

MINUTES OF THE HOUSE COMMITTEE ON NEW ECONOMY.

The meeting was called to order by Chairperson William Mason at 3:30 p.m. on February 13, 2001 in Room 522-S of the Capitol.

All members were present except: Representative Winn - E

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

Conferees appearing before the committee: Annie Kuether, State Representative
Marlee Carpenter, Director of Taxation and Small Business
for KCCI
Bill Jarrell, Boeing
Don Moler, Executive Director, League of KS Municipalities
Neil Shortlidge, Attorney, City of Roland Park
Richard Caplan, Executive Director, Development &
Retention Council of NE Johnson County
Doug Patterson, State Representative

Others attending: See Attached List

Representative Long moved, seconded by Representative Kuether that the minutes from the February 6 & 8 meetings be approved. The motion carried.

Chairman Mason opened the hearing on **HB 2055**. Ms. Holt briefed the committee on the history of the bill that expired December 31, 2000 and stated that the bill would extend the Kansas income tax credit claimed by businesses for research and development to include the tax years 2001-2005. She explained the federal tax credit program and stated that 33 states, including Kansas, have some kind of incentive program linked to the federal program in one way or another. Regarding the fiscal note, she stated the figure of \$1,330,000 was derived from a five year average of tax credits claimed from 1994-1998 and would reduce the general fund by that amount each year.

Representative Kuether spoke to the committee in support of **HB 2055**, (Attachment 1). She reminded the committee of Speaker Glasscock's challenge for the committee and believes that this bill is an important tool for businesses and industries in the state. She requested that a formal challenge to the fiscal note be sent to the fiscal note oversight committee, due to the large discrepancy from last year's fiscal note which was \$500,000. She asked that the committee support the bill and pass it onto the floor.

Marlee Carpenter, KCCI, spoke in support of the **HB 2055**, (Attachment 2). KCCI believes that the R&D tax credit is very important to Kansas businesses and should be made retroactive for tax year 2001. She provided data showing the number of filers and totals claimed from 1988 through 9/20/99 and the R&D tax credit programs in the surrounding states.

Bill Jarrell, Boeing spoke in support of the bill, (no written testimony). He stated that Boeing had used this tax credit program in the past for development of new airplanes. They believe it was an unfortunate oversight that it wasn't renewed last year and stressed the importance of the bill to business.

The Chairman closed the hearing on **HB 2055**. Representative Beggs moved that HB 2055 be passed out favorably and placed on the consent calendar. It was seconded by Representative Osborne. The motion was carried It was agreed that a challenge to the fiscal note would be sent to the fiscal oversight committee before the bill was placed on the consent calendar.

The Chairman opened the hearing on **HB 2005**.

Mr. Nugent reviewed balloons on **HB 2005**, (Attachment 3). Included in the balloon were changes/deletions/additions regarding: title change, auto race track facilities, base year assessed valuation, developer, major tourism, feasibility study, redevelopment project, site preparation, blighted area, Oz reference, substantial change, tax increment, district plan, unified government, the requirements for adding territory to redevelopment districts, requirements for mailing resolutions, approval dates of projects, and a new section (grandfather clause).

Mr. Nugent stated that most of the changes are procedural although it included two policy issues: (1) the definition of base year (2) five new sub-sections (pg 11), that describe the procedures to subtract land from the redevelopment district and allows land to be shifted between redevelopment districts.

Discussion followed regarding the intent of the interim committee on the TIF bill. There was consensus that the bill be worked in two phases, (1) re-organize and clean-up the bill; making it a usable tool and (2) address any additional policy issues at a future date.

Don Moler, Executive Director, League of Kansas Municipalities, spoke in support of the **HB 2005**, as amended (Attachment 4). They believe its language simplifies and streamlines the existing TIF statutes for the State of Kansas and urged the committee to pass the bill.

Neil Shortlidge, Attorney, City of Roland Park, spoke in support of **HB2005** (No written testimony). He suggested several changes that had been overlooked and Mr. Nugent responded that the internal and external cross-references had not been made, but would be before the final draft. Mr. Shortlidge suggested a change on Section 13, Page 27 which would delete the language beginning on line 23, after the word of, continuing through to line 27, to the word thereto. He recommended the changes take effect as soon as possible. Mr. Nugent agreed to the changes he suggested.

Richard Caplan, Executive Director, Development & Retention Council of NE Johnson County spoke in support of **HB 2005** (no written testimony). He gave an example of a project in his community that would be helped by the TIF bill.

Representative Doug Patterson spoke in support of **HB 2005** (No written testimony). He said that the clean-up has provided a usable tool and working the bill in two phases is important due to the complexities of the bill.

The Chairman closed the hearing on **HB 2005**.

Representative Kuether moved, seconded by Representative Long that a substitute bill be created for HB 2005. The motion carried.

Representative Aday moved, seconded by Representative Kuether that **Substitute Bill 2005** be passed favorably. The motion carried.

Next meeting February 15.

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

STATE OF KANSAS



TOPEKA

HOUSE OF
REPRESENTATIVES

ANNIE KUETHER

REPRESENTATIVE, FIFTY-FIFTH DISTRICT
SHAWNEE COUNTY
1346 SW WAYNE AVE.
TOPEKA, KANSAS 66604-2606
(785) 232-0717

STATE CAPITOL—ROOM 279-W
TOPEKA, KS 66612-1504
(785) 296-7669
1-800-432-3924
(SESSION ONLY)

COMMITTEE ASSIGNMENTS

RANKING MINORITY MEMBER: NEW ECONOMY
MEMBER: HIGHER EDUCATION
UTILITIES
GENERAL GOVERNMENT & HUMAN
RESOURCES BUDGET
KANSAS, INC. BOARD OF DIRECTORS
NCSL: COMMERCE AND COMMUNICATION
ON FEDERAL AFFAIRS
JOINT COMMITTEE ON NEW ECONOMY
CHAIR: SHAWNEE COUNTY LEGISLATIVE
DELEGATION, 1999, 2000, 2001

February 13, 2001

You have heard the explanation of HB 2055.

I am testifying as a proponent of the legislation.

Speaker Glasscock came before this committee to discuss the importance surrounding the future and the role that this committee is expected to play.

HB 2055 is an important first step. I respectfully request your favorable consideration of this important legislation.

Annie Kuether
State Representative

LEGISLATIVE TESTIMONY



The Unified Voice of Business

835 SW Topeka Blvd. • Topeka, KS 66612-1671 • 785-357-6321 • Fax: 785-357-4732 • E-mail: kcci@kansaschamber.org • www.kansaschamber.org

HB 2055

February 13, 2001

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the

House New Economy Committee

by

Marlee Carpenter
Director of Taxation and Small Business

Mr. Chairman and members of the Committee:

My name is Marlee Carpenter and I am the Director of Taxation and Small Business for the Kansas Chamber of Commerce and Industry. Thank you for the opportunity to express our support for HB 2055.

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 2,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 48% of KCCI's members having less than 25 employees, and 78% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

The research and development income tax credit was created in 1986 and sunset on January 1, 2001. KCCI believes that the R&D tax credit is very important to Kansas businesses and making it retroactive for tax year 2001. Under this tax credit, businesses are allowed an income tax credit equal to 6.5% of a company's investment in research and development above

NEW ECONOMY COMMITTEE
2-13-01
Attachment 2

enditure of the previous three-year period. Only 25% of the allowable annual credit may be claimed in any one year.

In 1998, approximately \$2.3 million in credits were claimed. This totals approximately \$141 million in new money spent in the state on research and development activity. Table 11 is attached to my testimony which details the amount of tax credits claimed since its enactment.

Wages for those involved in the research and development field, are typically high paying. These are the types of jobs Kansas wants to keep and attract. Forty-two states currently have some type of R&D tax incentive, including the states surrounding Kansas, Missouri, Oklahoma, Nebraska and Colorado. I have attached a table, from a 1999 Kansas, Inc. study that details our surrounding state's research and development incentives.

The research and development tax credit has been important to Kansas businesses and has been used in various ways over the years. In the telecommunications field, this tax credit has been applied to software development, technology testing, and the development of new and better ways to use telecommunications networks. In the manufacturing field, this tax credit has been used to develop new products or derivatives of new products (major changes in products), the development of new and better ways to build the product on the manufacturing floor, and in the development of new software.

This is not a new tax credit for business in Kansas, but one that had been around for 15 years. It was successful in attracting businesses and high paying jobs to the state. KCCI's members feel that this is a tax credit too important to lose. We urge you to pass HB 2055 and reinstate the research and development tax credit. Thank you for your time and I will be happy to answer any questions.

Table 3-5
Research and Development Tax Credits

Colorado	Credit for research and experimental activities conducted in enterprise zones. The credit is equal to 3% of the increase in the taxpayer's expenditures on R&D. No more than one-fourth of the credit may be taken in any one tax year. Unused credits may be carried over.
Iowa	6.5% of the apportioned share of increases in qualifying research expenditures in Iowa. Increases to 13% for qualified firms in enterprise zones or for firms that qualify for Iowa job and investment credits (see Table 3.6 and 3.7 for qualifying criteria).
Kansas	6.5% credit for research and development expenditures in Kansas, based on amount by which such expenditures exceed the taxpayer's average actual expenditures for R&D in the taxable year and the two preceding taxable years. In any taxable year, the maximum deduction from tax liability is 25% of the earned credit plus carryovers. Any amount by which the allowed portion of the credit exceeds the taxpayer's total Kansas tax liability may be carried forward.
Missouri	6.5% credit on a firm's qualified research expenses in the state in excess of the average R&D expenditures for the previous three years.

SOURCES: Information provided by individual state departments of revenue; state statutes and code, Commerce Clearing House, *State Tax Review*, 1999; and Research Institute of America, *All States Tax Guide*, 1999.

Research and Development Tax Credit - K.S.A. 79-32,182 et seq. Created in 1986, this tax credit is designed to increase research and development activity by Kansas businesses. The income tax credit is equal to 6.5% of a company's investment in research and development above the average expenditure of the previous three-year period. Only 25% of the allowable annual credit may be claimed in any one year. Any remaining credit may be carried forward in 25% increments until exhausted. Table 11 reports Research and Development Tax Credits awarded since the programs inception and 9/30/99.

	Total Filers	Total Claimed
1988	12	\$ 133,890
1989	24	407,807
1990	39	249,737
1991	50	449,221
1992	63	764,043
1993	76	1,757,598
1994	85	3,171,884
1995	90	720,139
1996	83	875,454
1997	55*	*1,340,675
1998	57	2,382,291
As of 9/20/99	15	61,539
	649	\$12,314,278

Source: KDOR Credit Summary Report of September 30, 1999
*Individual filers for 1999 were suppressed by KDOR and are not included in this figure or in the total figure.

HOUSE BILL No. 2005

By Joint Committee on Economic Development

12-15

9 AN ACT concerning tax increment financing; reorganization thereof;
10 amending K.S.A. 12-1772 and K.S.A. 2000 Supp. 12-1770, 12-1770a,
11 12-1771, 12-1771a, 12-1771b, 12-1771c, 12-1771d, 12-1773, 12-1774,
12 12-1774a, 12-1775, 19-101a, 74-5093, 79-3620, 79-3620b and 79-3710
13 and repealing the existing sections; also repealing K.S.A. 2000 Supp.
14 12-1774b.

12-1776

12-1771c

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

17 Section 1. K.S.A. 2000 Supp. 12-1770 is hereby amended to read as
18 follows: 12-1770. It is hereby declared to be the purpose of this act to
19 promote, stimulate and develop the general and economic welfare of the
20 state of Kansas and its communities and to assist in the development and
21 redevelopment of ~~blighted areas and deteriorating areas which are not~~
22 ~~yet blighted, but may be so in the future located within cities, environ-~~
23 ~~mentally contaminated areas located within and without cities, enterprise~~
24 ~~zones located within cities and, major tourism areas as defined in sub-~~
25 ~~section (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, thus eli-~~
26 ~~gible areas within and without a city thereby~~ promoting the general wel-
27 fare of the citizens of this state, by authorizing cities to acquire certain
28 property and to issue special obligation bonds and full faith and credit tax
29 increment bonds for the financing of redevelopment projects. It is further
30 found and declared that the powers conferred by this act are for public
31 uses and purposes for which public money may be expended and the
32 power of eminent domain exercised. The necessity in the public interest
33 for the provisions of this act is hereby declared as a matter of legislative
34 determination.

35 Sec. 2. K.S.A. 2000 Supp. 12-1770a is hereby amended to read as
36 follows: 12-1770a. ~~For purposes of K.S.A. 12-1770 et seq. and amend-~~
37 ~~ments thereto:~~

38 ~~(a) "Historic theater" means a building constructed prior to 1940~~
39 ~~which was constructed for the purpose of staging entertainment, includ-~~
40 ~~ing motion pictures, vaudeville shows or operas, that is operated by a~~
41 ~~nonprofit corporation and is designated by the state historic preservation~~
42 ~~officer as eligible to be on the Kansas register of historic places or is a~~
43 ~~member of the Kansas historic theatre association;~~

1 ~~“(b) “sales tax increment” means the amount of state and local sales~~
 2 ~~tax revenue imposed pursuant to K.S.A. 12-187 et seq., 70-3601 et seq.~~
 3 ~~and 70-3701 et seq., and amendments thereto, collected from taxpayers~~
 4 ~~doing business within the historic theater that is in excess of the amount~~
 5 ~~of such taxes collected prior to the designation of the building as a historic~~
 6 ~~theater for purposes of this act. As used in this act, unless the context~~
 7 ~~clearly shows otherwise:~~

8 (a) “Auto race track facility” means: (1) An auto race track facility
 9 and facilities directly related and necessary to the operation of an auto
 10 race track facility, including, but not limited to, grandstands, suites and
 11 viewing areas, concessions, souvenir facilities, catering facilities, visitor
 12 and retail centers, signage and temporary hospitality facilities, but ex-
 13 cluding (2) hotels, motels, restaurants and retail facilities, not directly
 14 related to or necessary to the operation of such facility.

not included in paragraph (1)

15 (b) “Blighted area” means an area which:

(b) ["base year assessed valuation" means the assessed valuation of all real property within the boundaries of a redevelopment district on the date the redevelopment district was established.]

16 (1) Because of the presence of a majority of the following factors,
 17 substantially impairs or arrests the development and growth of the mu-
 18 nicipality or constitutes an economic or social liability or is a menace to
 19 the public health, safety, morals or welfare in its present condition and
 20 use:

21 (A) A substantial number of deteriorated or deteriorating structures;

22 (B) predominance of defective or inadequate street layout;

23 (C) unsanitary or unsafe conditions;

24 (D) deterioration of site improvements;

25 (E) tax or special assessment delinquency exceeding the fair value of market
 26 the land;

27 (F) defective or unusual conditions of title including but not limited
 28 to cloudy or defective titles, multiple or unknown ownership interests to
 29 the property; real property

30 (G) improper subdivision or obsolete platting or land uses;

31 (H) the existence of conditions which endanger life or property by fire
 32 or other causes; or

33 (I) conditions which create economic obsolescence; or

34 (2) has been identified by any state or federal environmental agency
 35 as being environmentally contaminated to an extent that requires a re-
 36 medial investigation; feasibility study and remediation or other similar
 37 state or federal action; or

38 (3) previously was found by resolution of the governing body to be a
 39 slum or a blighted area under K.S.A. 17-4742 et seq., and amendments
 40 thereto.

41 (c) “Conservation area” means any improved area comprising 15%
 42 or less of the land area within the corporate limits of a city in which 50%
 43 or more of the structures in the area have an age of 35 years or more,

1 which area is not yet blighted, but may become a blighted area due to the
2 existence of a combination of two or more of the following factors:

- 3 (1) Dilapidation, obsolescence or deterioration of the structures;
- 4 (2) illegal use of individual structures;
- 5 (3) the presence of structures below minimum code standards;
- 6 (4) building abandonment;
- 7 (5) excessive vacancies;
- 8 (6) overcrowding of structures and community facilities; or
- 9 (7) inadequate utilities and infrastructure.

10 (d) "Eligible area" means a blighted area, conservation area, enter-
11 prise zone, historic theater or major tourism area.

12 (e) "Enterprise zone" means an area within a city that was designated
13 as an enterprise zone prior to July 1, 1992, pursuant to K.S.A. 12-17,107
14 through 12-17,113, and amendments thereto, prior to its repeal and the
15 conservation, development or redevelopment of the area is necessary to
16 promote the general and economic welfare of such city.

17 (f) "Environmental increment" means the increment determined pur-
18 suant to subsection (h) of K.S.A. 12-1771a, and amendments thereto.

19 (g) "Environmentally contaminated area" means an area of land hav-
20 ing contaminated groundwater or soil which is deemed environmentally
21 contaminated by the department of health and environment or the United
22 States environmental protection agency.

23 (h) "Feasibility study" means a ~~comprehensive~~ study which shows
24 whether a redevelopment project's benefits and tax increment revenue ~~will~~
25 exceed or be sufficient to pay for the redevelopment project costs.

26 (i) "Historic theater" means a building constructed prior to 1940
27 which was constructed for the purpose of staging entertainment, including
28 motion pictures, vaudeville shows or operas, that is operated by a non-
29 profit corporation and is designated by the state historic preservation
30 officer as eligible to be on the Kansas register of historic places or is a
31 member of the Kansas historic theatre association.

32 (j) "Historic theater sales tax increment" means the amount of state
33 and local sales tax revenue imposed pursuant to K.S.A. 12-187 et seq., 79-
34 3601 et seq. and 79-3701 et seq., and amendments thereto, collected from
35 taxpayers doing business within the historic theater that is in excess of
36 the amount of such taxes collected prior to the designation of the building
37 as a historic theater for purposes of this act.

38 (k) "Major tourism area" means ~~a redevelopment area project to be~~
39 ~~built in Kansas that:~~

- 40 ~~(1) Has capital improvements costing not less than \$100,000,000; and~~
- 41 ~~(2) to an auto race track facility.~~

42 (l) "Real property taxes" means all taxes levied on an ad valorem basis
43 upon land and improvements thereon.

(e) "de minimus" means an amount less than 15% of the land area within a redevelopment district.

(f) "developer" means any person, firm, corporation, partnership or limited liability company, other than a city.

and other available revenues under K.S.A. 12-1774 (a)(1)

are expected to

an area for which the secretary has made a finding that capital improvements costing not less than \$100,000,000 will be built in the state to construct an auto race track facility

() "redevelopment project area" or "project area" means an area designated by a city within a redevelopment district

3-4

1 (m) "Redevelopment project costs" means those costs ~~incurred to de-~~
2 ~~velop the redevelopment project to include~~ but not limited to such costs
3 ~~as:~~

necessary to implement a redevelopment plan, including,

incurred for:

- 4 (1) Acquisition of property within the redevelopment project area,
- 5 (2) payment of relocation assistance;
- 6 (3) site preparation;
- 7 (4) sanitary and storm sewers and lift stations;
- 8 (5) drainage conduits, channels and levees;
- 9 (6) street grading, paving, graveling, macadamizing, curbing, gutter-
- 10 ing and surfacing;
- 11 (7) street light fixtures, connection and facilities;
- 12 (8) underground gas, water, heating and electrical services and con-
- 13 nections located within the public right-of-way;
- 14 (9) sidewalks and pedestrian underpasses or overpasses;
- 15 (10) drives and driveway approaches located within the public right-
- 16 of-way;
- 17 (11) water mains and extensions;
- 18 (12) plazas and arcades;
- 19 (13) parking facilities;
- 20 (14) landscaping and plantings, fountains, shelters, benches, sculp-
- 21 tures, lighting, decorations and similar amenities; and
- 22 (15) all related expenses to redevelop and finance the redevelopment
- 23 project.

including utility relocations

24 Redevelopment project costs shall not include costs incurred in con-
25 nection with the construction of buildings or other structures to be owned
26 by or leased to such developer, however, the "redevelopment project costs"
27 shall include costs incurred in connection with the construction of build-
28 ings or other structures to be owned or leased to such developer which
29 includes an auto race track facility or is in a redevelopment district in-
30 cluding some or all of the land and buildings comprising a state mental
31 institution closed pursuant to section 2 of chapter 219 of the 1995 Sesssion
32 Laws of Kansas.

an eligible

33 (n) "Redevelopment district" means the specific area declared to be ~~a~~
34 blighted area, conservation area, enterprise zone, historic theater or major
35 tourism) area in which the city ~~or county~~ may develop one or more re-
36 development projects.

37 (o) "~~Redevelopment~~ district plan" means the preliminary plan that
38 identifies all of the proposed redevelopment project areas and identifies
39 in a general manner all of the buildings, facilities and improvements in
40 each that are proposed to be constructed or improved in each redevel-
41 opment project area.

42 (p) "Redevelopment project" means the approved project to imple-
43 ment a ~~comprehensive plan or plans~~ for the development of the established project

1 redevelopment district.

2 (q) "~~Redevelopment~~ project plan" means the plan adopted by a mu-
3 nicipality for the development of a redevelopment project or projects
4 which conforms with K.S.A. 12-1772, and amendments thereto, in a re-
5 development district.

6 (r) "Secretary" means the secretary of commerce and housing.

7 (s) "~~Statewide as well as local importance~~" means a redevelopment
8 project that the secretary concludes will create at least:

- 9 ~~(1) Capital improvements costing not less than \$300,000,000; and~~
- 10 ~~(2) not less than 1,500 permanent and seasonal employment positions~~
11 ~~as defined by K.S.A. 74-50,114, and amendments thereto.~~

12 (t) "Substantial change" means ~~a change wherein the redevelopment~~
13 ~~project's proposed plan or plans differ from the intended purpose for~~
14 ~~which the redevelopment district plan was granted.~~

15 (u) "Tax increment" means that amount ~~of ad valorem taxes collected~~
16 ~~from real property located within the redevelopment district that is in~~
17 ~~excess of the amount which is produced from such property and attrib-~~
18 ~~utable to the assessed valuation of such property prior to the redevel-~~
19 ~~opment district plan or revision of the plan, as authorized by K.S.A. 2000~~
20 ~~Supp. 12-1771c, and amendments thereto, and is transmitted to the~~
21 ~~county pursuant to K.S.A. 12-1776, and amendments thereto.~~

22 (v) "Taxing subdivision" means the county, city, unified school dis-
23 trict and any other taxing subdivision levying real property taxes, the
24 territory or jurisdiction of which includes any currently existing or sub-
25 sequently created redevelopment district.

26 Sec. 3. K.S.A. 2000 Supp. 12-1771 is hereby amended to read as
27 follows: 12-1771. (a) ~~No city shall exercise any of the powers conferred~~
28 ~~by K.S.A. 12-1770 et seq., and amendments thereto, unless the governing~~
29 ~~body of such city has adopted a resolution finding that the specific project~~
30 ~~area sought to be redeveloped is a blighted area, a conservation area, a~~
31 ~~major tourism area as defined in K.S.A. 12-1774, and amendments~~
32 ~~thereto, a historic theater as defined in K.S.A. 2000 Supp. 12-1770a, and~~
33 ~~amendments thereto, or was designated prior to July 1, 1992, as an en-~~
34 ~~terprise zone pursuant to K.S.A. 12-17,110 prior to its repeal, and the~~
35 ~~conservation, development or redevelopment of such area is necessary to~~
36 ~~promote the general and economic welfare of such city. Enterprise zones~~
37 ~~designated prior to July 1, 1992, may be enlarged by the city to an area~~
38 ~~not exceeding 25% of the city's land area upon a finding by the secretary~~
39 ~~of the department of commerce and housing that a redevelopment project~~
40 ~~proposed by the city which requires the enlargement is of statewide im-~~
41 ~~portance and that it will meet the criteria specified in subsection (a)(1)(D)~~
42 ~~of K.S.A. 12-1774, and amendments thereto. A unified government, es-~~
43 ~~tablished pursuant to K.S.A. 12-340 et seq., and amendments thereto,~~

,as applicable,

substantially

or project plan

approved

of real property taxes

collected

the base year assessed valuation

1 may enlarge an enterprise zone, established within its jurisdiction prior
2 to July 1, 1992, to an area not exceeding 200% of the area of the original
3 enterprise zone regardless of whether such enlargement crosses the
4 boundary of a city within the jurisdiction of the unified government if the
5 secretary of commerce and housing makes the same findings required for
6 enlargement of an enterprise zone by a city. For the purpose of this
7 subsection, the term "blighted area" means an area which: (1) Because
8 of the presence of a majority of the following factors, substantially impairs
9 or arrests the sound development and growth of the municipality or con-
10 stitutes an economic or social liability or is a menace to the public health,
11 safety, morals or welfare in its present condition and use: (A) A sub-
12 stantial number of deteriorated or deteriorating structures; (B) predom-
13 inance of defective or inadequate street layout; (C) unsanitary or unsafe
14 conditions; (D) deterioration of site improvements; (E) diversity of own-
15 ership; (F) tax or special assessment delinquency exceeding the fair value
16 of the land; (G) defective or unusual conditions of title; (H) improper
17 subdivision or obsolete platting or land uses; (I) the existence of condi-
18 tions which endanger life or property by fire and other causes; or (J)
19 conditions which create economic obsolescence; or (2) has been identified
20 by any state or federal environmental agency as being environmentally
21 contaminated to an extent that requires a remedial investigation, feasi-
22 bility study and remediation or other similar state or federal action; or (3)
23 previously was found by resolution of the governing body to be a slum or
24 a blighted area under K.S.A. 17-4742 *et seq.*, and amendments thereto.
25 —For the purpose of this subsection, conservation area means any im-
26 proved area within the corporate limits of a city in which 50% or more
27 of the structures in the area have an age of 35 years or more, which area
28 is not yet blighted, but may become a blighted area due to the existence
29 of a combination of two or more of the following factors: (i) Dilapidation;
30 obsolescence or deterioration of the structures; (ii) illegal use of individual
31 structures; (iii) the presence of structures below minimum code stan-
32 dards; (iv) building abandonment; (v) excessive vacancies; (vi) overcrowd-
33 ing of structures and community facilities; or (vii) inadequate utilities and
34 infrastructure. Not more than 15% of the land area of a city may be found
35 to be a conservation area.
36 —(b) The powers conferred upon cities under the provisions of K.S.A.
37 12-1770 *et seq.*, and amendments thereto, shall be exercised by cities, as
38 determined by resolution adopted pursuant to K.S.A. 12-1772, and
39 amendments thereto, (1) in enterprise zones designated prior to July 1,
40 1992, including any area added to such enterprise zone after July 1, 1992,
41 pursuant to subsection (a), (2) in blighted areas of cities and counties
42 described by subsection (a)(2), (3) in conservation areas of cities, (4) in
43 major tourism areas as defined in K.S.A. 12-1774 and amendments

1 thereto (5) in blighted areas of cities, as determined by resolution adopted
2 pursuant to K.S.A. 17-4742 *et seq.*, and amendments thereto or (6) for
3 buildings designated as historic theaters pursuant to K.S.A. 2000 Supp.
4 12-1771d.

5 ~~—(c) Within that portion of the city described in subsection (b), the~~
6 ~~governing body of a city may establish a district to be known as a “rede-~~
7 ~~velopment district”. Within that portion of a city and county described in~~
8 ~~subsection (b) excluding paragraph (3) of subsection (b), the governing~~
9 ~~body of the city, upon written consent of the board of county commis-~~
10 ~~sioners, may establish a district inclusive of land outside the boundaries~~
11 ~~of the city to be known as a redevelopment district. In all such cases, the~~
12 ~~board of county commissioners, prior to providing written consent, shall~~
13 ~~be subject to the same procedure for public notice and hearing as is~~
14 ~~required of a city pursuant to subsection (d) for the establishment of a~~
15 ~~redevelopment district. One or more redevelopment projects may be un-~~
16 ~~dertaken by a city within a redevelopment district after such redevelop-~~
17 ~~ment district has been established in the manner provided by subsection~~
18 ~~(d).~~

19 ~~—(d) (a) Resolution procedure for a redevelopment district. Any city or~~
20 ~~unified government proposing to establish a redevelopment district within~~
21 ~~an eligible area shall adopt a resolution stating that the city is considering~~
22 ~~the establishment of a redevelopment district. Such resolution shall:~~

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

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

27 (3) describe ~~a proposed comprehensive plan that identifies all of the~~
28 ~~proposed redevelopment project areas and that identifies in a general~~
29 ~~manner all of the buildings and facilities that are proposed to be con-~~
30 ~~structed or improved in each redevelopment project area; _____ the district plan~~

31 (4) state that a description and map of the proposed redevelopment
32 district are available for inspection at a time and place designated;

33 (5) state that the governing body will consider findings necessary for
34 the establishment of a redevelopment district.

35 Notice shall be given as provided in subsection ~~(c)~~ (b) of K.S.A. 12-
36 1772, and amendments thereto.

37 ~~(c) Upon the conclusion of the public hearing, the governing body~~
38 ~~may adopt a resolution to make any findings required by subsection (a)~~
39 ~~and may establish the redevelopment district by ordinance. Such reso-~~
40 ~~lution shall contain a comprehensive plan that identifies all of the pro-~~
41 ~~posed redevelopment project areas and identifies in a general manner all~~
42 ~~of the buildings and facilities that are proposed to be constructed or im-~~
43 ~~proved in each redevelopment project area. The boundaries of such dis-~~

1 trict shall not include any area not designated in the notice required by
 2 subsection (d). Subject to the provisions of K.S.A. 2000 Supp. 12-1771e,
 3 and amendments thereto, any addition of area to the redevelopment dist-
 4 rict or any substantial change to the comprehensive plan shall be subject
 5 to the same procedure for public notice and hearing as is required for
 6 the establishment of the district. The boundaries of any such district in a
 7 major tourism area including an auto race track facility located in Wy-
 8 andotte county, shall, without regard to that portion of the district per-
 9 taining to the auto race track facility, be as follows: Beginning at the
 10 intersection of Interstate 70 and Interstate 435, West along Interstate 70
 11 to 118th Street, North along 118th Street to State Avenue, Northeasterly
 12 along proposed relocated State Avenue to 110th Street, North along
 13 110th Street to Parallel Parkway, East along Parallel Parkway to Interstate
 14 435, South along Interstate 435 to Interstate 70.

15 (b) Posthearing procedure. Upon the conclusion of the public hearing,
 16 the governing body may ~~adopt a resolution making the finding that the~~
 17 ~~specific area sought to be redeveloped is, as defined in K.S.A. 2000 Supp.~~
 18 ~~12-1770a, and amendments thereto, a blighted area, conservation area,~~
 19 ~~major tourism area or historic theater or was designated as an enterprise~~
 20 ~~zone prior to July 1, 1992, and may establish the redevelopment district~~
 21 ~~by ordinance. Such resolution shall contain a comprehensive plan that~~
 22 ~~identifies all of the proposed redevelopment project areas and identifies~~
 23 ~~in a general manner all of the buildings and facilities that are proposed~~
 24 ~~to be constructed or improved in each redevelopment project area. The~~
 25 ~~boundaries of such district shall not include any area not designated in~~
 26 ~~the notice required by subsection (a).~~

27 (c) The governing body of a city ~~or a unified government~~ may estab-
 28 lish a redevelopment district within that city ~~or county, excluding con-~~
 29 ~~servation areas of that city or county, upon written consent of the board~~
 30 ~~of county commissioners, and may establish a district inclusive of land~~
 31 ~~outside the boundaries of the city to be known as a redevelopment district.~~
 32 Prior to providing written consent, the board of county commissioners
 33 shall be subject to the same procedure for public notice and hearing as is
 34 required of a city pursuant to subsection (a) for the establishment of a
 35 redevelopment district. One or more redevelopment projects may be un-
 36 dertaken by a city ~~or unified government~~ within a redevelopment district
 37 after such redevelopment district has been established in the manner pro-
 38 vided by this section.

39 (d) No privately owned property subject to ad valorem taxes shall
 40 be acquired and redeveloped under the provisions of K.S.A. 12-1770 *et*
 41 *seq.*, and amendments thereto, if the board of county commissioners or
 42 the board of education levying taxes on such property determines by
 43 resolution adopted within 30 days following the conclusion of the hearing

pass
 an ordinance. Such ordinance shall: (1) Make a
 ordinance
 district
 : (A) The redevelopment district proposed to be developed is an eligible area; and (B) the conservation,
 development or redevelopment of such area is necessary to promote the general and economic welfare of
 the city; (2) contain the district plan as approved; and (3) contain the legal description of the
 redevelopment district
 Such city
 upon written consent of the board of county commissioners

1 for the establishment of the redevelopment district required by subsec-
2 tion ~~(d)~~ (b) that the proposed redevelopment district will have an adverse
3 effect on such county or school district. *The board of county commission-*
4 *ers or board of education shall deliver a copy of such resolution to the*
5 *city. The city shall within 30 days of receipt of such resolution pass an*
6 *ordinance terminating the redevelopment district.*

7 ~~(g) Any redevelopment plan undertaken within the redevelopment~~
8 ~~district may be in separate development stages. Each plan shall be~~
9 ~~adopted according to the provisions of K.S.A. 12-1772, and amendments~~
10 ~~thereto, and shall fix a date for completion. Except as provided herein,~~
11 ~~any project shall be completed within 20 years from the date of transmittal~~
12 ~~of the redevelopment plan or a revision of the plan, as authorized by~~
13 ~~K.S.A. 2000 Supp. 12-1771c, and amendments thereto, to the county~~
14 ~~pursuant to K.S.A. 12-1776, and amendments thereto. Projects relating~~
15 ~~to environmental investigation and remediation under subsection (i) shall~~
16 ~~be completed within 20 years from the date a city enters into a consent~~
17 ~~deed agreement with the Kansas department of health and environment~~
18 ~~or the United States environmental protection agency. A redevelopment~~
19 ~~project in a major tourism area for an auto race track facility described~~
20 ~~in subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, shall~~
21 ~~be completed within 30 years from the date the secretary of commerce~~
22 ~~and housing makes the finding that the redevelopment project will create~~
23 ~~a major tourism area pursuant to subsection (a)(1)(D) of K.S.A. 12-1774,~~
24 ~~and amendments thereto.~~

25 ~~(h) Any increment in ad valorem property taxes resulting from a re-~~
26 ~~development district undertaken in accordance with the provisions of this~~
27 ~~act, shall be apportioned to a special fund for the payment of the cost of~~
28 ~~the redevelopment project, including the payment of principal and inter-~~
29 ~~est on any special obligation bonds or full faith and credit tax increment~~
30 ~~bonds issued to finance such project pursuant to this act and may be~~
31 ~~pledged to the payment of principal and interest on such bonds. The~~
32 ~~maximum maturity on bonds issued to finance projects pursuant to this~~
33 ~~act shall not exceed 20 years except that: (1) Such maximum period of~~
34 ~~special obligation bonds not payable from revenues described by subsec-~~
35 ~~tion (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, issued to fi-~~
36 ~~nance an auto race track facility shall not exceed 30 years, and (2) such~~
37 ~~maximum period, if the governor determines and makes and submits a~~
38 ~~finding to the speaker of the house of representatives and the president~~
39 ~~of the senate that a maturity greater than 20 years, but in no event ex-~~
40 ~~ceeding 30 years, is necessary for the economic feasibility of the financing~~
41 ~~of an auto race track facility with special obligation bonds payable pri-~~
42 ~~marily from revenues described by subsection (a)(1)(D) of K.S.A. 12-~~
43 ~~1774, and amendments thereto, may be extended in accordance with such~~

1 determination and finding.

2 ~~For the purposes of this act, "increment" means that amount of ad~~
3 ~~valorem taxes collected from real property located within the redevelop-~~
4 ~~ment district that is in excess of the amount which is produced from~~
5 ~~such property and attributable to the assessed valuation of such property~~
6 ~~prior to the date the redevelopment plan or revision of the plan, as au-~~
7 ~~thorized by K.S.A. 2000 Supp. 12-1771c, and amendments thereto, is~~
8 ~~transmitted to the county pursuant to K.S.A. 12-1776, and amendments~~
9 ~~thereto.~~

10 ~~(i) The governing body of a city, in contracts entered into with the~~
11 ~~Kansas department of health and environment or the United States en-~~
12 ~~vironmental protection agency, may pledge increments receivable in fu-~~
13 ~~ture years to pay costs directly relating to the investigation and remedi-~~
14 ~~ation of environmentally contaminated areas. The provisions in such~~
15 ~~contracts pertaining to pledging increments in future years shall not be~~
16 ~~subject to K.S.A. 10-1101 et seq. or 70-2025 et seq., and amendments~~
17 ~~thereto.~~

18 ~~(j) Before any redevelopment project is undertaken, a comprehensive~~
19 ~~feasibility study, which shows the benefits derived from such project will~~
20 ~~exceed the costs and that the income therefrom will be sufficient to pay~~
21 ~~for the project shall be prepared. Such feasibility study shall be an open~~
22 ~~public record.~~

23 ~~(k) If a city determines that revenues from sources other than prop-~~
24 ~~erty taxes will be sufficient to pay any special obligation bonds issued to~~
25 ~~finance a redevelopment project for an auto race track facility described~~
26 ~~in subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto,~~
27 ~~which the secretary of commerce and housing makes a finding that such~~
28 ~~project will create a major tourism area pursuant to subsection (a)(1)(D)~~
29 ~~of K.S.A. 12-1774, and amendments thereto, all real and personal prop-~~
30 ~~erty, constituting an auto race track facility described in subsection~~
31 ~~(a)(1)(D) of K.S.A. 12-1774, and amendments thereto, in such redevelop-~~
32 ~~ment district shall be exempt from property taxation for a period end-~~
33 ~~ing on the earlier of (1) the date which is 30 years after the date of the~~
34 ~~finding by the secretary of commerce and housing with respect to such~~
35 ~~major tourism area, or (2) the date on which no such special obligation~~
36 ~~bonds issued to finance such auto race track facility in a major tourism~~
37 ~~area remain outstanding.~~

38 ~~(l) Any major tourism area may include an additional area not ex-~~
39 ~~ceeding 400 acres of additional property, excluding roads and highways,~~
40 ~~in addition to the property necessary for the auto race track facility upon~~
41 ~~a finding by the governor that the development plan and each project~~
42 ~~within such additional area will enhance the major tourism area. For the~~
43 ~~development of each project within such additional area the city shall~~

1 select qualified developers pursuant to a request for proposals in accordance with written official procedures approved by the governing body of the city. Any 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.

17 (e) *Addition to area; substantial change. Subject to the provisions of K.S.A. 2000 Supp. 12-1771c, and amendments thereto, any addition of area to the redevelopment district or any substantial change as defined in K.S.A. 12-1770a, and amendments thereto, 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.*

23 Sec. 4. K.S.A. 2000 Supp. 12-1771a is hereby amended to read as follows: 12-1771a. (a) The governing body of a city may establish an increment in ad valorem taxes using the procedure set forth in subsection (b) for projects that are initiated upon a finding that the area is a blighted area under subsection (a)(2) of K.S.A. 12-1771 as defined under K.S.A. 2000 Supp. 12-1770a, and amendments thereto, when the following conditions exist:

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

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

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

43 (4) the city intends to establish a redevelopment district pursuant to

(f) Any addition of any area to the redevelopment district shall be subject to the same procedure for public notice and hearing as is required for the establishment of the redevelopment district. The base year assessed valuation of the redevelopment district following the addition of area shall be revised to reflect the base year assessed valuation of the original area and the added area as of the date of the original establishment of the redevelopment district.

(g) A city may remove real property from a redevelopment district by an ordinance of the governing body. If more than a de minimus amount of real property is removed from a redevelopment district, the base year assessed valuation of the redevelopment district shall be revised to reflect the base year assessed valuation of the remaining real property as of the date of the original establishment of the redevelopment district.

(h) A city may divide the real property in a redevelopment district, including real property in different redevelopment project areas within a redevelopment district into separate redevelopment districts. The base year assessed valuation of each resulting redevelopment district following such division of real property shall be revised to reflect the base year assessed valuation of the area of each resulting redevelopment district as of the date of the original establishment of the redevelopment district. Any division of real property with in a redevelopment district into more than one redevelopment district shall be subject to the same procedure or public notice and hearing as is required for the establishment of the redevelopment district.

(i) If a city has undertaken a redevelopment project within a redevelopment district, and either the city wishes to subsequently remove more than a de minimus amount of real property from the redevelopment district or the city wishes to subsequently divide the real property in the redevelopment district into more than one redevelopment district, then prior to any such removal or division the city must provide a feasibility study which shows that the tax increment revenue from the resulting redevelopment district within which the redevelopment project is located is expected to be sufficient to pay the redevelopment project costs.

(j) Removal of real property from one redevelopment district and addition of all or a portion of that real property to another redevelopment district may be accomplished by the adoption of an ordinance and in such event the determination of the existence or non-existence of an adverse effect on the county or school district under subsection (f) shall apply to both such removal and such addition of real property to a redevelopment district.]

district

1 K.S.A. 12-1771, and amendments thereto, to wholly finance or partially
2 finance the investigation and remediation of contamination within such
3 district.

4 (b) An *environmental* increment established after a city has found
5 that the condition ~~in subsection (a)(2) of K.S.A. 12-1771 as defined in~~
6 *K.S.A. 2000 Supp. 12-1770a*, and amendments thereto, exists shall be set
7 on a yearly basis. For purposes of this section, a yearly basis shall be a
8 calendar year. Each year's increment shall be an amount sufficient to pay
9 the direct costs of investigation and remediation of the contaminated con-
10 dition anticipated to be incurred that year including principal and interest
11 due on any special obligation bonds or full faith and credit tax increment
12 bonds issued to finance in whole or in part the remediation and investi-
13 gation, costs relating to remediation investigation and feasibility studies,
14 operation and maintenance expenses and other expenses relating directly
15 to the investigation and remediation of contamination. Each year's *envi-*
16 *ronmental* increment shall not exceed 20% of the amount of taxes that
17 are produced by all taxing subdivisions within any currently existing or
18 subsequently created redevelopment district area in the year the rede-
19 velopment district is first established, notwithstanding that such subdivi-
20 sion was not required to receive notice of the establishment of the
21 district.

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

29 (d) The real property taxes produced by the *environmental* increment
30 established under subsection (b) from a redevelopment district estab-
31 lished under the provisions of K.S.A. 12-1771, and amendments thereto,
32 *and this section* shall be allocated and paid by the county treasurer to the
33 treasurer of the city and deposited in a special separate fund of the city
34 to pay the direct cost of investigation and remediation of contamination
35 in the redevelopment district. Any funds collected by the city from parties
36 determined to be responsible in any manner for the contaminated con-
37 dition shall be either: (1) Deposited in the same separate special fund
38 created hereunder, and with all interest earned thereon, may be used
39 only for projects involving the investigation and remediation of contam-
40 ination in the established redevelopment district; or (2) distributed to
41 parties who have entered into a contract with the city to pay a portion of
42 investigation and remediation of the contamination in the redevelopment
43 district and the terms of such contract provide that such parties are en-

1 titled to reimbursement for a portion of funds they have expended for
2 such investigation and remediation of contamination from the recovery
3 of costs that are collected from other third party responsible parties.

4 (e) A redevelopment district created under the provisions of this sec-
5 tion shall constitute a separate taxing district. If all costs for such inves-
6 tigation and remediation of contamination in the redevelopment district
7 have been paid and moneys remain in the special fund, such moneys shall
8 be remitted to each taxing subdivision which paid moneys into the special
9 fund on the basis of the proportion which the total amount of moneys
10 paid by such taxing subdivision into the special fund bears to the total
11 amount of all moneys paid by all taxing subdivisions into the fund.

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

16 (g) *Redevelopment projects relating to environmental investigation
17 and remediation under this section, and amendments thereto, shall be
18 completed within 20 years from the date a city enters into a consent decree
19 agreement with the Kansas department of health and environment or the
20 United States environmental protection agency.*

21 (h) Nothing in this section shall be construed to affect the obli-
22 gations of the county to annually review the fair market value of property
23 in accordance with procedures set by law or to affect the right of any
24 taxpayer to protest and appeal the appraised or reappraised value of their
25 property in accordance with procedures set forth by law.

26 (i) Commencing with the regular session of the legislature in 1993,
27 each city that establishes a redevelopment district under this section shall
28 make a status report on a biennial basis to the standing committee on
29 commerce of the senate and the standing committee on economic de-
30 velopment of the house of representatives during the month of January.
31 The status report shall contain information on the status of the investi-
32 gation and remediation of contamination in the redevelopment district.

33 (j) *For the purposes of this act, the governing body of a city, in con-
34 tracts entered into with the Kansas department of health and environment
35 or the United States environmental protection agency, may pledge incre-
36 ments receivable in future years to pay costs directly relating to the in-
37 vestigation and remediation of environmentally contaminated areas. The
38 provisions in such contracts pertaining to pledging increments in future
39 years shall not be subject to K.S.A. 10-1101 et seq. or 79-2925 et seq., and
40 amendments thereto.*

41 Sec. 5. K.S.A. 2000 Supp. 12-1771d is hereby amended to read as
42 follows: 12-1771d. The governing body of any municipality may designate
43 a building within such municipality to be a historic theater if the governing

1 body of the municipality and the secretary of commerce and housing
2 agree that the building satisfies the requirements of subsection (a) (i) of
3 K.S.A. 2000 Supp. 12-1770a, and amendments thereto, and will contribute
4 significantly to the economic development of the city and surrounding
5 area.

6 Sec. 6. K.S.A. 2000 Supp. 12-1771b is hereby amended to read as
7 follows: 12-1771b. ~~No individual, firm, partnership, association, corpo-~~
8 ~~ration or any other entity shall establish or operate any lottery within that~~
9 ~~portion of any redevelopment district occupied by a redevelopment pro-~~
10 ~~ject that has been found to be of statewide as well as local importance~~
11 ~~and to meet the other criteria specified in K.S.A. 12-1774 (a)(1)(D).~~

12 (a) *The boundaries of any redevelopment district in a major tourism*
13 *area including an auto race track facility located in Wyandotte county,*
14 *shall, without regard to that portion of the district pertaining to the auto*
15 *race track facility, be as follows: Beginning at the intersection of Interstate*
16 *70 and Interstate 435; West along Interstate 70 to 118th Street; North*
17 *along 118th Street to State Avenue; Northeasterly along proposed relo-*
18 *cated State Avenue to 110th Street; North along 110th Street to Parallel*
19 *Parkway; East along Parallel Parkway to Interstate 435; South along In-*
20 *terstate 435 to Interstate 70.*

21 (b) *Any major tourism area may include an additional area not ex-*
22 *ceeding 400 acres of additional property, excluding roads and highways,*
23 *in addition to the property necessary for the auto race track facility upon*
24 *a finding by the governor that the development plan and each project*
25 *within such additional area will enhance the major tourism area. For the*
26 *development of each project within such additional area the city shall*
27 *select qualified developers pursuant to a request for proposals in accord-*
28 *ance with written official procedures approved by the governing body of*
29 *the city. Any project within such additional area that is financed in whole*
30 *or in part by special obligation bonds payable from revenues derived from*
31 *subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, shall not*
32 *be entitled to any real property tax abatements or the revenues described*
33 *in K.S.A. 12-1775, and amendments thereto. Any project within such ad-*
34 *ditional area must be approved by the governor and construction must*
35 *be commenced by July 1, 2002. The city shall prepare and submit annually*
36 *to the governor, the secretary of commerce and housing and the legislature*
37 *by each October 1, commencing October 1, 1999, and continuing until*
38 *October 1, 2002, a report describing the status of any projects within such*
39 *additional area. Any business located in Kansas within 50 miles of a major*
40 *tourism area that relocates into a major tourism area shall not receive any*
41 *of the benefits of K.S.A. 12-1770 et seq., and amendments thereto.*

42 (c) *If a city determines that revenues from sources other than prop-*
43 *erty taxes will be sufficient to pay any special obligation bonds issued to*

1 finance a redevelopment project for an auto race track facility as described
 2 in subsection (a) of K.S.A. 2000 Supp. 12-1770a, and amendments thereto,
 3 and the secretary of commerce and housing makes a finding that such
 4 project will create a major tourism area pursuant to subsection (k) of
 5 K.S.A. 2000 Supp. 12-1770a, and amendments thereto, all real and per-
 6 sonal property, constituting an auto race track facility described in sub-
 7 section (a) of K.S.A. 2000 Supp. 12-1770a, and amendments thereto, in
 8 such redevelopment district shall be exempt from property taxation for a
 9 period ending on the earlier of (1) the date which is 30 years after the
 10 date of the finding by the secretary of commerce and housing with respect
 11 to such major tourism area; or (2) the date on which no such special
 12 obligation bonds issued to finance such auto race track facility in a major
 13 tourism area remain outstanding.

14 (d) The city which is authorized to issue bonds pursuant to the pro-
 15 visions of K.S.A. 12-1770 et seq. in order to finance a redevelopment
 16 project in a major tourism area as defined by K.S.A. 2000 Supp. 12-1770a,
 17 and amendments thereto, shall obtain underwriting services required by
 18 the city for the issuance of such bonds pursuant to written proposals
 19 received in accordance with this section.

20 (e) Each city which is authorized to issue such bonds shall establish
 21 written official procedures for obtaining underwriting services required
 22 for the issuance of such bonds, including specifications for requests for
 23 proposals and criteria for evaluation of proposals on a competitive basis.
 24 The proposal evaluation criteria shall include factors based on cost, ca-
 25 pacity to provide the required services, qualifications and experience.

26 (f) Prior to the issuance of any such bonds to finance a redevelopment
 27 project in a major tourism area after the effective date of this act, the city
 28 shall publish notice of a request for proposals to provide the underwriting
 29 services that are required by the city with regard to the proposed bond
 30 issuance and shall mail requests for proposals to qualified interested par-
 31 ties upon request for such notice. The city shall award contracts for such
 32 underwriting services from the proposals received in accordance with the
 33 procedures and evaluation criteria adopted by the city for such purpose.
 34 A city shall publish such notice in the official newspaper of the city.

35 (g) A redevelopment project in a major tourism area for an auto race
 36 track facility described in subsection (a) of K.S.A. 2000 Supp. 12-1770a,
 37 and amendments thereto, shall be completed within 30 years from the
 38 date the secretary makes the finding that the redevelopment project will
 39 create a major tourism area pursuant to subsection (k) of K.S.A. 2000
 40 Supp. 12-1770a, and amendments thereto.

41 (h) The maximum maturity on bonds issued to finance projects pur-
 42 suant to this act shall not exceed 20 years except that: (1) Such maximum
 43 period of special obligation bonds not payable from revenues described

1 by subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, is-
 2 sued to finance an auto race track facility shall not exceed 30 years; and
 3 (2) such maximum period, if the governor determines and makes and
 4 submits a finding to the speaker of the house of representatives and the
 5 president of the senate that a maturity greater than 20 years, but in no
 6 event exceeding 30 years, is necessary for the economic feasibility of the
 7 financing of an auto race track facility with special obligation bonds pay-
 8 able primarily from revenues described by subsection (a)(1)(D) of K.S.A.
 9 12-1774, and amendments thereto, may be extended in accordance with
 10 such determination and finding.

11 New Sec. 7. (a) Enterprise zones designated prior to July 1, 1992,
 12 may be enlarged by:

13 (1) The city to an area not exceeding 25% of the city's land area upon
 14 a finding by the secretary of the department of commerce and housing
 15 that a redevelopment project proposed by the city which requires the
 16 enlargement is of statewide importance and that it will meet the criteria
 17 specified in subsection (s) of K.S.A. 2000 Supp. 12-1770a, and amend-
 18 ments thereto; or

19 (2) a unified government, established pursuant to K.S.A. 12-340 *et*
 20 *seq.*, and amendments thereto, may enlarge an enterprise zone, estab-
 21 lished within its jurisdiction prior to July 1, 1992, to an area not exceeding
 22 200% of the area of the original enterprise zone regardless of whether
 23 such enlargement crosses the boundary of a city within the jurisdiction
 24 of the unified government upon a finding by the secretary of commerce
 25 and housing that the redevelopment project proposed by the unified gov-
 26 ernment which requires the enlargement is of statewide importance and
 27 that it will meet the criteria specified in subsection (s) of K.S.A. 12-1770a
 28 and subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto.

29 Sec. 8. K.S.A. 2000 Supp. 12-1771c is hereby amended to read as
 30 follows: 12-1771c. (a) The provisions of this section shall apply to all cities
 31 in which a redevelopment *project* plan has been dormant and a tax in-
 32 crement has not been received within three years or more following adop-
 33 tion of the ordinance establishing a redevelopment *project* plan pursuant
 34 to subsection (e) of K.S.A. 12-1772, and amendments thereto, and the
 35 boundaries of such plan include a portion of the land subject to the ju-
 36 risdiction of the capitol area plaza authority established under the pro-
 37 visions of K.S.A. 75-2237, and amendments thereto.

38 (b) Such city may, by ordinance of the governing body passed by a
 39 ~~two-thirds~~ ^{2/3} vote, revise the project areas of a previously approved but
 40 dormant redevelopment *project* plan into separate stages. Such an ordi-
 41 nance establishing one or more separate stages shall fix a date of com-
 42 pletion and shall adopt, by reference, a revised *project* plan which shall
 43 include: (1) a summary of a new comprehensive feasibility study required

Repealed

1 by K.S.A. ~~12-1771~~ 12-1772, and amendments thereto; (2) a description
2 and map of the project area; (3) a detailed description of the buildings
3 and facilities proposed to be constructed or improved in such project area;
4 and (4) any other information the governing body deems necessary to
5 advise the public. A certified copy of such revised plan shall be transmit-
6 ted to the county pursuant to K.S.A. 12-1776 and amendments thereto
7 and to the capitol area plaza authority. The revised plan shall be an open
8 public record.

9 Sec. 9. K.S.A. 12-1772 is hereby amended to read as follows: 12-
10 1772. ~~(a) Any city proposing to undertake a redevelopment project within~~
11 ~~a redevelopment district established pursuant to K.S.A. 12-1771, and~~
12 ~~amendments thereto, shall prepare a redevelopment plan in consultation~~
13 ~~with the planning commission of the city. The redevelopment plan shall~~
14 ~~include: (1) A summary of the feasibility study required by K.S.A. 12-~~
15 ~~1771, and amendments thereto; (2) a reference to the redevelopment~~
16 ~~district plan established under K.S.A. 12-1771, and amendments thereto;~~
17 ~~that identifies the redevelopment project area that is set forth in the~~
18 ~~comprehensive plan that is being considered; (3) a description and map~~
19 ~~of the area to be redeveloped; (4) the relocation assistance plan required~~
20 ~~by K.S.A. 12-1777, and amendments thereto; (5) a detailed description~~
21 ~~of the buildings and facilities proposed to be constructed or improved in~~
22 ~~such area; and (6) any other information the governing body deems nec-~~
23 ~~essary to advise the public of the intent of the plan. A copy of the rede-~~
24 ~~velopment plan shall be delivered to the board of county commissioners~~
25 ~~of the county and the board of education of any school district levying~~
26 ~~taxes on property within the proposed redevelopment project area. Upon~~
27 ~~a finding by the planning commission that the redevelopment plan is~~
28 ~~consistent with the comprehensive general plan for the development of~~
29 ~~the city, the governing body of the city shall adopt a resolution stating~~
30 ~~that the city is considering the adoption of the plan. Such resolution shall:~~
31 ~~—(1) Give notice that a public hearing will be held to consider the~~
32 ~~adoption of the redevelopment plan and fix the date, hour and place of~~
33 ~~such public hearing;~~
34 ~~—(2) describe the boundaries of the redevelopment district within~~
35 ~~which the redevelopment project will be located and the date of estab-~~
36 ~~lishment of such district;~~
37 ~~—(3) describe the boundaries of the area proposed to be included~~
38 ~~within the redevelopment project area; and~~
39 ~~—(4) state that the redevelopment plan, including a summary of the~~
40 ~~feasibility study, relocation assistance plan and financial guarantees of the~~
41 ~~prospective developer and a description and map of the area to be re-~~
42 ~~developed are available for inspection during regular office hours in the~~
43 ~~office of the city clerk.~~

1 ~~Except as provided in paragraph (3) of subsection (b) of K.S.A. 12-~~
2 ~~1774, and amendments thereto, if the governing body determines that it~~
3 ~~may issue full faith and credit tax increment bonds to finance the rede-~~
4 ~~velopment project, in whole or in part, the resolution also shall include~~
5 ~~notice thereof.~~
6 ~~(b) The date fixed for the public hearing shall be not less than 30 or~~
7 ~~more than 70 days following the date of the adoption of the resolution~~
8 ~~fixing the date of the hearing.~~
9 ~~(c) A copy of the resolution providing for the public hearing shall be~~
10 ~~delivered to the board of county commissioners of the county and the~~
11 ~~board of education of any school district levying taxes on property within~~
12 ~~the proposed redevelopment project area. Copies also shall be mailed by~~
13 ~~certified mail to each owner and occupant of land within the proposed~~
14 ~~redevelopment project area not more than 10 days following the date of~~
15 ~~the adoption of the resolution. The resolution shall be published once in~~
16 ~~the official city newspaper not less than one week or more than two weeks~~
17 ~~preceding the date fixed for the public hearing. A sketch clearly deline-~~
18 ~~ating the area in sufficient detail to advise the reader of the particular~~
19 ~~land proposed to be included within the project area shall be published~~
20 ~~with the resolution.~~
21 ~~(d) At the public hearing, a representative of the city shall present~~
22 ~~the city's proposed redevelopment plan. Following the presentation of~~
23 ~~the plan, all interested persons shall be given an opportunity to be heard.~~
24 ~~The governing body for good cause shown may recess such hearing to a~~
25 ~~time and date certain, which shall be fixed in the presence of persons in~~
26 ~~attendance at the hearing.~~
27 ~~(e) Following the public hearing, the governing body may adopt the~~
28 ~~redevelopment plan by ordinance passed upon a 2/3 vote. Any substantial~~
29 ~~changes to the plan as adopted shall be subject to public hearing following~~
30 ~~publication of notice thereof at least twice in the official city newspaper.~~
31 *(a) Redevelopment projects. One or more redevelopment projects may*
32 *be undertaken by a city within an established redevelopment district. Any*
33 *such redevelopment project plan may be implemented in separate devel-*
34 *opment stages. Any city proposing to undertake a redevelopment project*
35 *within a redevelopment district established pursuant to K.S.A. 12-1771,*
36 *and amendments thereto, shall prepare a redevelopment project plan in*
37 *consultation with the planning commission of the city. The redevelopment*
38 *project plan shall include:*
39 *(1) A summary of the feasibility study done as defined in K.S.A. 2000*
40 *Supp. 12-1770a, and amendments thereto, which will be an open record;*
41 *(2) a reference to the redevelopment district plan established under*
42 *K.S.A. 12-1771, and amendments thereto, that identifies the redevelop-*
43 *ment project area that is set forth in the comprehensive plan that is being*

project

1 considered;

2 (3) a description and map of the ~~area to be redeveloped;~~

3 (4) the relocation assistance plan required by K.S.A. 12-1777, and redevelopment project
4 amendments thereto;

5 (5) a detailed description of the buildings and facilities proposed to project
6 be constructed or improved in such area; and

7 (6) any other information the governing body deems necessary to ad-
8 vise the public of the intent of the ~~plan.~~

9 (b) Resolution requirements. A copy of the redevelopment project
10 plan shall be delivered to the board of county commissioners of the county
11 and the board of education of any school district levying taxes on property
12 within the proposed redevelopment project area. Upon a finding by the
13 planning commission that the ~~redevelopment~~ project plan is consistent
14 with the intent of the ~~redevelopment district plan~~ for the development of comprehensive
15 the city, the governing body of the city shall adopt a resolution stating
16 that the city is considering the adoption of the project plan. Such reso-
17 lution shall:

18 (1) Give notice that a public hearing will be held to consider the
19 adoption of the redevelopment project plan and fix the date, hour and
20 place of such public hearing;

21 (2) describe the boundaries of the redevelopment district within
22 which the redevelopment project will be located and the date of establish-
23 ment of such district;

24 (3) describe the boundaries of the area proposed to be included within
25 the redevelopment project area; and

26 (4) state that the ~~redevelopment~~ project plan, including a summary
27 of the feasibility study, relocation assistance plan and financial guarantees
28 of the prospective developer and a description and map of the area to be
29 redeveloped are available for inspection during regular office hours in the
30 office of the city clerk.

31 Except as provided in paragraph (3) of subsection (b) of K.S.A. 12-
32 1774, and amendments thereto, if the governing body determines that it
33 may issue full faith and credit tax increment bonds to finance the rede-
34 velopment project, in whole or in part, the resolution also shall include
35 notice thereof.

36 (c) (1) Hearing. The date fixed for the public hearing shall be not less
37 than 30 nor more than 70 days following the date of the adoption of the
38 resolution fixing the date of the hearing. by certified mail, return receipt requested

39 (2) A copy of the resolution providing for the public hearing shall be sent
40 delivered to the board of county commissioners of the county and the , return receipt requested
41 board of education of any school district levying taxes on property within
42 the proposed redevelopment project area. Copies also shall be mailed by

1 redevelopment project area not more than 10 days following the date of
 2 the adoption of the resolution. The resolution shall be published once in
 3 the official city newspaper not less than one week nor more than two
 4 weeks preceding the date fixed for the public hearing. A sketch clearly
 5 delineating the area in sufficient detail to advise the reader of the partic-
 6 ular land proposed to be included within the project area shall be pub-
 7 lished with the resolution.

8 (3) At the public hearing, a representative of the city shall present the
 9 city's proposed ~~redevelopment~~ project plan. Following the presentation of
 10 the project plan, all interested persons shall be given an opportunity to
 11 be heard. The governing body for good cause shown may recess such
 12 hearing to a time and date certain, which shall be fixed in the presence
 13 of persons in attendance at the hearing.

14 (d) The public hearing records and feasibility study shall be subject
 15 to the open records act, K.S.A. 45-215, and amendments thereto.

16 (e) Posthearing procedure. Following the public hearing, the govern-
 17 ing body may adopt the ~~redevelopment~~ project plan by ordinance passed
 18 upon a 2/3 vote.

19 (f) Any substantial changes as defined in K.S.A. 2000 Supp. 12-1770a,
 20 and amendments thereto, to the plan as adopted shall be subject to a public
 21 hearing following publication of notice thereof at least twice in the official
 22 city newspaper.

23 (g) Any project shall be completed within 20 years from the date of
 24 ~~transmittal of the redevelopment project plan or a revision of the project~~
 25 ~~plan as authorized by K.S.A. 2000 Supp. 12-1771c, and amendments~~
 26 ~~thereto, to the county pursuant to K.S.A. 12-1776, and amendments~~
 27 ~~thereto, except as otherwise provided in this act.~~

28 Sec. 10. K.S.A. 2000 Supp. 12-1773 is hereby amended to read as
 29 follows: 12-1773. (a) Any city which has adopted a ~~redevelopment~~ project
 30 plan in accordance with the provisions of this act may purchase or oth-
 31 erwise acquire real property in connection with such ~~redevelopment~~ pro-
 32 ject plan. Upon a 2/3 vote of the members of the governing body thereof
 33 a city may acquire by condemnation any interest in real property, includ-
 34 ing a fee simple title thereto, which it deems necessary for or in connec-
 35 tion with any ~~redevelopment~~ project plan of an area located within the
 36 redevelopment district. Prior to the exercise of such eminent domain
 37 power, the city shall offer to the owner of any property which will be
 38 subject to condemnation with respect to any redevelopment project,
 39 other than one which includes an auto race track facility, compensation
 40 in an amount equal to the highest appraised valuation amount determined
 41 for property tax purposes by the county appraiser for any of the three
 42 most recent years next preceding the year of condemnation, except that,
 43 if in the year next preceding the year of condemnation any such property

project
 the approval

1 had been damaged or destroyed by fire, flood, tornado, lightning, explo-
 2 sion or other catastrophic event, the amount offered should be equal to
 3 the appraised valuation of the property which would have been deter-
 4 mined taking into account such damage or destruction unless such prop-
 5 erty has been restored, renovated or otherwise improved. However no
 6 city shall exercise such eminent domain power to acquire real property
 7 in a conservation area. Any such city may exercise the power of eminent
 8 domain in the manner provided by K.S.A. 26-501 et seq., and amend-
 9 ments thereto. In addition to the compensation or damage amount finally
 10 awarded thereunder with respect to any property subject to proceedings
 11 thereunder as a result of the construction of an auto race track facility,
 12 such city shall provide for the payment of an amount equal to 25% of
 13 such compensation or damage amount. In addition to any compensation
 14 or damages allowed under the eminent domain procedure act, such city
 15 shall also provide for the payment of relocation assistance as provided in
 16 K.S.A. 12-1777, and amendments thereto.

17 (b) Any property acquired by a city under the provisions of this act
 18 may be sold, *transferred* or leased to ~~any person, firm or corporation,~~
 19 ~~hereinafter referred to as~~ a developer, in accordance with the ~~redevelop-~~
 20 ~~ment project~~ plan and under such other conditions as may be agreed
 21 upon. Such city may use the proceeds of special obligation bonds issued
 22 under K.S.A. 12-1774, and amendments thereto, or full faith and credit
 23 tax increment bonds issued under K.S.A. 12-1774, and amendments
 24 thereto, or any uncommitted funds derived from those sources set forth
 25 in paragraph (1) of subsection (a) of K.S.A. 12-1774, and amendments
 26 thereto, *to pay the redevelopment costs as defined in K.S.A. 2000 Supp.* project
 27 *12-1770a, and amendments thereto,* to implement the ~~redevelopment~~
 28 project plan including, without limitation:
 29 ~~(1) Acquisition of property within the project area;~~
 30 ~~(2) payment of relocation assistance;~~
 31 ~~(3) site preparation;~~
 32 ~~(4) sanitary and storm sewers and lift stations;~~
 33 ~~(5) drainage conduits, channels and levees;~~
 34 ~~(6) street grading, paving, graveling, macadamizing, curbing, gutter-~~
 35 ~~ing and surfacing;~~
 36 ~~(7) street lighting fixtures, connection and facilities;~~
 37 ~~(8) underground gas, water, heating, and electrical services and con-~~
 38 ~~nections located within the public right-of-way;~~
 39 ~~(9) sidewalks and pedestrian underpasses or overpasses;~~
 40 ~~(10) drives and driveway approaches located within public right-of-~~
 41 ~~way;~~
 42 ~~(11) water mains and extensions;~~

- 1 ~~—(13) parking facilities;~~
 2 ~~—(14) landscaping and plantings, fountains, shelters, benches, sculp-~~
 3 ~~tures, lighting, decorations and similar amenities; and~~
 4 ~~—(15) all related expenses to redevelop and finance the redevelopment~~
 5 ~~project.~~

6 ~~None of the proceeds from the sale of such bonds shall be used for the~~
 7 ~~construction of buildings or other structures to be owned by or to be~~
 8 ~~leased to such developer, except for proceeds of such bonds as may be~~
 9 ~~issued for a redevelopment project which includes an auto race track~~
 10 ~~facility and except for proceeds of such bonds as may be issued for a~~
 11 ~~redevelopment district including some or all of the land and buildings~~
 12 ~~comprising a state mental institution closed pursuant to section 2 of chap-~~
 13 ~~ter 210 of the 1995 Session Laws of Kansas.~~

14 Sec. 11. K.S.A. 2000 Supp. 12-1774 is hereby amended to read as
 15 follows: 12-1774. (a) (1) Any city shall have the power to issue special
 16 obligation bonds in one or more series to finance the undertaking of any
 17 redevelopment project in accordance with the provisions of this act. Such
 18 special obligation bonds shall be made payable, both as to principal and
 19 interest:

20 (A) From ~~property~~ tax increments allocated to, and paid into a special
 21 fund of the city under the provisions of K.S.A. 12-1775, and amendments
 22 thereto;

23 (B) from revenues of the city derived from or held in connection with
 24 the undertaking and carrying out of any redevelopment project or projects
 25 under this act *including historic theater sales tax increments and envi-*
 26 *ronmental increments;*

27 (C) from any private sources, contributions or other financial assis-
 28 tance from the state or federal government;

29 (D) from a pledge of a portion or all of the revenue received by the
 30 city from transient guest, sales and use taxes collected pursuant to K.S.A.
 31 12-1696 *et seq.*, 79-3601 *et seq.*, 79-3701 *et seq.* and 12-187 *et seq.*, and
 32 amendments thereto, and which are collected from taxpayers doing busi-
 33 ness within that portion of the city's redevelopment district established
 34 pursuant to K.S.A. 12-1771, and amendments thereto, occupied by a re-
 35 development project if there first is a finding by the secretary of com-
 36 merce and housing that the redevelopment project ~~is of statewide as well~~
 37 ~~as local importance~~ or will create a major tourism area for the state or if
 38 the project is the restoration of a historic theater *as defined in subsection*
 39 *(n) of K.S.A. 2000 Supp. 12-1770a, and amendments thereto.* ~~In making~~
 40 ~~a finding that a redevelopment project is of statewide as well as local~~
 41 ~~importance, the secretary must conclude at least: (i) That capital improve-~~
 42 ~~ments costing not less than \$300,000,000 will be built in the state for such~~
 43 ~~redevelopment project; and (ii) not less than 1,500 permanent and sea-~~

1 ~~sonal employment positions as defined by K.S.A. 74-50,114, and amend-~~
2 ~~ments thereto, will be created in the state by such redevelopment project.~~
3 ~~In making a finding that a redevelopment project will create a major~~
4 ~~tourism area within the state, the secretary must conclude at least: (i)~~
5 ~~That capital improvements costing not less than \$100,000,000 will be built~~
6 ~~in the state to construct a project for such major tourism area; and (ii)~~
7 ~~that the project constructed will be an auto race track facility. An auto~~
8 ~~race track facility means (i) an auto race facility and facilities directly~~
9 ~~related and necessary to the operation of an auto race track facility in-~~
10 ~~cluding, but not limited to, grandstands, suites and viewing areas, con-~~
11 ~~cessions and souvenir facilities, catering facilities, visitor and retail cen-~~
12 ~~ters, signage and temporary hospitality facilities; but excluding (ii) hotels,~~
13 ~~motels, restaurants and retail facilities not included in (i);~~

14 (E) (i) from a pledge of a portion or all increased revenue received
15 by the city from franchise fees collected from utilities and other busi-
16 nesses using public right-of-way within the redevelopment district; (ii)
17 from a pledge of a portion or all of the revenue received by the city from
18 sales taxes collected pursuant to K.S.A. 12-187, and amendments thereto;
19 or

20 (F) by any combination of these methods.

21 The city may pledge such revenue to the repayment of such special
22 obligation bonds prior to, simultaneously with, or subsequent to the is-
23 suance of such special obligation bonds.

24 (2) Bonds issued under paragraph (1) of subsection (a) shall not be
25 general obligations of the city, nor in any event shall they give rise to a
26 charge against its general credit or taxing powers, or be payable out of
27 any funds or properties other than any of those set forth in paragraph (1)
28 of this subsection and such bonds shall so state on their face.

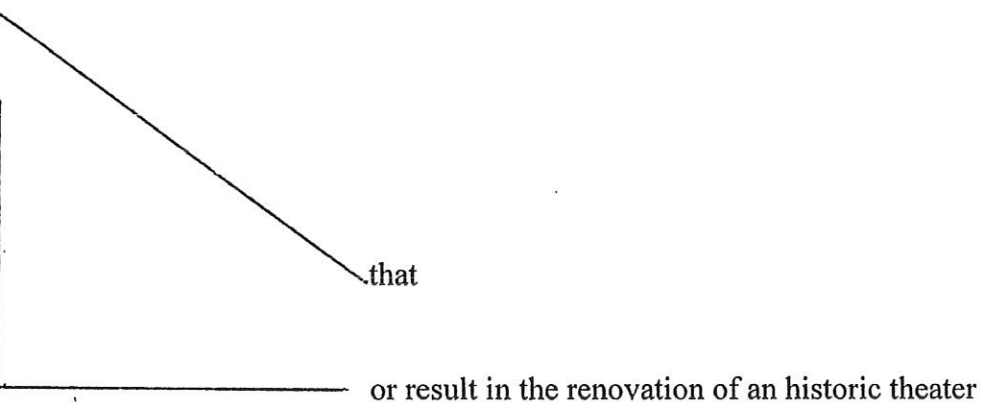
29 (3) Bonds issued under the provisions of paragraph (1) of this sub-
30 section shall be special obligations of the city and are declared to be
31 negotiable instruments. They shall be executed by the mayor and clerk
32 of the city and sealed with the corporate seal of the city. All details per-
33 taining to the issuance of such special obligation bonds and terms and
34 conditions thereof shall be determined by ordinance of the city. All special
35 obligation bonds issued pursuant to this act and all income or interest
36 therefrom shall be exempt from all state taxes except inheritance taxes.
37 Such special obligation bonds shall contain none of the recitals set forth
38 in K.S.A. 10-112, and amendments thereto. Such special obligation bonds
39 shall, however, contain the following recitals, viz., the authority under
40 which such special obligation bonds are issued, they are in conformity
41 with the provisions, restrictions and limitations thereof, and that such
42 special obligation bonds and the interest thereon are to be paid from the
43 money and revenue received as provided in paragraph (1) of this

1 subsection.

2 (b) (1) Subject to the provisions of paragraph (2) of this subsection,
 3 any city shall have the power to issue full faith and credit tax increment
 4 bonds to finance the undertaking of any redevelopment project in ac-
 5 cordance with the provisions of K.S.A. 12-1770 *et seq.*, and amendments
 6 thereto other than a project ~~determined by the secretary of commerce~~
 7 ~~and housing to be of statewide as well as local importance or~~ will create
 8 a major tourism area ~~as specified in subsection (a)(1)(D) of K.S.A. 12-~~
 9 ~~1774 subsections (h) and (s) of K.S.A. 2000 Supp. 12-1770a, and amend-~~
 10 ~~ments thereto.~~ Such full faith and credit tax increment bonds shall be
 11 made payable, both as to principal and interest: (A) From the revenue
 12 sources identified in paragraph (1)(A), (B), (C), (D) and (E) of subsection
 13 (a) or by any combination of these sources; and (B) subject to the pro-
 14 visions of paragraph (2) of this subsection, from a pledge of the city's full
 15 faith and credit to use its ad valorem taxing authority for repayment
 16 thereof in the event all other authorized sources of revenue are not
 17 sufficient.

18 (2) Except as provided in paragraph (3) of this subsection, before the
 19 governing body of any city proposes to issue full faith and credit tax in-
 20 crement bonds as authorized by this subsection, the feasibility study re-
 21 quired by K.S.A. ~~12-1771~~ 12-1772, and amendments thereto, shall dem-
 22 onstrate that the benefits derived from the project will exceed the cost
 23 and that the income therefrom will be sufficient to pay the costs of the
 24 project. No full faith and credit tax increment bonds shall be issued unless
 25 the governing body states in the resolution required by K.S.A. 12-1772,
 26 and amendments thereto, that it may issue such bonds to finance the
 27 proposed redevelopment project. The governing body may issue the
 28 bonds unless within 60 days following the date of the public hearing on
 29 the proposed ~~redevelopment~~ *project* plan a protest petition signed by 3%
 30 of the qualified voters of the city is filed with the city clerk in accordance
 31 with the provisions of K.S.A. 25-3601 *et seq.*, and amendments thereto.
 32 If a sufficient petition is filed, no full faith and credit tax increment bonds
 33 shall be issued until the issuance of the bonds is approved by a majority
 34 of the voters voting at an election thereon. Such election shall be called
 35 and held in the manner provided by the general bond law. The failure of
 36 the voters to approve the issuance of full faith and credit tax increment
 37 bonds shall not prevent the city from issuing special obligation bonds in
 38 accordance with K.S.A. 12-1774, and amendments thereto. No such elec-
 39 tion shall be held in the event the board of county commissioners or the
 40 board of education determines, as provided in K.S.A. 12-1771, and
 41 amendments thereto, that the proposed redevelopment district will have
 42 an adverse effect on the county or school district.

43 (3) As an alternative to paragraph (2) of this subsection, any city which



that

or result in the renovation of an historic theater

1 adopts a ~~redevelopment~~ *project* plan but does not state its intent to issue
 2 full faith and credit tax increment bonds in the resolution required by
 3 K.S.A. 12-1772, and amendments thereto, and has not acquired property
 4 in the redevelopment project area may issue full faith and credit tax in-
 5 crement bonds if the governing body of the city adopts a resolution stating
 6 its intent to issue the bonds and the issuance of the bonds is approved by
 7 a majority of the voters voting at an election thereon. Such election shall
 8 be called and held in the manner provided by the general bond law. The
 9 failure of the voters to approve the issuance of full faith and credit tax
 10 increment bonds shall not prevent the city from issuing special obligation
 11 bonds pursuant to paragraph (1) of subsection (a). Any ~~redevelopment~~
 12 *project* plan adopted by a city prior to the effective date of this act in
 13 accordance with K.S.A. 12-1772, and amendments thereto, shall not be
 14 invalidated by any requirements of this act.

15 (4) During the progress of any redevelopment project in which the
 16 ~~city's costs~~ will be financed, in whole or in part, with the proceeds of full
 17 faith and credit tax increment bonds, the city may issue temporary notes
 18 in the manner provided in K.S.A. 10-123, and amendments thereto, to
 19 pay the ~~city's cost~~ for the project. Such temporary notes shall not be issued
 20 and the city shall not acquire property in the redevelopment project area
 21 until the requirements of paragraph (2) or (3) of this subsection, which-
 22 ever is applicable, have been met.

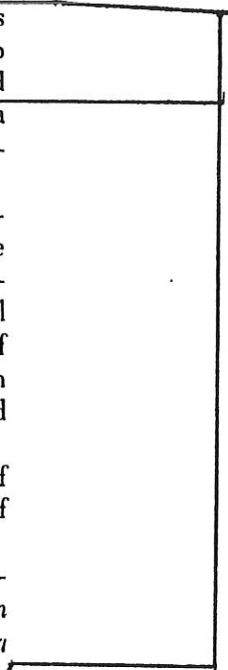
23 (5) Full faith and credit tax increment bonds issued under this sub-
 24 section shall be general obligations of the city and are declared to be
 25 negotiable instruments. They shall be issued in accordance with the gen-
 26 eral bond law. All such bonds and all income or interest therefrom shall
 27 be exempt from all state taxes except inheritance taxes. The amount of
 28 the full faith and credit tax increment bonds issued and outstanding which
 29 exceeds 3% of the assessed valuation of the city shall be within the bonded
 30 debt limit applicable to such city.

31 (6) Any city issuing special obligation bonds under the provisions of
 32 this act may refund all or part of such issue pursuant to the provisions of
 33 K.S.A. 10-116a, and amendments thereto.

34 (c) *Any increment in ad valorem property taxes resulting from a re-*
 35 *development project in the established redevelopment district undertaken*
 36 *in accordance with the provisions of this act, shall be apportioned to a*
 37 *special fund for the payment of the ~~cost of the redevelopment project~~*
 38 *including the payment of principal and interest on any special obligation*
 39 *bonds or full faith and credit tax increment bonds issued to finance such*
 40 *project pursuant to this act and may be pledged to the payment of prin-*
 41 *cipal and interest on such bonds.*

42 Sec. 12. K.S.A. 2000 Supp. 12-1774a is hereby amended to read as
 43 follows: 12-1774a. (a) In the event that the city shall default in the pay-

redevelopment project costs



1 ment of any special obligation bonds as authorized pursuant to ~~K.S.A. 12-~~
 2 ~~1774 (a)(1)(D)~~ subsection (a)(1)(D) of K.S.A. 12-1774, and amendments
 3 thereto, no public funds shall be used to pay the holders thereof except
 4 as otherwise specifically authorized in this act.

5 ~~(b) No property abutting the site of a redevelopment project deter-~~
 6 ~~mined by the secretary of commerce and housing to be of statewide as~~
 7 ~~well as local importance and to meet the other criteria specified by K.S.A.~~
 8 ~~12-1774 (a)(1)(D), and amendments thereto, or property abutting any~~
 9 ~~public infrastructure constructed to support such redevelopment project,~~
 10 ~~shall be assessed for any infrastructure construction in connection with~~
 11 ~~such project unless it is determined that such abutting property is spe-~~
 12 ~~cifically benefited thereby.~~

13 Sec. 13. K.S.A. 2000 Supp. 12-1775 is hereby amended to read as
 14 follows: 12-1775. (a) For the purposes of this act:

15 ~~(1) "Taxing subdivision" means the county, the city, the unified~~
 16 ~~school district and any other taxing subdivision levying real property taxes;~~
 17 ~~the territory or jurisdiction of which includes any currently existing or~~
 18 ~~subsequently created redevelopment district, and~~

19 ~~(2) "real property taxes" means all taxes levied on an ad valorem basis~~
 20 ~~upon land and improvements thereon.~~

21 ~~(b) (a) Except for redevelopment projects satisfying the conditions of~~
 22 ~~subsection (k) (c) of K.S.A. 12-1771 2000 Supp. 12-1771b, and amend-~~
 23 ~~ments thereto, all tangible taxable property located within a redevel-~~
 24 ~~opment district shall be assessed and taxed for ad valorem tax purposes~~
 25 ~~pursuant to law in the same manner that such property would be assessed~~
 26 ~~and taxed if located outside such district, and all ad valorem taxes levied~~
 27 ~~on such property shall be paid to and collected by the county treasurer~~
 28 ~~in the same manner as other taxes are paid and collected. Except as~~
 29 ~~otherwise provided in this section, the county treasurer shall distribute~~
 30 ~~such taxes as may be collected in the same manner as if such property~~
 31 ~~were located outside a redevelopment district. Each redevelopment dis-~~
 32 ~~trict established under the provisions of this act shall constitute a separate~~
 33 ~~taxing unit for the purpose of the computation and levy of taxes.~~

34 ~~(b) No property abutting the site of a redevelopment project deter-~~
 35 ~~mined by the secretary of commerce and housing to be of statewide as~~
 36 ~~well as local importance and to meet the other criteria specified by sub-~~
 37 ~~section (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, or property~~
 38 ~~abutting any public infrastructure constructed to support such redevel-~~
 39 ~~opment project, shall be assessed for any infrastructure construction in~~
 40 ~~connection with such project unless it is determined that such abutting~~
 41 ~~property is specifically benefited thereby.~~

42 (c) Except for redevelopment projects satisfying the conditions of
 43 subsection ~~(k)~~ of K.S.A. ~~12-1771~~ (c) of K.S.A. 2000 Supp. 12-1771b, and

27
3-28

1 amendments thereto, beginning with the first payment of taxes which are
 2 levied following the date of the ~~redemption project plan or revision of~~
 3 ~~the project plan, as authorized by K.S.A. 2000 Supp. 12-1771c, and~~
 4 ~~amendments thereto, to the county pursuant to K.S.A. 12-1776, and~~
 5 ~~amendments thereto, real property taxes received by the county treasurer~~ establishment of the redevelopment district
 6 resulting from taxes which are levied subject to the provisions of this act
 7 by and for the benefit of a taxing subdivision, as herein defined in K.S.A.
 8 2000 Supp. 12-1770a, on property located within such redevelopment
 9 district constituting a separate taxing unit under the provisions of this
 10 section, shall be divided as follows:

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

20 (2) Any real property taxes produced from that portion of the current
 21 assessed valuation of real property within the redevelopment district con-
 22 stituting a separate taxing unit under the provisions of this section in
 23 excess of an amount equal to the total assessed value of such real property
 24 on January 1 in the year preceding transmittal of the redevelopment *pro-*
 25 *ject* plan or a revision of the plan, as authorized by K.S.A. 2000 Supp. 12-
 26 1771c, and amendments thereto, to the county pursuant to K.S.A. 12-
 27 1776, and amendments thereto, shall be allocated and paid by the county
 28 treasurer to the treasurer of the city and deposited in a special fund of
 29 the city to pay the ~~cost of redevelopment projects, including the payment~~
 30 ~~of principal of and interest on any special obligation bonds or full faith~~
 31 ~~and credit tax increment bonds issued by such city to finance, in whole~~
 32 ~~or in part, such redevelopment project. When such obligation bonds and~~
 33 ~~interest thereon have been paid, all moneys thereafter received from real~~
 34 ~~property taxes within such redevelopment district shall be allocated and~~
 35 ~~paid to the respective taxing subdivisions in the same manner as are other~~
 36 ~~ad valorem taxes. If such obligation bonds and interest thereon have been~~
 37 ~~paid before the completion of a project, the city may continue to use such~~
 38 ~~moneys for any purpose authorized by this act until such time as the~~
 39 ~~project is completed, but for not to exceed 20 years from the date of the~~
 40 ~~transmittal to the county of the redevelopment project plan or a revision~~
 41 ~~of the project plan as authorized by K.S.A. 2000 Supp. 12-1771c, and~~
 42 ~~amendments thereto.~~

43 (d) In any ~~redemption~~ *project* plan or in the proceedings for the

- the base year assessed valuation
- the redevelopment project costs have been paid and
- the base year assessed valuation
- approval of the project plan, except as otherwise provided by this act
- redevelopment project costs

BE-C

1 issuing of any special obligation bonds or full faith and credit tax incre-
 2 ment bonds by the city to finance a redevelopment project, the property
 3 tax increment portion of taxes provided for in paragraph (2) of subsection
 4 (c) may be irrevocably pledged for the payment of the principal of and
 5 interest on such obligation bonds, subject to the provisions of subsection
 6 ~~(h) (c)~~ of K.S.A. ~~12-1771~~ 12-1774, and amendments thereto.

project

7 (e) A city may adopt a ~~redevelopment district~~ plan in which only a
 8 specified percentage of the tax increment realized from taxpayers in the
 9 redevelopment district are pledged to the redevelopment project. The
 10 county treasurer shall allocate the specified percentage of the tax incre-
 11 ment to the treasurer of the city for deposit in the special fund of the city
 12 to finance the ~~cost of redevelopment projects~~ if the city has other available
 13 revenues and pledges the revenues to the redevelopment project in lieu
 14 of the tax increment. Any portion of such tax increment not allocated to
 15 the city for the redevelopment project shall be allocated and paid in the
 16 same manner as other ad valorem taxes.

or amount

redevelopment project costs

17 Sec. 14. K.S.A. 2000 Supp. 19-101a is hereby amended to read as
 18 follows: 19-101a. (a) The board of county commissioners may transact all
 19 county business and perform all powers of local legislation and adminis-
 20 tration it deems appropriate, subject only to the following limitations,
 21 restrictions or prohibitions:

22 (1) Counties shall be subject to all acts of the legislature which apply
 23 uniformly to all counties.

24 (2) Counties may not consolidate or alter county boundaries.

25 (3) Counties may not affect the courts located therein.

26 (4) Counties shall be subject to acts of the legislature prescribing
 27 limits of indebtedness.

28 (5) In the exercise of powers of local legislation and administration
 29 authorized under provisions of this section, the home rule power con-
 30 ferred on cities to determine their local affairs and government shall not
 31 be superseded or impaired without the consent of the governing body of
 32 each city within a county which may be affected.

33 (6) Counties may not legislate on social welfare administered under
 34 state law enacted pursuant to or in conformity with public law No. 271—
 35 74th congress, or amendments thereof.

36 (7) Counties shall be subject to all acts of the legislature concerning
 37 elections, election commissioners and officers and their duties as such
 38 officers and the election of county officers.

39 (8) Counties shall be subject to the limitations and prohibitions im-
 40 posed under K.S.A. 12-187 to 12-195, inclusive, and amendments thereto,
 41 prescribing limitations upon the levy of retailers' sales taxes by counties.

42 (9) Counties may not exempt from or effect changes in statutes made
 43 nonuniform in application solely by reason of authorizing exceptions for

New Section _____

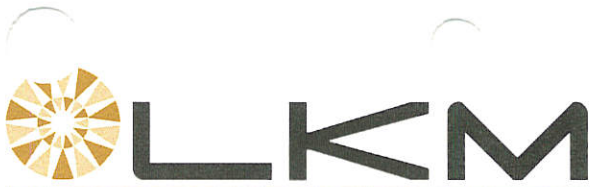
The provisions of this act shall be applicable to redevelopment districts created after July 1, 2001, however, any city which has created a redevelopment district prior to the effective date of this act may, by an ordinance of the governing body, elect to have the provisions of this act apply to such

3-29

tion of a redevelopment district occupied by a redevelopment project that was determined by the secretary of commerce and housing to be of state-wide as well as local importance or will create a major tourism area for the state as ~~specified in subsection (a)(1)(D) of K.S.A. 12-1774 defined in K.S.A. 2000 Supp. 12-1770a~~, and amendments thereto, to the city bond finance fund created by subsection (d) of K.S.A. 79-3620, and amendments thereto. The provisions of this subsection shall expire when the total of all amounts credited hereunder and under subsection (d) of K.S.A. 79-3620, and amendments thereto, is sufficient to retire the special obligation bonds issued for the purpose of financing all or a portion of the costs of such redevelopment project.

Sec. 19. ~~K.S.A. 12-1772 and K.S.A. 2000 Supp. 12-1770, 12-1770a, 12-1771, 12-1771a, 12-1771b, 12-1771c, 12-1771d, 12-1773, 12-1774, 12-1774a, 12-1774b, 12-1775, 19-101a, 74-5093, 79-3620, 79-3620b and 79-3710~~ are hereby repealed. 12-1776

Sec. 20. This act shall take effect and be in force from and after its publication in the statute book.



League of Kansas Municipalities

300 SW 8th Avenue
Topeka, Kansas 66603-3912
Phone: (785) 354-9565
Fax: (785) 354-4186

TO: House New Economy Committee
FROM: Don Moler, Executive Director
DATE: February 13, 2001
RE: Support for HB 2005 as amended

Last spring, at the request of bond counsel for some of our member cities, the League of Kansas Municipalities requested an interim study on the current tax increment financing (TIF) statutes for the purpose of exploring some revisions. The statutes, as they exist, are very complicated and difficult to use, even for very large municipalities. In fact, probably only a handful of individuals in the state, those bond counsel who have done TIF projects for municipalities, fully understand the complexities of the law. For background, I have attached my testimony from the summer interim to better explain the League's support. With that explanation as a backdrop, the League supports streamlining the current TIF statutes to improve upon a very important economic development tool.

HB 2005, with the amendments presented today, essentially accomplishes the goals of the League and we believe is a fair representation of what the interim committee was seeking. HB 2005, as amended, solves many of the problems we have identified with the existing TIF law and makes the law easier to understand and more user friendly. The definitional problems, inconsistencies, and confusion of the current law are essentially rectified with the language of HB 2005, as amended. After working with a committee composed of bond counsels, the attorney generals office, and the revisor's office, we are convinced the bill improves existing language and will help facilitate TIF projects in the future.

In conclusion, the League's strongly supports HB 2005, as amended, as its language simplifies and streamlines the existing TIF statutes for the State of Kansas. We sincerely hope the committee will pass HB 2005.