with the terms and provisions
 40 of such contract, and the covenants, agreements and obligations of the
 41 city or county may be enforced by mandamus or other appropriate pro-
 42 ceeding at law or in equity. The pledge of revenues made by the city or
 43 county shall be valid and binding from the time when such pledge is made

1 and the revenues so pledged and thereafter received by the city or county
2 shall immediately be subject to the lien of such pledge without such phys-
3 ical delivery thereof or further act on the part of the city or county, and
4 the lien of any such pledge shall be valid and binding as against all parties
5 having claims of any kind against the issuer, irrespective of whether such
6 parties have notice thereof. Neither the authorizing ordinance or reso-
7 lution nor any other instrument by which a pledge is created need be
8 filed or recorded except in the records of the city or county.

9 (4) The revenue bonds may be sold in such manner, either at public
10 or private sale, and upon such terms as the city or county shall determine
11 to be reasonable, including sale at discount. It shall be plainly stated on
12 the face of each such bond that it has been issued under this act, that the
13 bonds shall be special obligations of the city or county, payable solely and
14 only from the revenues pledged to the payment of the bonds and that in
15 no event, shall the bonds constitute an indebtedness of the state of Kansas
16 or the city or county for which the faith and credit of the state of Kansas
17 or city or county is pledged.

18 (5) Any bonds issued under the provisions of this section and the
19 interest thereon, shall be exempt from all taxes levied by the state of
20 Kansas, or any political or taxing subdivision thereof, except inheritance
21 taxes.

22 (6) Bonds may be issued for the purpose of refunding, either at ma-
23 turity or in advance of maturity, any bonds issued under this section. Such
24 refunding bonds may either be sold or delivered in exchange for the bonds
25 being refunded. If sold, the proceeds may either be applied to the pay-
26 ment of the bonds being refunded or deposited in trust and there main-
27 tained in cash or investments for the retirement of the bonds being re-
28 funded, as shall be specified by the city or county and the authorizing
29 ordinance or resolution or trust indenture securing such refunding bonds.
30 The authorizing ordinance or resolution or trust indenture securing the
31 refunding bonds may provide that the refunding bonds shall have the
32 same security for their payment as provided for the bonds being refunded.
33 Refunding bonds shall be sold and secured in accordance with the pro-
34 visions of this act pertaining to the sale and security of the bonds.

35 (7) Bonds issued under the provisions of this act shall be eligible to
36 secure the deposit of public funds under article 14 of chapter 9 of the
37 Kansas Statutes Annotated, and amendments thereto.

38 (8) Bonds issued under the provisions of this act shall be in addition
39 to and not subject to any statutory limitation of bonded indebtedness
imposed on such city or county.

40 Sec. 2. K.S.A. 1998 Supp. 74-8902 is hereby amended to read as
41 follows: 74-8902. The following words or terms used in this act shall have
42 the following meanings unless a different meaning clearly appears from
43

2-3

1 the context:

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

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

5 (c) "Agricultural business enterprises" means facilities supporting or
6 utilized in the operation of farms, ranches and other agricultural, aqua-
7 cultural or silvicultural commodity producers and services provided in
8 conjunction with the foregoing. "Agricultural business enterprise" shall
9 not include a swine production facility on agricultural land which is
10 owned, acquired, obtained or leased by a corporation, limited liability
11 company, limited partnership, corporate partnership or trust.

12 (d) "Agricultural land," "corporation," "corporate partnership,"
13 "limited liability company," "limited partnership," "swine production fa-
14 cility" and "trust" have the meanings ascribed pursuant to K.S.A. 17-
15 5903, and amendments thereto.

16 ~~(d)~~ (e) "Board of directors" means the board of directors of the au-
17 thority created by K.S.A. 74-8903, and amendments thereto.

18 ~~(e)~~ (f) "Bonds" means any bonds, notes, debentures, interim certifi-
19 cates, grant and revenue anticipation notes, interest in a lease, lease cer-
20 tificate of participation or other evidences of indebtedness, whether or
21 not the interest on which is subject to federal income taxation, issued by
22 the authority pursuant to this act.

23 ~~(f)~~ (g) "Capital improvements" means any physical public betterment
24 or improvement or any preliminary plans, studies or surveys relative
25 thereto; land or rights in land, including, without limitations, leases, air
26 rights, easements, rights-of-way or licenses; and any furnishings, machin-
27 ery, vehicles, apparatus or equipment for any public betterment or
28 improvement.

29 ~~(g)~~ (h) "Construct" means to acquire or build, in whole or in part, in
30 such manner and by such method as the authority shall determine to be
31 in the public interest and necessary to accomplish the purposes of and
32 authority set forth in this act.

33 ~~(h)~~ (i) "Loans" means loans made for the purposes of financing any
34 of the activities authorized within this act, including loans made to finan-
35 cial institutions for funding or as security for loans made for accomplishing
36 any of the purposes of this act and reserves and expenses appropriate or
37 incidental thereto.

38 ~~(i)~~ (j) "Educational facilities" means real, personal and mixed prop-
39 erty of any and every kind intended by an educational institution in fur-
40 therance of its educational program.

41 ~~(j)~~ (k) "Facilities" means any real property, personal property or
42 mixed property of any and every kind.

43 ~~(k)~~ (l) "Health care facilities" means facilities for furnishing physical

1 or mental health care.

2 (h) (m) "Housing development" means any work or undertaking,
3 whether new construction or rehabilitation, which is designed and fi-
4 nanced pursuant to the provisions of this act for the primary purpose of
5 providing dwelling accommodations for elderly persons and families of
6 low income in need of housing.

7 (n) (n) "Industrial enterprise" means facilities for manufacturing,
8 producing, processing, assembling, repairing, extracting, warehousing,
9 distributing, communications, computer services, transportation, corpo-
10 rate and management offices and services provided in connection with
11 any of the foregoing, in isolation or in any combination, that involve the
12 creation of new or additional employment or the retention of existing
13 employment.

14 (o) (o) "Political subdivision" means political or taxing subdivisions of
15 the state, including municipal and quasi-municipal corporations, boards,
16 commissions, authorities, councils, committees, subcommittees and other
17 subordinate groups or administrative units thereof, receiving or expend-
18 ing and supported, in whole or in part, by public funds.

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

22 (q) (q) "Project of statewide as well as local importance" means a
23 project as to which the secretary of commerce and housing has made a
24 finding that at least: (i) Capital improvements costing not less than
25 \$300,000,000 or, if constructed in a county which according to the 1990
26 decennial census contained a population of 25,000 or less, costing not less
27 than \$5,000,000 will be built in the state for such project; (ii) not less
28 than 1,500 or, if created in a county which according to the 1990 decennial
29 census contained a population of 25,000 or less, not less than 150 per-
30 manent and seasonal employment positions as defined by K.S.A. 74-
31 50,114, and amendments thereto, will be created in the state by such
32 project; and (iii) is to be located outside the city limits of any city; and
33 (iv) is to be located at a site designated as a federal enclave as of January
34 1, 1998.

35 (r) (r) "State" means the state of Kansas.

36 (s) (s) "State agency" means any office, department, board, commis-
37 sion, bureau, division, public corporation, agency or instrumentality of
38 this state.

39 Sec. 3. K.S.A. 1998 Supp. 74-8921 is hereby amended to read as
40 follows: 74-8921. (a) In addition to the other requirements of this act,
41 bonds issued by the authority under subsection (e) of K.S.A. 74-8905, and
42 amendments thereto, shall be issued only after the authority establishes
43 a redevelopment district and approves a redevelopment plan for a project

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HOUSE BILL No. 2166

By Committee on Taxation

1-28

9 AN ACT concerning redevelopment projects of statewide as well as local
10 importance; amending K.S.A. 1998 Supp. 12-195, 74-8902, 74-8921,
11 74-8924, 74-8925, 74-8927, 79-3603 and 79-3703 and repealing the
12 existing sections; also repealing K.S.A. 1998 Supp. 74-8902a and 79-
13 3603a.

12-1771, 12-1774

14

15 *Be it enacted by the Legislature of the State of Kansas:*
16 Section 1. K.S.A. 1998 Supp. 12-195 is hereby amended to read as
17 follows: 12-195. (a) Except as otherwise provided in K.S.A. 12-195b, 12-
18 1774, 12-17,103 and K.S.A. 1998 Supp. 74-8924, and amendments
19 thereto, or subsection (b), no city or county shall commit any of the funds
20 or proceeds derived from a retailers' sales tax as a guarantee for the pay-
21 ment of bonds issued by such city or county or the Kansas development
22 finance authority.

23 (b) Any city or county which is the recipient of funds derived from a
24 local option sales tax pursuant to K.S.A. 12-187 *et seq.*, and amendments
25 thereto, is hereby authorized to issue revenue bonds to provide for the
26 payment of all or any portion of the cost of public facilities or improve-
27 ments of such city or county for which such city or county is authorized
28 pursuant to the constitution or laws of this state to issue general obligation
29 bonds and to pledge revenues received from countywide or city retailers'
30 sales taxes for the payment thereof. No such bonds shall be issued for the
31 payment of all or any portion of the cost of any facilities or improvements
32 to be used for commercial or retail purposes, except that such prohibition
33 shall not apply to revenue bonds issued for the payment of the cost of
34 constructing or improving a convention or exposition hall or center or
35 public auditorium. In the event the governing body of a city or county
36 proposes to issue such bonds, and the question of pledging the revenues
37 received from the countywide or city retailers' sales tax has not previously
38 been submitted to and approved by the voters of the city or county, such
39 proposition shall be published once each week for two consecutive weeks
40 in the official city or county newspaper, as the case requires. If, within
41 30 days after the last publication of the proposition, a petition is filed with
42 the county election officer signed by not less than 4% of the electors of
43 the city or county, as the case requires, who voted for the office of sec-

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Attachment 2

1 retary of state at the last preceding general election for such office re-
2 questing an election thereon, no such bonds shall be issued unless the
3 proposition is submitted to and approved by a majority of the voters of
4 the city or county, as the case requires, voting at an election held thereon.
5 Any such election shall be called and held in accordance with the provi-
6 sions of K.S.A. 10-120, and amendments thereto, or in accordance with
7 the provisions of the mail ballot election act.

8 (1) Such bonds shall be authorized by ordinance of the governing
9 body of such city or resolution of the governing body of such county. The
10 bonds may be issued as registered bonds or coupon bonds, payable to
11 bearer, and, if coupon bonds, may be registrable as to principal only or
12 as to principal and interest, and may be made exchangeable for bonds of
13 another denomination or in another form. The bonds may be in such
14 form and denominations, may have such date or dates, may be stated to
15 mature at such time or times, may bear interest payable at such times
16 and at such rate or rates, may be payable at such places within or without
17 the state, may be subject to such terms of redemption in advance of
18 maturity at such prices, and may contain such terms and conditions, all
19 as the city or county shall determine. The bonds shall have all the qualities
20 of and shall be deemed to be negotiable instruments under the laws of
21 the state of Kansas. The authorizing ordinance or resolution may contain
22 any other terms, covenants and conditions that the city or county deems
23 reasonable and desirable, including without limitation those pertaining to
24 the maintenance of various funds and reserves, the nature and extent of
25 any security for payment of the bonds, the custody and application of the
26 proceeds of the bonds, the collection, transfer and disposition of sales tax
27 revenues, the investing of bond proceeds or any funds pledged to the
28 repayment of the bonds, and the rights, duties and obligations of the city
29 or county and the owners of the bonds.

30 (2) The authorizing ordinance or resolution may provide for the ex-
31 ecution of a trust indenture between the city or county and any financial
32 institution within or without the state of Kansas. The trust indenture may
33 contain any terms, covenants and conditions that are deemed desirable
34 by the city or county.

35 (3) Any authorizing ordinance or resolution and trust indenture re-
36 lating to the issuance of and security for the bonds shall constitute a
37 contract between the city or county and the owners of the bonds, which
38 contract, and all covenants, agreements and obligations therein, shall be
39 promptly performed in strict compliance with the terms and provisions
40 of such contract, and the covenants, agreements and obligations of the
41 city or county may be enforced by mandamus or other appropriate pro-
42 ceeding at law or in equity. The pledge of revenues made by the city or
43 county shall be valid and binding from the time when such pledge is made

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1 and the revenues so pledged and thereafter received by the city or county
2 shall immediately be subject to the lien of such pledge without such phys-
3 ical delivery thereof or further act on the part of the city or county, and
4 the lien of any such pledge shall be valid and binding as against all parties
5 having claims of any kind against the issuer, irrespective of whether such
6 parties have notice thereof. Neither the authorizing ordinance or reso-
7 lution nor any other instrument by which a pledge is created need be
8 filed or recorded except in the records of the city or county.

9 (4) The revenue bonds may be sold in such manner, either at public
10 or private sale, and upon such terms as the city or county shall determine
11 to be reasonable, including sale at discount. It shall be plainly stated on
12 the face of each such bond that it has been issued under this act, that the
13 bonds shall be special obligations of the city or county, payable solely and
14 only from the revenues pledged to the payment of the bonds and that in
15 no event, shall the bonds constitute an indebtedness of the state of Kansas
16 or the city or county for which the faith and credit of the state of Kansas
17 or city or county is pledged.

18 (5) Any bonds issued under the provisions of this section and the
19 interest thereon, shall be exempt from all taxes levied by the state of
20 Kansas, or any political or taxing subdivision thereof, except inheritance
21 taxes.

22 (6) Bonds may be issued for the purpose of refunding, either at ma-
23 turity or in advance of maturity, any bonds issued under this section. Such
24 refunding bonds may either be sold or delivered in exchange for the bonds
25 being refunded. If sold, the proceeds may either be applied to the pay-
26 ment of the bonds being refunded or deposited in trust and there main-
27 tained in cash or investments for the retirement of the bonds being re-
28 funded, as shall be specified by the city or county and the authorizing
29 ordinance or resolution or trust indenture securing such refunding bonds.
30 The authorizing ordinance or resolution or trust indenture securing the
31 refunding bonds may provide that the refunding bonds shall have the
32 same security for their payment as provided for the bonds being refunded.
33 Refunding bonds shall be sold and secured in accordance with the pro-
34 visions of this act pertaining to the sale and security of the bonds.

35 (7) Bonds issued under the provisions of this act shall be eligible to
36 secure the deposit of public funds under article 14 of chapter 9 of the
37 Kansas Statutes Annotated, and amendments thereto.

38 (8) Bonds issued under the provisions of this act shall be in addition
39 to and not subject to any statutory limitation of bonded indebtedness
imposed on such city or county.

40 Sec. 2. K.S.A. 1998 Supp. 74-8902 is hereby amended to read as
41 follows: 74-8902. The following words or terms used in this act shall have
42 the following meanings unless a different meaning clearly appears from
43

2-3

1 the context:

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

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

5 (c) "Agricultural business enterprises" means facilities supporting or
6 utilized in the operation of farms, ranches and other agricultural, aqua-
7 cultural or silvicultural commodity producers and services provided in
8 conjunction with the foregoing. "Agricultural business enterprise" shall
9 not include a swine production facility on agricultural land which is
10 owned, acquired, obtained or leased by a corporation, limited liability
11 company, limited partnership, corporate partnership or trust.

12 (d) "Agricultural land," "corporation," "corporate partnership,"
13 "limited liability company," "limited partnership," "swine production fa-
14 cility" and "trust" have the meanings ascribed pursuant to K.S.A. 17-
15 5903, and amendments thereto.

16 ~~(e)~~ (e) "Board of directors" means the board of directors of the au-
17 thority created by K.S.A. 74-8903, and amendments thereto.

18 ~~(f)~~ (f) "Bonds" means any bonds, notes, debentures, interim certifi-
19 cates, grant and revenue anticipation notes, interest in a lease, lease cer-
20 tificate of participation or other evidences of indebtedness, whether or
21 not the interest on which is subject to federal income taxation, issued by
22 the authority pursuant to this act.

23 ~~(g)~~ (g) "Capital improvements" means any physical public betterment
24 or improvement or any preliminary plans, studies or surveys relative
25 thereto; land or rights in land, including, without limitations, leases, air
26 rights, easements, rights-of-way or licenses; and any furnishings, machin-
27 ery, vehicles, apparatus or equipment for any public betterment or
28 improvement.

29 ~~(h)~~ (h) "Construct" means to acquire or build, in whole or in part, in
30 such manner and by such method as the authority shall determine to be
31 in the public interest and necessary to accomplish the purposes of and
32 authority set forth in this act.

33 ~~(i)~~ (i) "Loans" means loans made for the purposes of financing any
34 of the activities authorized within this act, including loans made to finan-
35 cial institutions for funding or as security for loans made for accomplishing
36 any of the purposes of this act and reserves and expenses appropriate or
37 incidental thereto.

38 ~~(j)~~ (j) "Educational facilities" means real, personal and mixed prop-
39 erty of any and every kind intended by an educational institution in fur-
40 therance of its educational program.

41 ~~(k)~~ (k) "Facilities" means any real property, personal property or
42 mixed property of any and every kind.

43 ~~(l)~~ (l) "Health care facilities" means facilities for furnishing physical

1 of statewide as well as local importance in accordance with subsections
2 (b) and (c).

3 (b) The authority may establish a district to be known as a "redevelop-
4 opment district" within the state after the secretary of commerce and
5 housing has certified that the district will contain a project of statewide
6 as well as local importance.

7 (c) A project of statewide as well as local importance may be under-
8 taken by the authority or a developer on behalf of the authority, in one
9 or more phases, within a redevelopment district after the redevelopment
10 district has been established by the authority. To establish a redevelop-
11 ment district, the authority shall adopt a resolution stating its intent to
12 establish the redevelopment district, describing the boundaries of the
13 proposed district, identifying any proposed projects to be considered as
14 a part of the redevelopment district, and stating the time, place, and
15 manner that the authority will receive public written comment on the
16 proposed redevelopment district. The resolution shall be published once
17 each week for two consecutive weeks in a newspaper of general circula-
18 tion within the county in which the redevelopment district may be estab-
19 lished. A copy of the resolution shall be mailed to the governing bodies
20 of the county and the school district in which the proposed redevelop-
21 ment district is located. Upon conclusion of a public comment period of
22 not less than 10 days following the second publication, the authority may
23 adopt a resolution establishing the redevelopment district. Any addition
24 of area to the redevelopment district shall be subject to the same pro-
25 cedure as the original resolution that established the redevelopment
26 district.

27 (d) Any redevelopment plan undertaken within the redevelopment
28 district may be in separate development stages. Each plan shall be
29 adopted according to the provisions of K.S.A. 1998 Supp. 74-8922, and
30 amendments thereto, and shall fix a date for completion. Any project
31 constituting a part of an approved redevelopment plan shall be completed
32 within 20 years from the date of the establishment of the redevelopment
33 district.

34 (e) Subject to the provisions of K.S.A. 1998 Supp. 74-8925, and
35 amendments thereto, any increment in ad valorem property taxes result-
36 ing from a redevelopment district undertaken in accordance with the
37 provisions of this act, shall be apportioned to the redevelopment bond
38 fund created pursuant to K.S.A. 1998 Supp. 74-8927, and amendments
39 thereto, for the payment of the costs of the project of statewide as well
40 as local importance, including the payment of principal and interest on
41 any bonds issued to finance such project pursuant to this act and may be
42 pledged to the payment of principal and interest on such bonds. The
43 maximum maturity of bonds issued to finance projects of statewide as

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1 well as local importance pursuant to this section and subsection (e) of
2 K.S.A. 74-8905, and amendments thereto, shall not exceed 20 years from
3 the date of establishment of the redevelopment district *except that the*
4 *maximum maturity of bonds issued may be extended to a maximum ma-*
5 *turity period not to exceed a period greater than 32 years or such period*
6 *as the secretary of commerce may determine is necessary for the economic*
7 *feasibility of financing a project of statewide as well as local importance.*

8 For the purposes of this act, "increment" means that amount of ad va-
9 lorem taxes collected from real property located within the redevelop-
10 ment district that is in excess of the amount which is produced from such
11 property and attributable to the assessed valuation of such property prior
12 to the date the redevelopment district was established, as determined
13 under the provisions of K.S.A. 1998 Supp. 74-8925, and amendments
14 thereto.

15 (f) Before any redevelopment district is established pursuant to
16 K.S.A. 1998 Supp. 74-8921, and amendments thereto, a comprehensive
17 feasibility study, which shows the benefits derived from such project will
18 exceed the costs and that the income therefrom will be sufficient to pay
19 for the project, shall be prepared by the developer and submitted to the
20 secretary of commerce and housing and the authority and an agreement
21 between the authority and the developer with respect to implementing
22 the redevelopment plan shall have been executed. Such feasibility study
23 shall be an open public record.

24 Sec. 4. K.S.A. 1998 Supp. 74-8924 is hereby amended to read as
25 follows: 74-8924. (a) Any bonds issued by the authority under subsection
26 (e) of K.S.A. 74-8905, and amendments thereto, to finance the undertak-
27 ing of any project of statewide as well as local importance in accordance
28 with the provisions of this act, shall be made payable, both as to principal
and interest:

30 (1) From property tax increments allocated to, and paid into a special
31 fund of the authority under the provisions of K.S.A. 1998 Supp. 74-8925,
32 and amendments thereto;

33 (2) from revenues of the authority or the developer derived from or
34 held in connection with the undertaking and carrying out of any rede-
35 velopment plan under this act;

36 (3) from any private sources, contributions or other financial assis-
37 tance from the state or federal government;

38 (4) from a pledge of a portion or all of the revenue collected by the
state under K.S.A. 1998 Supp. 74-8927, and amendments thereto; ~~for a~~
~~period not to exceed 20 years after the date of establishment of the re-~~
development district;

42 (5) from a pledge of a portion or all increased revenue received by
43 any city from franchise fees collected from utilities and other businesses

1 using public right-of-way within the redevelopment district;
2 (6) from a pledge of a portion or all of the revenue received by any
3 city from sales taxes collected pursuant to K.S.A. 12-187, and amend-
4 ments thereto; ~~or~~

5 (7) *from a pledge of all of the revenues received by the county in*
6 *which the project is located from the tax collected pursuant to K.S.A. 1998*
7 *Supp. 74-8929; or*

8 ~~(7)~~ (8) by any combination of these methods.

9 (b) The authority may pledge such revenue to the repayment of such
10 bonds prior to, simultaneously with, or subsequent to the issuance of such
11 bonds.

12 Sec. 5. K.S.A. 1998 Supp. 74-8925 is hereby amended to read as
13 follows: 74-8925. (a) For the purposes of this act, the term "taxing sub-
14 division" shall include the county, the city, the unified school district and
15 any other taxing subdivision levying real property taxes, the territory or
16 jurisdiction of which includes any currently existing or subsequently cre-
17 ated redevelopment district. The term "real property taxes" includes all
18 taxes levied on an ad valorem basis upon land and improvements thereon.

19 (b) All tangible taxable property located within a redevelopment dis-
20 trict shall be assessed and taxed for ad valorem tax purposes pursuant to
21 law in the same manner that such property would be assessed and taxed
22 if located outside such district, and all ad valorem taxes levied on such
23 property shall be paid to and collected by the county treasurer in the
24 same manner as other taxes are paid and collected. Except as otherwise
25 provided in this section, the county treasurer shall distribute such taxes
26 as may be collected in the same manner as if such property were located
27 outside a redevelopment district. Each redevelopment district established
28 under the provisions of this act shall constitute a separate taxing unit for
29 the purpose of the computation and levy of taxes.

30 (c) Beginning with the first payment of taxes which are levied follow-
31 ing the date of approval of any redevelopment district established pur-
32 suant to K.S.A. 1998 Supp. 74-8921, and amendments thereto, real prop-
33 erty taxes received by the county treasurer resulting from taxes which are
34 levied subject to the provisions of this act by and for the benefit of a
35 taxing subdivision, as herein defined, on property located within such
36 redevelopment district constituting a separate taxing unit under the pro-
37 visions of this section, shall be divided as follows:

38 (1) From the taxes levied each year subject to the provisions of this
39 act by or for each of the taxing subdivisions upon property located within
40 a redevelopment district constituting a separate taxing unit under the
41 provisions of this act, the county treasurer first shall allocate and pay to
42 each such taxing subdivision all of the real property taxes collected which
43 are produced from that portion of the current assessed valuation of such

1 of statewide as well as local importance in accordance with subsections
2 (b) and (c).

3 (b) The authority may establish a district to be known as a "redevelop-
4 opment district" within the state after the secretary of commerce and
5 housing has certified that the district will contain a project of statewide
6 as well as local importance.

7 (c) A project of statewide as well as local importance may be under-
8 taken by the authority or a developer on behalf of the authority, in one
9 or more phases, within a redevelopment district after the redevelopment
10 district has been established by the authority. To establish a redevelop-
11 ment district, the authority shall adopt a resolution stating its intent to
12 establish the redevelopment district, describing the boundaries of the
13 proposed district, identifying any proposed projects to be considered as
14 a part of the redevelopment district, and stating the time, place, and
15 manner that the authority will receive public written comment on the
16 proposed redevelopment district. The resolution shall be published once
17 each week for two consecutive weeks in a newspaper of general circula-
18 tion within the county in which the redevelopment district may be estab-
19 lished. A copy of the resolution shall be mailed to the governing bodies
20 of the county and the school district in which the proposed redevelop-
21 ment district is located. Upon conclusion of a public comment period of
22 not less than 10 days following the second publication, the authority may
23 adopt a resolution establishing the redevelopment district. Any addition
24 of area to the redevelopment district shall be subject to the same pro-
25 cedure as the original resolution that established the redevelopment
26 district.

27 (d) Any redevelopment plan undertaken within the redevelopment
28 district may be in separate development stages. Each plan shall be
29 adopted according to the provisions of K.S.A. 1998 Supp. 74-8922, and
30 amendments thereto, and shall fix a date for completion. Any project
31 constituting a part of an approved redevelopment plan shall be completed
32 within 20 years from the date of the establishment of the redevelopment
33 district.

34 (e) Subject to the provisions of K.S.A. 1998 Supp. 74-8925, and
35 amendments thereto, any increment in ad valorem property taxes result-
36 ing from a redevelopment district undertaken in accordance with the
37 provisions of this act, shall be apportioned to the redevelopment bond
38 fund created pursuant to K.S.A. 1998 Supp. 74-8927, and amendments
39 thereto, for the payment of the costs of the project of statewide as well
40 as local importance, including the payment of principal and interest on
41 any bonds issued to finance such project pursuant to this act and may be
42 pledged to the payment of principal and interest on such bonds. The
43 maximum maturity of bonds issued to finance projects of statewide as

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1 well as local importance pursuant to this section and subsection (e) of
2 K.S.A. 74-8905, and amendments thereto, shall not exceed 20 years from
3 the date of establishment of the redevelopment district *except that the*
4 *maximum maturity of bonds issued may be extended to a maximum ma-*
5 *turity period not to exceed a period greater than 32 years or such period*
6 *as the secretary of commerce may determine is necessary for the economic*
7 *feasibility of financing a project of statewide as well as local importance.*

8 For the purposes of this act, "increment" means that amount of ad va-
9 lorem taxes collected from real property located within the redevelop-
10 ment district that is in excess of the amount which is produced from such
11 property and attributable to the assessed valuation of such property prior
12 to the date the redevelopment district was established, as determined
13 under the provisions of K.S.A. 1998 Supp. 74-8925, and amendments
14 thereto.

15 (f) Before any redevelopment district is established pursuant to
16 K.S.A. 1998 Supp. 74-8921, and amendments thereto, a comprehensive
17 feasibility study, which shows the benefits derived from such project will
18 exceed the costs and that the income therefrom will be sufficient to pay
19 for the project, shall be prepared by the developer and submitted to the
20 secretary of commerce and housing and the authority and an agreement
21 between the authority and the developer with respect to implementing
22 the redevelopment plan shall have been executed. Such feasibility study
23 shall be an open public record.

24 Sec. 4. K.S.A. 1998 Supp. 74-8924 is hereby amended to read as
25 follows: 74-8924. (a) Any bonds issued by the authority under subsection
26 (e) of K.S.A. 74-8905, and amendments thereto, to finance the undertak-
27 ing of any project of statewide as well as local importance in accordance
28 with the provisions of this act, shall be made payable, both as to principal
and interest:

30 (1) From property tax increments allocated to, and paid into a special
31 fund of the authority under the provisions of K.S.A. 1998 Supp. 74-8925,
32 and amendments thereto;

33 (2) from revenues of the authority or the developer derived from or
34 held in connection with the undertaking and carrying out of any rede-
35 velopment plan under this act;

36 (3) from any private sources, contributions or other financial assis-
37 tance from the state or federal government;

38 (4) from a pledge of a portion or all of the revenue collected by the
state under K.S.A. 1998 Supp. 74-8927, and amendments thereto; ~~for a~~
~~period not to exceed 20 years after the date of establishment of the re-~~
development district;

42 (5) from a pledge of a portion or all increased revenue received by
43 any city from franchise fees collected from utilities and other businesses

1 using public right-of-way within the redevelopment district;
2 (6) from a pledge of a portion or all of the revenue received by any
3 city from sales taxes collected pursuant to K.S.A. 12-187, and amend-
4 ments thereto; ~~or~~

5 (7) *from a pledge of all of the revenues received by the county in*
6 *which the project is located from the tax collected pursuant to K.S.A. 1998*
7 *Supp. 74-8929; or*

8 ~~(7)~~ (8) by any combination of these methods.

9 (b) The authority may pledge such revenue to the repayment of such
10 bonds prior to, simultaneously with, or subsequent to the issuance of such
11 bonds.

12 Sec. 5. K.S.A. 1998 Supp. 74-8925 is hereby amended to read as
13 follows: 74-8925. (a) For the purposes of this act, the term "taxing sub-
14 division" shall include the county, the city, the unified school district and
15 any other taxing subdivision levying real property taxes, the territory or
16 jurisdiction of which includes any currently existing or subsequently cre-
17 ated redevelopment district. The term "real property taxes" includes all
18 taxes levied on an ad valorem basis upon land and improvements thereon.

19 (b) All tangible taxable property located within a redevelopment dis-
20 trict shall be assessed and taxed for ad valorem tax purposes pursuant to
21 law in the same manner that such property would be assessed and taxed
22 if located outside such district, and all ad valorem taxes levied on such
23 property shall be paid to and collected by the county treasurer in the
24 same manner as other taxes are paid and collected. Except as otherwise
25 provided in this section, the county treasurer shall distribute such taxes
26 as may be collected in the same manner as if such property were located
27 outside a redevelopment district. Each redevelopment district established
28 under the provisions of this act shall constitute a separate taxing unit for
29 the purpose of the computation and levy of taxes.

30 (c) Beginning with the first payment of taxes which are levied follow-
31 ing the date of approval of any redevelopment district established pur-
32 suant to K.S.A. 1998 Supp. 74-8921, and amendments thereto, real prop-
33 erty taxes received by the county treasurer resulting from taxes which are
34 levied subject to the provisions of this act by and for the benefit of a
35 taxing subdivision, as herein defined, on property located within such
36 redevelopment district constituting a separate taxing unit under the pro-
37 visions of this section, shall be divided as follows:

38 (1) From the taxes levied each year subject to the provisions of this
39 act by or for each of the taxing subdivisions upon property located within
40 a redevelopment district constituting a separate taxing unit under the
41 provisions of this act, the county treasurer first shall allocate and pay to
42 each such taxing subdivision all of the real property taxes collected which
43 are produced from that portion of the current assessed valuation of such

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1 real property located within such separate taxing unit which is equal to
2 the total assessed value of such real property on the date of the estab-
3 lishment of the redevelopment district.

4 (2) Any real property taxes produced from that portion of the current
5 assessed valuation of real property within the redevelopment district con-
6 stituting a separate taxing unit under the provisions of this section in
7 excess of an amount equal to the total assessed value of such real property
8 on the effective date of the establishment of the district shall be allocated
9 and paid by the county treasurer according to specified percentages of
10 the tax increment expressly agreed upon and consented to by the gov-
11 erning bodies of the county and school district in which the redevelop-
12 ment district is located. The amount of the real property taxes allocated
13 and payable to the authority under the agreement shall be paid by the
14 county treasurer to the treasurer of the state. The remaining amount of
15 the real property taxes not payable to the authority shall be allocated and
16 paid in the same manner as other ad valorem taxes. Any real property
17 taxes paid to the state treasurer under this section shall be deposited in
18 the redevelopment bond finance fund of the authority which is created
19 pursuant to K.S.A. 1998 Supp. 74-8927, and amendments thereto, to pay
20 the costs of the project of statewide as well as local importance, including
21 the payment of principal of and interest on any bonds issued by the au-
22 thority to finance, in whole or in part, such project. When such bonds
23 and interest thereon have been paid, all moneys thereafter received from
24 real property taxes within such redevelopment district shall be allocated
25 and paid to the respective taxing subdivisions in the same manner as are
26 other ad valorem taxes. If such bonds and interest thereon have been paid
27 before the completion of a project, the authority may continue to use
28 such moneys for any purpose authorized by this act until such time as the
29 project costs are paid or reimbursed, but for a period not to exceed 20
30 years from the date of the establishment of the redevelopment district
31 *the scheduled maturity of the bonds.*

32 (d) In any redevelopment plan or in the proceedings for the issuing
33 of any bonds by the authority to finance a project of statewide as well as
34 local importance, the property tax increment portion of taxes provided
35 for in paragraph (2) of subsection (c) may be irrevocably pledged for the
36 payment of the principal of and interest on such bonds. The authority
37 may adopt a redevelopment plan in which only a specified percentage of
38 the tax increment realized from taxpayers in the redevelopment district
39 is pledged to the payment of costs of the project of statewide as well as
local importance.

42 Sec. 6. K.S.A. 1998 Supp. 74-8927 is hereby amended to read as
43 follows: 74-8927. (a) Until the earlier of: (1) The date the bonds issued
to finance or refinance the redevelopment undertaken in the redevel-

1 opment district have been paid in full; or ~~(2)~~ twenty years after the es-
 2 tablishment of the redevelopment district *the scheduled maturity date of*
 3 *the first series of bonds issued to finance the redevelopment project*, all
 4 revenues collected or received from the state transient guest tax estab-
 5 lished pursuant to K.S.A. 1998 Supp. 79-5301 through 79-5304, and
 6 amendments thereto, any revenue from a county or countywide retailers'
 7 sales tax levied or collected under K.S.A. 1998 Supp. 74-8929 and amend-
 8 ments thereto, the state retailers' sales tax pursuant to K.S.A. 79-3603,
 9 and amendments thereto, and the state compensating use tax, pursuant
 10 to K.S.A. 79-3703, and amendments thereto, which have been certified
 11 by the director of taxation to have been derived from taxpayers located
 12 in a redevelopment district shall be remitted to the state treasurer.

13 (b) The state treasurer shall credit all such revenues to the redevel-
 14 opment bond fund which is hereby established in the state treasury. The
 15 state treasurer shall make such biannual distributions on dates mutually
 16 agreed upon by the treasurer and the authority. The authority shall use
 17 all such moneys received pursuant to this section to pay the costs of a
 18 redevelopment project of statewide as well as local importance as de-
 19 scribed in K.S.A. 74-8902, and amendments thereto.

10 20 Sec. 7. K.S.A. 1998 Supp. 79-3603 is hereby amended to read as
 21 follows: 79-3603. For the privilege of engaging in the business of selling
 22 tangible personal property at retail in this state or rendering or furnishing
 23 any of the services taxable under this act, there is hereby levied and there
 24 shall be collected and paid a tax at the rate of 4.9% *and, within a rede-*
 25 *velopment district established pursuant to K.S.A. 74-8921, and amend-*
 26 *ments thereto, there is hereby levied and there shall be collected and paid*
 27 *an additional tax at the rate of 2% until the earlier of the date the bonds*
 28 *issued to finance or refinance the redevelopment project have been paid*
 29 *in full or the scheduled maturity of the first series of bonds issued to*
 30 *finance any part of the project* upon:

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

33 (b) (1) the gross receipts from intrastate telephone or telegraph serv-
 34 ices and (2) the gross receipts received from the sale of interstate tele-
 35 phone or telegraph services, which (A) originate within this state and
 36 terminate outside the state and are billed to a customer's telephone num-
 37 ber or account in this state; or (B) originate outside this state and ter-
 38 minate within this state and are billed to a customer's telephone number
 39 or account in this state except that the sale of interstate telephone or
 40 telegraph service does not include: (A) Any interstate incoming or out-
 41 going wide area telephone service or wide area transmission type service
 42 which entitles the subscriber to make or receive an unlimited number of
 43 communications to or from persons having telephone service in a speci-

1 fied area which is outside the state in which the station provided this
2 service is located; (B) any interstate private communications service to
3 the persons contracting for the receipt of that service that entitles the
4 purchaser to exclusive or priority use of a communications channel or
5 group of channels between exchanges; (C) any value-added nonvoice
6 service in which computer processing applications are used to act on the
7 form, content, code or protocol of the information to be transmitted; (D)
8 any telecommunication service to a provider of telecommunication serv-
9 ices which will be used to render telecommunications services, including
10 carrier access services; or (E) any service or transaction defined in this
11 section among entities classified as members of an affiliated group as
12 provided by federal law (U.S.C. Section 1504). For the purposes of this
13 subsection the term gross receipts does not include purchases of tele-
14 phone, telegraph or telecommunications using a prepaid telephone call-
15 ing card or pre-paid authorization number. As used in this subsection, a
16 pre-paid telephone calling card or pre-paid authorization number means
17 the right to exclusively make telephone calls, paid for in advance, with
18 the prepaid value measured in minutes or other time units, that enables
19 the origination of calls using an access number or authorization code or
20 both, whether manually or electronically dialed;

21 (c) the gross receipts from the sale or furnishing of gas, water, elec-
22 tricity and heat, which sale is not otherwise exempt from taxation under
23 the provisions of this act, and whether furnished by municipally or pri-
24 vately owned utilities;

25 (d) the gross receipts from the sale of meals or drinks furnished at
26 any private club, drinking establishment, catered event, restaurant, eating
27 house, dining car, hotel, drugstore or other place where meals or drinks
28 are regularly sold to the public;

29 (e) the gross receipts from the sale of admissions to any place pro-
30 viding amusement, entertainment or recreation services including admis-
31 sions to state, county, district and local fairs, but such tax shall not be
32 levied and collected upon the gross receipts received from sales of ad-
33 missions to any cultural and historical event which occurs triennially;

34 (f) the gross receipts from the operation of any coin-operated device
35 dispensing or providing tangible personal property, amusement or other
36 services except laundry services, whether automatic or manually operated;

37 (g) the gross receipts from the service of renting of rooms by hotels,
38 as defined by K.S.A. 36-501 and amendments thereto, or by accommo-
39 dation brokers, as defined by K.S.A. 12-1692, and amendments thereto;

40 (h) the gross receipts from the service of renting or leasing of tangible
41 personal property except such tax shall not apply to the renting or leasing
42 of machinery, equipment or other personal property owned by a city and
43 purchased from the proceeds of industrial revenue bonds issued prior to

1 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
2 12-1749, and amendments thereto, and any city or lessee renting or leas-
3 ing such machinery, equipment or other personal property purchased
4 with the proceeds of such bonds who shall have paid a tax under the
5 provisions of this section upon sales made prior to July 1, 1973, shall be
6 entitled to a refund from the sales tax refund fund of all taxes paid
7 thereon;

8 (i) the gross receipts from the rendering of dry cleaning, pressing,
9 dyeing and laundry services except laundry services rendered through a
10 coin-operated device whether automatic or manually operated;

11 (j) the gross receipts from the rendering of the services of washing
12 and washing and waxing of vehicles;

13 (k) the gross receipts from cable, community antennae and other sub-
14 scriber radio and television services;

15 (l) the gross receipts received from the sales of tangible personal
16 property to all contractors, subcontractors or repairmen of materials and
17 supplies for use by them in erecting structures for others, or building on,
18 or otherwise improving, altering, or repairing real or personal property
19 of others;

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

24 (1) Fees and charges by any political subdivision, by any organization
25 exempt from property taxation pursuant to paragraph *Ninth* of K.S.A. 79-
26 201, and amendments thereto, or by any youth recreation organization
27 exclusively providing services to persons 18 years of age or younger which
28 is exempt from federal income taxation pursuant to section 501(c)(3) of
29 the federal internal revenue code of 1986, for participation in sports,
30 games and other recreational activities; and (2) entry fees and charges for
31 participation in a special event or tournament sanctioned by a national
32 sporting association to which spectators are charged an admission which
33 is taxable pursuant to subsection (e);

34 (n) the gross receipts received from dues charged by public and pri-
35 vate clubs, drinking establishments, organizations and businesses, pay-
36 ment of which entitles a member to the use of facilities for recreation or
37 entertainment, but such tax shall not be levied and collected upon the
38 gross receipts received from: (1) Dues charged by any organization ex-
39 empt from property taxation pursuant to paragraphs *Eighth* and *Ninth* of
40 K.S.A. 79-201, and amendments thereto; and (2) sales of memberships
41 in a nonprofit organization which is exempt from federal income taxation
42 pursuant to section 501 (c)(3) of the federal internal revenue code of
43 1986, and whose purpose is to support the operation of a nonprofit zoo;

1 (o) the gross receipts received from the isolated or occasional sale of
2 motor vehicles or trailers but not including: (1) The transfer of motor
3 vehicles or trailers by a person to a corporation solely in exchange for
4 stock securities in such corporation; or (2) the transfer of motor vehicles
5 or trailers by one corporation to another when all of the assets of such
6 corporation are transferred to such other corporation; or (3) the sale of
7 motor vehicles or trailers which are subject to taxation pursuant to the
8 provisions of K.S.A. 79-5101 et seq., and amendments thereto, by an
9 immediate family member to another immediate family member. For the
10 purposes of clause (3), immediate family member means lineal ascendants
11 or descendants, and their spouses. In determining the base for computing
12 the tax on such isolated or occasional sale, the fair market value of any
13 motor vehicle or trailer traded in by the purchaser to the seller may be
14 deducted from the selling price;

15 (p) the gross receipts received for the service of installing or applying
16 tangible personal property which when installed or applied is not being
17 held for sale in the regular course of business, and whether or not such
18 tangible personal property when installed or applied remains tangible
19 personal property or becomes a part of real estate, except that no tax shall
20 be imposed upon the service of installing or applying tangible personal
21 property in connection with the original construction of a building or
22 facility, the original construction, reconstruction, restoration, remodeling,
23 renovation, repair or replacement of a residence or the construction, re-
24 construction, restoration, replacement or repair of a bridge or highway.

25 For the purposes of this subsection:

26 (1) "Original construction" shall mean the first or initial construction
27 of a new building or facility. The term "original construction" shall include
28 the addition of an entire room or floor to any existing building or facility,
29 the completion of any unfinished portion of any existing building or fa-
30 cility and the restoration, reconstruction or replacement of a building or
31 facility damaged or destroyed by fire, flood, tornado, lightning, explosion
32 or earthquake, but such term, except with regard to a residence, shall not
33 include replacement, remodeling, restoration, renovation or reconstruc-
34 tion under any other circumstances;

35 (2) "building" shall mean only those enclosures within which individ-
36 uals customarily are employed, or which are customarily used to house
37 machinery, equipment or other property, and including the land improve-
38 ments immediately surrounding such building;

39 (3) "facility" shall mean a mill, plant, refinery, oil or gas well, water
40 well, feedlot or any conveyance, transmission or distribution line of any
41 cooperative, nonprofit, membership corporation organized under or sub-
42 ject to the provisions of K.S.A. 17-4601 et seq., and amendments thereto,
43 or of any municipal or quasi-municipal corporation, including the land

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1 improvements immediately surrounding such facility; and

2 (4) "residence" shall mean only those enclosures within which indi-
3 viduals customarily live;

4 (q) the gross receipts received for the service of repairing, servicing,
5 altering or maintaining tangible personal property, except computer soft-
6 ware described in subsection (s), which when such services are rendered
7 is not being held for sale in the regular course of business, and whether
8 or not any tangible personal property is transferred in connection there-
9 with. The tax imposed by this subsection shall be applicable to the services
10 of repairing, servicing, altering or maintaining an item of tangible personal
11 property which has been and is fastened to, connected with or built into
12 real property;

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

16 (s) the gross receipts received from the sale of computer software,
17 and the sale of the services of modifying, altering, updating or maintaining
18 computer software. As used in this subsection, "computer software"
19 means information and directions loaded into a computer which dictate
20 different functions to be performed by the computer. Computer software
21 includes any canned or prewritten program which is held or existing for
22 general or repeated sale, even if the program was originally developed
23 for a single end user as custom computer software. The sale of computer
24 software or services does not include: (1) The initial sale of any custom
25 computer program which is originally developed for the exclusive use of
26 a single end user; or (2) those services rendered in the modification of
27 computer software when the modification is developed exclusively for a
28 single end user only to the extent of the modification and only to the
29 extent that the actual amount charged for the modification is separately
30 stated on invoices, statements and other billing documents provided to
31 the end user. The services of modification, alteration, updating and main-
32 tenance of computer software shall only include the modification, alter-
33 ation, updating and maintenance of computer software taxable under this
34 subsection whether or not the services are actually provided; and

35 (t) the gross receipts received for telephone answering services, in-
36 cluding mobile phone services, beeper services and other similar services;
37 and

38 (u) the gross receipts received from the sale of prepaid telephone
39 calling cards or pre-paid authorization numbers and the recharge of such
40 cards or numbers. A pre-paid telephone calling card or pre-paid author-
41 ization number means the right to exclusively make telephone calls, paid
42 for in advance, with the prepaid value measured in minutes or other time
43 units, that enables the origination of calls using an access number or

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1 authorization code or both, whether manually or electronically dialed. If
2 the date or recharge of such card or number does not take place at the
3 vendor's place of business, it shall be conclusively determined to take
4 place at the customer's shipping address; if there is no item shipped then
5 it shall be the customer's billing address.

(a)

6 Sec. 8. K.S.A. 1998 Supp. 79-3703 is hereby amended to read as
7 follows: 79-3703. There is hereby levied and there shall be collected from
8 every person in this state a tax or excise for the privilege of using, storing,
9 or consuming within this state any article of tangible personal property.
10 Such tax shall be levied and collected in an amount equal to the consid-
11 eration paid by the taxpayer multiplied by the rate of 4.9%. Within a
12 redevelopment district established pursuant to K.S.A. 1998 Supp. 74-
13 8921, and amendments thereto, there is hereby levied and there shall be
14 collected and paid an additional tax of ~~1%~~ 2% until the earlier of: (1) The
15 date the bonds issued to finance or refinance the redevelopment project
16 undertaken in the district have been paid in full; or (2) ~~twenty years after~~
17 ~~the establishment of the redevelopment district~~ *the scheduled maturity*
18 *of the first series of bonds issued to finance the redevelopment project.* All
19 property purchased or leased within or without this state and subse-
20 quently used, stored or consumed in this state shall be subject to the
21 compensating tax if the same property or transaction would have been
22 subject to the Kansas retailers' sales tax had the transaction been wholly
23 within this state.

(b) If the proceeds from a project of statewide as well as local importance exceed what is needed for a payment on the bond indebtedness owed, the proceeds in excess of a required payment shall be used to make an accelerated payment on such debt. No penalty shall be assessed for early retirement of such bond indebtedness.
(c) The Kansas development finance authority shall not issue additional bonds after the initial bonds are issued and retired.

11] 24 ~~Sec. 9.~~ K.S.A. 1998 Supp. 12-195, 74-8902, 74-8902a, 74-8921, 74-
25 8924, 74-8925, 74-8927, 79-3603, 79-3603a and 79-3703 are hereby
26 repealed.

12] 27 Sec. 10. This act shall take effect and be in force from and after its
28 publication in the statute book.

12-1771, 12-1774

Sec. 9. K.S.A. 1998 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, a major tourism area as defined in K.S.A. 12-1774, and amendments thereto, 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 subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto. A unified government, established pursuant to K.S.A. 12-340 et seq., and amendments thereto, may enlarge an enterprise zone, established within its jurisdiction prior to July 1, 1992, to an area not exceeding 200% of the area of the original enterprise zone regardless of whether such enlargement crosses the boundary of a city within the jurisdiction of the unified government if the secretary of commerce and housing makes the same findings required for enlargement of an enterprise zone by a city. 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

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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 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.

17 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, which area is not yet blighted, but may become a blighted area due to the existence of 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 by cities, as determined by resolution adopted pursuant to K.S.A. 12-1772, and amendments thereto, (1) 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), (2) in blighted areas of cities and counties described by subsection (a)(2), (3) in conservation areas of cities, (4) in major tourism areas as defined in K.S.A. 12-1774 and amendments thereto or (5) 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) excluding paragraph (3) of 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;

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

(3) describe a proposed comprehensive plan that identifies all of the proposed redevelopment

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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). Subject to the provisions of K.S.A. 1998 Supp. 12-1771c, and amendments thereto, 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. The boundaries of any such district in a major tourism area including an auto race track facility located in Wyandotte county, shall, without regard to that portion of the district pertaining to the auto race track facility, be as follows: Beginning at the intersection of Interstate 70 and Interstate 435; West along Interstate 70 to 118th Street; North along 118th Street to State Avenue; Northeasterly along proposed relocated State venue to 110th Street; North along 110th Street to Parallel Parkway; East along Parallel Parkway to Interstate 435; South along Interstate 435 to

Interstate 70.

(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 20 years from the date of transmittal of the redevelopment plan or a revision of the plan, as authorized by K.S.A. 1998 Supp. 12-1771c, and amendments thereto, to the county pursuant to K.S.A. 12-1776, and amendments thereto. 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. A redevelopment project in a major tourism area ~~for~~ an auto race track facility described in subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, shall be completed within 30 years from the date the secretary of commerce and housing makes the finding that the redevelopment project will create a major tourism area pursuant to subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto.

(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

, including

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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 except that: (1) Such maximum period of special obligation bonds not payable from revenues described by subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, issued to finance an auto race track facility shall not exceed 30 years; and (2) such maximum period, if the governor determines and makes and submits a finding to the speaker of the house of representatives and the president of the senate that a maturity greater than 20 years, but in no event exceeding 30 years, is necessary for the economic feasibility of the financing of an auto race track facility with special obligation bonds payable primarily from revenues described by subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, may be extended in accordance with such determination and finding.

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 plan or revision of the plan, as authorized by K.S.A. 1998 Supp. 12-1771c, and amendments thereto, is transmitted to the county pursuant to K.S.A. 12-1776, 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

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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 except that: (1) Such maximum period of special obligation bonds not payable from revenues described by subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, issued to finance an auto race track facility shall not exceed 30 years; and (2) such maximum period, if the governor determines and makes and submits a finding to the speaker of the house of representatives and the president of the senate that a maturity greater than 20 years, but in no event exceeding 30 years, is necessary for the economic feasibility of the financing of an auto race track facility with special obligation bonds payable primarily from revenues described by subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, may be extended in accordance with such determination and finding.

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 plan or revision of the plan, as authorized by K.S.A. 1998 Supp. 12-1771c, and amendments thereto, is transmitted to the county pursuant to K.S.A. 12-1776, 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 19-2925 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.

(k) If a city determines that revenues from sources other than property taxes will be sufficient to pay any special obligation bonds issued to finance a redevelopment project for an auto race track facility described in subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, which the secretary of commerce and housing makes a finding that such project will create a major tourism area pursuant to subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, all real and personal property, constituting an auto race track facility described in subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, in such redevelopment district shall be exempt from property taxation for a period ending on the earlier of (1) the date which is 30 years after the date of the finding by the secretary of commerce and housing with respect to such major tourism area; or (2) the date on which no such special obligation bonds issued to finance such auto race track facility in a major tourism area remain outstanding.

(1) Any major tourism area may include an additional area not exceeding 400 acres of additional property, excluding roads and highways, in addition to the property necessary for the auto race track facility upon a finding by the governor that the development plan and each project within such additional area will enhance the major tourism area. For the development of each project within such additional area the city shall select qualified developers pursuant to a request for proposals in accordance with written official procedures approved by the governing body of the city. Any

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a major tourist related facility as described in subsection (a)(1)(D) of this section, and amendments thereto, or

or major tourist related facility

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project within such additional area that is financed in whole or in part by special obligation bonds payable from revenues derived from subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, shall not be entitled to any real property tax abatements or the revenues described in K.S.A. 12-1775, and amendments thereto. Any project within such additional area must be approved by the governor and construction must be commenced by July 1, 2002. The city shall prepare and submit annually to the governor, the secretary of commerce and housing and the legislature by each October 1, commencing October 1, 1999 and continuing until October 1, 2002, a report describing the status of any projects within such additional area. Any business located in Kansas within 50 miles of a major tourism area that relocates into a major tourism area shall not receive any of the benefits of K.S.A. 12-1770 et seq., and amendments thereto.

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Sec.10. K.S.A. 1998 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 in one or more series 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;

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

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created in the state by such redevelopment project. In making a finding that a redevelopment project will create a major tourism area within the state, the secretary must conclude at least: (i) That capital improvements costing not less than \$100,000,000 will be built in the state to construct a project for such major tourism area; and (ii) that the project constructed will be an auto race track facility.

or tourist related activity facility.

An auto race track facility means (i) an auto race facility and facilities directly related and necessary to the operation of an auto race track facility including, but not limited to, grandstands, suites and viewing areas, concessions and souvenir facilities, catering facilities, visitor and retail centers, signage and temporary hospitality facilities; but excluding (ii) hotels, motels, restaurants and retail facilities not included in (i);

A tourist related activity facility means a theme park and facilities directly related and necessary to the operation of such facility including, but not limited to, parking facilities, theme park, hotel, golf course, restaurant, amusement rides and ancillary infrastructure.

26

(E) (i) 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; (ii) 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, and amendments thereto; or

(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 and such bonds shall so state on their face.

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

27 (b) (1) Subject to the provisions of paragraph (2) of this subsection, 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 or will create a major tourism area as specified in subsection (a)(1)(D) of K.S.A. 12-1774, 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), (C), (D) and (E) 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

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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.

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(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 bonds if the governing body of the city adopts a resolution stating its intent to issue

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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.

29

(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.

HOUSE BILL No. 2166

By Committee on Taxation

1-28

9 AN ACT concerning redevelopment projects of statewide as well as local
10 importance; amending K.S.A. 1998 Supp. 12-195, 74-8902, 74-8921,
11 74-8924, 74-8925, 74-8927, 79-3603 and 79-3703 and repealing the
12 existing sections; also repealing K.S.A. 1998 Supp. 74-8902a and 79-
13 3603a.

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

15 Section 1. K.S.A. 1998 Supp. 12-195 is hereby amended to read as
16 follows: 12-195. (a) Except as otherwise provided in K.S.A. 12-195b, 12-
17 1774, 12-17,103 and K.S.A. 1998 Supp. 74-8924, and amendments
18 thereto, or subsection (b), no city or county shall commit any of the funds
19 or proceeds derived from a retailers' sales tax as a guarantee for the pay-
20 ment of bonds issued by such city or county *or the Kansas development*
21 *finance authority.*

22 (b) Any city or county which is the recipient of funds derived from a
23 local option sales tax pursuant to K.S.A. 12-187 *et seq.*, and amendments
24 thereto, is hereby authorized to issue revenue bonds to provide for the
25 payment of all or any portion of the cost of public facilities or improve-
26 ments of such city or county for which such city or county is authorized
27 pursuant to the constitution or laws of this state to issue general obligation
28 bonds and to pledge revenues received from countywide or city retailers'
29 sales taxes for the payment thereof. No such bonds shall be issued for the
30 payment of all or any portion of the cost of any facilities or improvements
31 to be used for commercial or retail purposes, except that such prohibition
32 shall not apply to revenue bonds issued for the payment of the cost of
33 constructing or improving a convention or exposition hall or center or
34 public auditorium. In the event the governing body of a city or county
35 proposes to issue such bonds, and the question of pledging the revenues
36 received from the countywide or city retailers' sales tax has not previously
37 been submitted to and approved by the voters of the city or county, such
38 proposition shall be published once each week for two consecutive weeks
39 in the official city or county newspaper, as the case requires. If, within
40 30 days after the last publication of the proposition, a petition is filed with
41 the county election officer signed by not less than 4% of the electors of
42 the city or county, as the case requires, who voted for the office of sec-
43

Economic Development
2-18-99
Attachment B

1 well as local importance pursuant to this section and subsection (e) of
 2 K.S.A. 74-8905, and amendments thereto, shall not exceed ~~20~~ years from
 3 the date of ~~establishment of the redevelopment district except that the~~
 4 ~~maximum maturity of bonds issued may be extended to a maximum ma-~~
 5 ~~turity period not to exceed a period greater than 32 years or such period~~
 6 ~~as the secretary of commerce may determine is necessary for the economic~~
 7 ~~feasibility of financing a project of statewide as well as local importance.~~

8 For the purposes of this act, "increment" means that amount of ad va-
 9 lorem taxes collected from real property located within the redevelop-
 10 ment district that is in excess of the amount which is produced from such
 11 property and attributable to the assessed valuation of such property prior
 12 to the date the redevelopment district was established, as determined
 13 under the provisions of K.S.A. 1998 Supp. 74-8925, and amendments
 14 thereto.

15 (f) Before any redevelopment district is established pursuant to
 16 K.S.A. 1998 Supp. 74-8921, and amendments thereto, a comprehensive
 17 feasibility study, which shows the benefits derived from such project will
 18 exceed the costs and that the income therefrom will be sufficient to pay
 19 for the project, shall be prepared by the developer and submitted to the
 20 secretary of commerce and housing and the authority and an agreement
 21 between the authority and the developer with respect to implementing
 22 the redevelopment plan shall have been executed. Such feasibility study
 23 shall be an open public record.

24 Sec. 4. K.S.A. 1998 Supp. 74-8924 is hereby amended to read as
 25 follows: 74-8924. (a) Any bonds issued by the authority under subsection
 26 (e) of K.S.A. 74-8905, and amendments thereto, to finance the undertak-
 27 ing of any project of statewide as well as local importance in accordance
 28 with the provisions of this act, shall be made payable, both as to principal
 29 and interest:

30 (1) From property tax increments allocated to, and paid into a special
 31 fund of the authority under the provisions of K.S.A. 1998 Supp. 74-8925,
 32 and amendments thereto;

33 (2) from revenues of the authority or the developer derived from or
 34 held in connection with the undertaking and carrying out of any rede-
 35 velopment plan under this act;

36 (3) from any private sources, contributions or other financial assis-
 37 tance from the state or federal government;

38 (4) from ~~[a pledge of a portion or all of]~~ the revenue collected by the
 39 state under K.S.A. 1998 Supp. 74-8927, and amendments thereto; ~~for a~~
 40 ~~period not to exceed 20 years after the date of establishment of the re-~~
 41 ~~development district;~~

42 (5) from a pledge of a portion or all increased revenue received by
 43 any city from franchise fees collected from utilities and other businesses

30

the scheduled maturity of the first series
 of bonds issued to finance the
 redevelopment project

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1 using public right-of-way within the redevelopment district;

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

within the redevelopment district

5 ~~(7) from a pledge of all of the revenues received by the county in~~
6 ~~which the project is located from the tax collected pursuant to K.S.A. 1998~~
7 ~~Supp. 74-8929; or~~

8 ~~(7) (8) by any combination of these methods.~~

or

9 (b) The authority may pledge such revenue to the repayment of such
10 bonds prior to, simultaneously with, or subsequent to the issuance of such
11 bonds.

12 Sec. 5. K.S.A. 1998 Supp. 74-8925 is hereby amended to read as
13 follows: 74-8925. (a) For the purposes of this act, the term "taxing sub-
14 division" shall include the county, the city, the unified school district and
15 any other taxing subdivision levying real property taxes, the territory or
16 jurisdiction of which includes any currently existing or subsequently cre-
17 ated redevelopment district. The term "real property taxes" includes all
18 taxes levied on an ad valorem basis upon land and improvements thereon.

19 (b) All tangible taxable property located within a redevelopment dis-
20 trict shall be assessed and taxed for ad valorem tax purposes pursuant to
21 law in the same manner that such property would be assessed and taxed
22 if located outside such district, and all ad valorem taxes levied on such
23 property shall be paid to and collected by the county treasurer in the
24 same manner as other taxes are paid and collected. Except as otherwise
25 provided in this section, the county treasurer shall distribute such taxes
26 as may be collected in the same manner as if such property were located
27 outside a redevelopment district. Each redevelopment district established
28 under the provisions of this act shall constitute a separate taxing unit for
29 the purpose of the computation and levy of taxes.

30 (c) Beginning with the first payment of taxes which are levied follow-
31 ing the date of approval of any redevelopment district established pur-
32 suant to K.S.A. 1998 Supp. 74-8921, and amendments thereto, real prop-
33 erty taxes received by the county treasurer resulting from taxes which are
34 levied subject to the provisions of this act by and for the benefit of a
35 taxing subdivision, as herein defined, on property located within such
36 redevelopment district constituting a separate taxing unit under the pro-
37 visions of this section, shall be divided as follows:

38 (1) From the taxes levied each year subject to the provisions of this
39 act by or for each of the taxing subdivisions upon property located within
40 a redevelopment district constituting a separate taxing unit under the
41 provisions of this act, the county treasurer first shall allocate and pay to
42 each such taxing subdivision all of the real property taxes collected which
43 are produced from that portion of the current assessed valuation of such

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1 opment district have been paid in full; or ~~(2) twenty years after the es-~~
 2 ~~establishment of the redevelopment district~~ *the scheduled maturity date of*
 3 *the first series of bonds issued to finance the redevelopment project,* all
 4 revenues collected or received from the state transient guest tax estab-
 5 lished pursuant to K.S.A. 1998 Supp. 79-5301 through 79-5304, and
 6 amendments thereto, any revenue from a county or countywide retailers'
 7 sales tax levied or collected under K.S.A. 1998 Supp. 74-8929 and amend-
 8 ments thereto, the state retailers' sales tax pursuant to K.S.A. 79-3603,
 9 and amendments thereto, and the state compensating use tax, pursuant
 10 to K.S.A. 79-3703, and amendments thereto, which have been certified
 11 by the director of taxation to have been derived from taxpayers located
 12 in a redevelopment district shall be remitted to the state treasurer.

13 (b) The state treasurer shall credit all such revenues to the redevel-
 14 opment bond fund which is hereby established in the state treasury. The
 15 state treasurer shall make such biannual distributions on dates mutually
 16 agreed upon by the treasurer and the authority. The authority shall use
 17 all such moneys received pursuant to this section to pay the costs of a
 18 redevelopment project of statewide as well as local importance as de-
 19 scribed in K.S.A. 74-8902, and amendments thereto.

20 Sec. 7. K.S.A. 1998 Supp. 79-3603 is hereby amended to read as
 21 follows: 79-3603. For the privilege of engaging in the business of selling
 22 tangible personal property at retail in this state or rendering or furnishing
 23 any of the services taxable under this act, there is hereby levied and there
 24 shall be collected and paid a tax at the rate of 4.9% *and, within a rede-*
 25 *velopment district established pursuant to K.S.A. 74-8921, and amend-*
 26 *ments thereto* ~~there is hereby levied and there shall be collected and paid~~
 27 ~~an additional tax at the rate of 2% until the earlier of the date the bonds~~
 28 ~~issued to finance or refinance the redevelopment project have been paid~~
 29 ~~in full or the scheduled maturity of the first series of bonds issued to~~
 30 ~~finance any part of the project~~ upon:

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

33 (b) (1) the gross receipts from intrastate telephone or telegraph serv-
 34 ices and (2) the gross receipts received from the sale of interstate tele-
 35 phone or telegraph services, which (A) originate within this state and
 36 terminate outside the state and are billed to a customer's telephone num-
 37 ber or account in this state; or (B) originate outside this state and ter-
 38 minate within this state and are billed to a customer's telephone number
 39 or account in this state except that the sale of interstate telephone or
 40 telegraph service does not include: (A) Any interstate incoming or out-
 41 going wide area telephone service or wide area transmission type service
 42 which entitles the subscriber to make or receive an unlimited number of
 43 communications to or from persons having telephone service in a speci-

(2)
 and only within the redevelopment
 district

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1 authorization code or both, whether manually or electronically dialed. If
2 the date or recharge of such card or number does not take place at the
3 vendor's place of business, it shall be conclusively determined to take
4 place at the customer's shipping address; if there is no item shipped then
5 it shall be the customer's billing address.

6 Sec. 8. K.S.A. 1998 Supp. 79-3703 is hereby amended to read as
7 follows: 79-3703. There is hereby levied and there shall be collected from
8 every person in this state a tax or excise for the privilege of using, storing,
9 or consuming within this state any article of tangible personal property.
10 Such tax shall be levied and collected in an amount equal to the consid-
11 eration paid by the taxpayer multiplied by the rate of 4.9%. Within a
12 redevelopment district established pursuant to K.S.A. 1998 Supp. 74-
13 8921, and amendments thereto, ~~there is hereby levied and there shall be~~
14 ~~collected and paid an additional tax of 1% 2% until the earlier of: (1) The~~
15 ~~date the bonds issued to finance or refinance the redevelopment project~~
16 ~~undertaken in the district have been paid in full; or (2) twenty years after~~
17 ~~the establishment of the redevelopment district~~ *the scheduled maturity*
18 *of the first series of bonds issued to finance the redevelopment project.* All
19 property purchased or leased within or without this state and subse-
20 quently used, stored or consumed in this state shall be subject to the
21 compensating tax if the same property or transaction would have been
22 subject to the Kansas retailers' sales tax had the transaction been wholly
23 within this state.

and only within the redevelopment
district

24 Sec. 9. K.S.A. 1998 Supp. 12-195, 74-8902, 74-8902a, 74-8921, 74-
25 8924, 74-8925, 74-8927, 79-3603, 79-3603a and 79-3703 are hereby
26 repealed.

27 Sec. 10. This act shall take effect and be in force from and after its
28 publication in the statute book.