

MINUTES OF THE SENATE COMMERCE COMMITTEE.

The meeting was called to order by Chairperson Karin Brownlee at 8:30 a.m. on February 25, 2003 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: April Holman, Legislative Research
Deb Hollon, Legislative Research
Mitch Rice, Revisor of Statutes
Norman Furse, Revisor of Statutes
Jodie Anspaugh, Secretary

Conferees appearing before the committee:

Others attending: See attached list.

Chairperson Brownlee began the meeting with a discussion of SB 134 regarding agritourism. The committee discussed amending the bill pursuant to the balloon. (Attachment 1) Senator Emler moved to amend the bill. Senator Bunten seconded. The motion carried. Senator Emler moved to move the bill out favorably for passage as amended. Senator Brungardt seconded. The motion carried. Chairperson Brownlee announced that Senator Jordan will carry the bill to the floor.

Chairperson Brownlee announced that SB 153 regarding Enhanced 911 is not yet ready for passage, but that the committee will spend time discussing it. Concerns were raised by committee members that they do not know how the wireless carriers will spend the money raised by the 75 cent fee. The committee considered drafting the post audit scope statement so wireless companies will know how they will be audited in three years. Senator Brownlee announced that the Commerce Committee will meet at 8:30 a.m. tomorrow to discuss SB 153.

The committee discussed the amendment to SB 235 regarding Starbonds. (Attachment 2) This amendment changes language on pages 2, 4, and 5. The issue of local participation was discussed. The committee also expressed concerns that nothing in the bill prevents the use of Starbonds for casinos. A number of Indian tribes are trying to claim city land in Wichita, and could use this for casinos. Senator Kerr moved to amend the bill on page 2, section g, to exclude casinos. Senator Emler seconded. The motion carried.

Senator Emler moved to amend SB 235 on page 4, section z, to add "but shall not include a project for facilities for a gaming casino." Senator Jordan seconded. The motion carried.

Senator Emler moved to amend SB 235 on page 5, New Section 3b, to include "of the city." Senator Jordan seconded. The motion carried.

Senator Wagle moved to amend SB 235 on page 7, section D to include a provision for local participation. Senator Emler seconded. The motion carried.

Senator Jordan moved to pass the bill out of committee favorably for passage as amended. Senator Brungardt seconded. The motion carried.

The meeting was adjourned at 9:30 a.m.

The next meeting is scheduled for February 26, 2003 at 8:30 a.m. in Room 123-S.

SENATE COMMERCE COMMITTEE

GUEST LIST

DATE: Tuesday, Feb. 25, 2003

NAME	REPRESENTING
Erik Sartorius	City of Overland Park
LARRY R BAER	LKM
DINA FISK	VERIZON WIRELESS
Negan Chalfant	Burgess and Associates
Steve Kelly	KDO Commerce
Nelson Krueger	Western Wireless
Doug Smith	Pinegar, Smith & Associates
Stephanie Buchanan	DOB
Bob Jayroe	SBC
DENNY KOCH	CABELA'S
Bernie Koch	Wichita Area Chamber
Judie Clark	Hallmark Cards
Joe Durb	KCBPU
Mike Huttles	Wichita Economic Development
Leslie Kaufman	Ks Farm Bureau
Diane Costello	Olathe Chamber
Tim McKee	Olathe EDC
Greg Kindle	SW Johnson County EDC
Amber Kjeldhus	Sen. Brungardt

SENATE BILL No. 134

By Committee on Commerce

2-4

9 AN ACT concerning land and water recreational areas; relating to limited
10 liability; agritourism and ecotourism; amending K.S.A. 58-3201 and 58-
11 3202 and repealing the existing sections.

12
13 Be it enacted by the Legislature of the State of Kansas:

14 Section 1. K.S.A. 58-3201 is hereby amended to read as follows: 58-
15 3201. The purpose of this act is to encourage owners of land to make land
16 and water areas available to the public for recreational purposes and to
17 encourage the development of agritourism and ecotourism opportunities
18 in this state by limiting their liability toward persons entering thereon on
19 such land for such purposes.

20 Sec. 2. K.S.A. 58-3202 is hereby amended to read as follows: 58-
21 3202. As used in this act: (a) "Land" means land, roads, water, water-
22 courses, private ways and buildings, structures, and machinery or equip-
23 ment when attached to the realty and includes agricultural and
24 nonagricultural land.

25 (b) "Owner" means the possessor of a fee interest, a tenant, lessee,
26 occupant or person in control of the premises.

27 (c) "Recreational purpose" includes, but is not limited to, any of the
28 following, or any combination thereof: Hunting, fishing, swimming, boat-
29 ing, camping, picnicking, hiking, pleasure driving, nature study, water
30 skiing, winter sports, and horseback riding, viewing or enjoying historical,
31 archaeological, scenic, or scientific sites and recreational farming and
32 ranching activities provided as agritourism activities.

33 (d) "Charge" means the admission price or fee asked in return for
34 invitation or permission to enter or go upon the land.

35 (e) "Agricultural land" means land suitable for use in farming and
36 includes roads, water, watercourses and private ways located upon or
37 within the boundaries of such agricultural land and buildings, structures
38 and machinery or equipment when attached to such agricultural land.

39 (f) "Farming" means the cultivation of land for the production of
40 agricultural crops, the raising of poultry, the production of eggs, the pro-
41 duction of milk, the production of fruit or other horticultural crops, graz-
42 ing or the production of livestock.

43 (g) "Nonagricultural land" means all land other than agricultural land.

equine riding, recreational farming
activities and recreational ranching
activities

Recreational farming activities shall include
all activities of farming identified in
subsection (f) when performed on a
recreational basis except a person's
operation of farm equipment as defined by
subsection (a) of K.S.A. 16-1202 and
amendments thereto.

Senate Commerce Committee
2-25-03
Attachment 1-1

Article 11.—CONTINUING CARE AGREEMENTS

Revisor's Note:

Later act, see 40-2231 et seq.

16-1101 to 16-1105.

History: L. 1986, ch. 88, §§ 1 to 5; Repealed, L. 1989, ch. 73, § 9; July 1.

Article 12.—FARM EQUIPMENT DEALERSHIP AGREEMENTS

16-1201. Purpose. The purpose of this act is to prevent arbitrary or abusive conduct and to preserve and enhance the reasonable expectations for success in the business of distributing farm equipment.

History: L. 1986, ch. 2, § 1; July 1.

Research and Practice Aids:

Trade Regulation = 371.2.

C.J.S. Trade-Marks, Trade-Names, and Unfair Competition § 237.

Attorney General's Opinions:

Intoxicating liquors and beverages; brand name ownership change; effect on franchise agreement. 88-41.

16-1202. Definitions. As used in this act:

(a) "Farm equipment" means equipment including, but not limited to, tractors, trailers, combines, tillage implements, bailers and other equipment, including attachments and repair parts therefor, used in planting, cultivating, irrigation, harvesting and marketing of agricultural products, excluding self-propelled machines designed primarily for the transportation of persons or property on a street or highway.

(b) "Farm equipment manufacturer" means any person, partnership, corporation, association or other form of business enterprise engaged in the manufacturing, assembly or wholesale distribution of farm equipment.

(c) "Farm equipment dealer" or "farm equipment dealership" means any person, partnership, corporation, association or other form of business enterprise engaged in the retail sale of farm equipment.

(d) "Dealership agreement" means an oral or written agreement of definite or indefinite duration between a farm equipment manufacturer and a farm equipment dealer which provides for the rights and obligations of the parties with respect to the purchase or sale of farm equipment.

History: L. 1986, ch. 2, § 2; July 1.

16-1203. Change of farm equipment dealership agreements; restrictions. No farm equipment manufacturer, directly or through any officer, agent or employee may terminate, cancel, fail to renew or substantially change the competitive circumstances of a dealership agreement without good cause. For the purposes of this subsection, good cause means and includes the failure by a farm equipment dealer to substantially comply with essential and reasonable requirements imposed upon the dealer by the dealership agreement, provided such requirements are not different from those requirements imposed on other similarly situated dealers either by their terms or in the manner of their enforcement. In addition, good cause shall exist whenever:

(a) The farm equipment dealer has transferred an interest in the farm equipment dealership without the manufacturer's consent, or there has been a withdrawal from the dealership of an individual proprietor, partner, major shareholder, or the manager of the dealership, or there has been a substantial reduction in interest of a partner or major stockholder without the consent of the manufacturer;

(b) the farm equipment dealer has filed a voluntary petition in bankruptcy or has had an involuntary petition in bankruptcy filed against it which has not been discharged within 30 days after the filing, or there has been a closeout or sale of a substantial part of the dealer's assets related to the farm equipment business, or there has been a commencement of dissolution or liquidation of the dealer;

(c) there has been a change, without the prior written approval of the manufacturer, in the location of the dealer's principal place of business under the dealership agreement;

(d) the farm equipment dealer has defaulted under any chattel mortgage or other security agreement between the dealer and the farm equipment manufacturer, or there has been a revocation or discontinuance of any guarantee of the dealer's present or future obligations to the farm equipment manufacturer;

(e) the farm equipment dealer has failed to operate in the normal course of business for seven consecutive days or has otherwise abandoned its business;

(f) the farm equipment dealer has pleaded guilty to or has been convicted of a felony affecting the relationship between the dealer and manufacturer;

Session of 2003

SENATE BILL No. 235

By Committee on Commerce

2-14

AN ACT concerning tax increment financing and sales tax revenue bonds; relating to redevelopment of certain property located throughout the state; amending K.S.A. 12-1770a and 12-1774 and K.S.A. 2002 Supp. 79-3620 and repealing the existing sections.

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

Section 1. K.S.A. 12-1770a is hereby amended to read as follows: 12-1770a. As used in this act, unless the context clearly shows otherwise:

(a) "Auto race track facility" means: (1) An auto race track facility and facilities directly related and necessary to the operation of an auto race track facility, including, but not limited to, grandstands, suites and viewing areas, concessions, souvenir facilities, catering facilities, visitor and retail centers, signage and temporary hospitality facilities, but excluding (2) hotels, motels, restaurants and retail facilities, not directly related to or necessary to the operation of such facility.

(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.

(c) "Blighted area" means an area which:

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

- (A) A substantial number of deteriorated or deteriorating structures;
- (B) predominance of defective or inadequate street layout;
- (C) unsanitary or unsafe conditions;
- (D) deterioration of site improvements;
- (E) tax or special assessment delinquency exceeding the fair market value of the real property;
- (F) defective or unusual conditions of title including but not limited to cloudy or defective titles, multiple or unknown ownership interests to the property;
- (G) improper subdivision or obsolete platting or land uses;
- (H) the existence of conditions which endanger life or property by

- 1 fire or other causes; or
- 2 (1) conditions which create economic obsolescence; or
- 3 (2) has been identified by any state or federal environmental agency
- 4 as being environmentally contaminated to an extent that requires a re-
- 5 medial investigation; feasibility study and remediation or other similar
- 6 state or federal action; or
- 7 (3) previously was found by resolution of the governing body to be a
- 8 slum or a blighted area under K.S.A. 17-4742 *et seq.*, and amendments
- 9 thereto.
- 10 (d) "Conservation area" means any improved area comprising 15%
- 11 or less of the land area within the corporate limits of a city in which 50%
- 12 or more of the structures in the area have an age of 35 years or more,
- 13 which area is not yet blighted, but may become a blighted area due to
- 14 the existence of a combination of two or more of the following factors:
- 15 (1) Dilapidation, obsolescence or deterioration of the structures;
- 16 (2) illegal use of individual structures;
- 17 (3) the presence of structures below minimum code standards;
- 18 (4) building abandonment;
- 19 (5) excessive vacancies;
- 20 (6) overcrowding of structures and community facilities; or
- 21 (7) inadequate utilities and infrastructure.
- 22 (e) "De minimus" means an amount less than 15% of the land area
- 23 within a redevelopment district.
- 24 (f) "Developer" means any person, firm, corporation, partnership or
- 25 limited liability company, other than a city.
- 26 (g) "Eligible area" means a blighted area, conservation area, enter-
- 27 prise zone, historic theater ~~area~~, major tourism area ~~area~~ .or a major commercial
- 28 (h) "Enterprise zone" means an area within a city that was designated entertainment and tourism area.
- 29 as an enterprise zone prior to July 1, 1992, pursuant to K.S.A. 12-17,107
- 30 through 12-17,113, and amendments thereto, prior to its repeal and the
- 31 conservation, development or redevelopment of the area is necessary to
- 32 promote the general and economic welfare of such city.
- 33 (i) "Environmental increment" means the increment determined
- 34 pursuant to subsection (b) of K.S.A. 12-1771a, and amendments thereto.
- 35 (j) "Environmentally contaminated area" means an area of land hav-
- 36 ing contaminated groundwater or soil which is deemed environmentally
- 37 contaminated by the department of health and environment or the United
- 38 States environmental protection agency.
- 39 (k) "Feasibility study" means a study which shows whether a rede-
- 40 velopment *or special bond* project's benefits and tax increment revenue
- 41 and other available revenues under K.S.A. 12-1774 (a)(1), *and amend-*
- 42 *ments thereto*, are expected to exceed or be sufficient to pay for the
- 43 redevelopment *or special bond* project costs.

1 (l) "Historic theater" means a building constructed prior to 1940
2 which was constructed for the purpose of staging entertainment, includ-
3 ing motion pictures, vaudeville shows or operas, that is operated by a
4 nonprofit corporation and is designated by the state historic preservation
5 officer as eligible to be on the Kansas register of historic places or is a
6 member of the Kansas historic theatre association.

7 (m) "Historic theater sales tax increment" means the amount of state
8 and local sales tax revenue imposed pursuant to K.S.A. 12-187 *et seq.*, 79-
9 3601 *et seq.* and 79-3701 *et seq.*, and amendments thereto, collected from
10 taxpayers doing business within the historic theater that is in excess of
11 the amount of such taxes collected prior to the designation of the building
12 as a historic theater for purposes of this act.

13 (n) "Major tourism area" means an area for which the secretary has
14 made a finding the capital improvements costing not less than
15 \$100,000,000 will be built in the state to construct an auto race track
16 facility.

17 (o) "Real property taxes" means all taxes levied on an ad valorem basis
18 upon land and improvements thereon.

19 (p) "Redevelopment project area" or "project area" means an area
20 designated by a city within a redevelopment district.

21 (q) "Redevelopment project costs" means those costs necessary to
22 implement a redevelopment plan, including, but not limited to costs in-
23 curred for:

- 24 (1) Acquisition of property within the redevelopment project area;
- 25 (2) payment of relocation assistance;
- 26 (3) site preparation including utility relocations;
- 27 (4) sanitary and storm sewers and lift stations;
- 28 (5) drainage conduits, channels and levees;
- 29 (6) street grading, paving, graveling, macadamizing, curbing, gutter-
30 ing and surfacing;
- 31 (7) street light fixtures, connection and facilities;
- 32 (8) underground gas, water, heating and electrical services and con-
33 nections located within the public right-of-way;
- 34 (9) sidewalks and pedestrian underpasses or overpasses;
- 35 (10) drives and driveway approaches located within the public right-
36 of-way;
- 37 (11) water mains and extensions;
- 38 (12) plazas and arcades;
- 39 (13) parking facilities;
- 40 (14) landscaping and plantings, fountains, shelters, benches, sculp-
41 tures, lighting, decorations and similar amenities; and
- 42 (15) all related expenses to redevelop and finance the redevelopment
43 project.

1 Redevelopment project costs shall not include costs incurred in con-
 2 nection with the construction of buildings or other structures to be owned
 3 by or leased to a developer, however, the "redevelopment project costs"
 4 shall include costs incurred in connection with the construction of build-
 5 ings or other structures to be owned or leased to a developer which in-
 6 cludes an auto race track facility or is in a redevelopment district including
 7 some or all of the land and buildings comprising a state mental institution
 8 closed pursuant to section 2 of chapter 219 of the 1995 Session Laws of
 9 Kansas.

10 (r) "Redevelopment district" means the specific area declared to be
 11 an eligible area in which the city may develop one or more redevelopment
 12 projects.

13 (s) "Redevelopment district plan" or "district plan" means the pre-
 14 liminary plan that identifies all of the proposed redevelopment project
 15 areas and identifies in a general manner all of the buildings, facilities and
 16 improvements in each that are proposed to be constructed or improved
 17 in each redevelopment project area.

18 (t) "Redevelopment project" means the approved project to imple-
 19 ment a project plan for the development of the established redevelop-
 20 ment district.

21 (u) "Redevelopment project plan" or "project plan" means the plan
 22 adopted by a municipality for the development of a redevelopment pro-
 23 ject or projects which conforms with K.S.A. 12-1772, and amendments
 24 thereto, in a redevelopment district.

25 (v) "Secretary" means the secretary of commerce and housing.

26 (w) "Substantial change" means, as applicable, a change wherein the
 27 proposed plan or plans differ substantially from the intended purpose for
 28 which the district plan or project plan was approved.

29 (x) "Tax increment" means that amount of real property taxes col-
 30 lected from real property located within the redevelopment district that
 31 is in excess of the amount of real property taxes which is collected from
 32 the base year assessed valuation.

33 (y) "Taxing subdivision" means the county, city, unified school district
 34 and any other taxing subdivision levying real property taxes, the territory
 35 or jurisdiction of which includes any currently existing or subsequently
 36 created redevelopment district.

37 (z) "Special bond project" means a project with at least a \$50,000,000
 38 capital investment and \$50,000,000 in projected gross annual sales
 39 revenues.

40 New Sec. 2. (a) The governing body of a city may establish one or
 41 more special bond projects in any area within such city. The special bond
 42 projects shall be eligible for financing by special obligation bonds payable
 43 from revenues described by subsection (a)(1)(D) of K.S.A. 12-1774, and

or for non-metropolitan statistical areas, as defined by the United States department of commerce or its successor agency, the secretary finds the project meets the requirements of subsection (g) and would be of regional or statewide importance.

1 amendments thereto. Each special bond project shall first be approved
2 by the secretary. A special bond project shall not be granted to any busi-
3 ness that proposes to relocate its business from another area of the state
4 into such city, for the purpose of consideration for a special bond project
5 and shall not receive any of the benefits provided by K.S.A. 12-1770 *et*
6 *seq.*, and amendments thereto.

7 (b) The maximum maturity of special obligation bonds payable pri-
8 marily from revenues described by subsection (a)(1)(D) of K.S.A. 12-
9 1744, and amendments thereto, to finance special bond projects pursuant
10 to this section shall not exceed 20 years, unless the secretary shall find
11 and determine that a maturity greater than 20 years, but in no event
12 greater than 30 years, is necessary for the economic feasibility of any such
13 special bond project.

14 New Sec. 3. (a) Any city proposing to undertake a special bond pro-
15 ject established pursuant to section 2, and amendments thereto, shall
16 prepare a project plan in consultation with the planning commission of
17 the city. The project plan shall include:

18 (1) A summary of the feasibility study done as defined in K.S.A. 12-
19 1770a, and amendments thereto, which will be an open record;

20 (2) a reference to the district plan established under K.S.A. 12-1771,
21 and amendments thereto, that identifies the project area that is set forth
22 in the project plan that is being considered;

23 (3) a description and map of the location of the facility that is the
24 subject of the special bond project;

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

27 (5) a detailed description of the buildings and facilities proposed to
28 be constructed or improved; and

29 (6) any other information the governing body deems necessary to
30 advise the public of the intent of the special bond project plan.

31 (b) *Resolution requirements.* A copy of the project plan shall be de-
32 livered to the board of county commissioners of the county and the board
33 of education of any school district levying taxes on property subject to the _____ of the city
34 special bond project. Upon a finding by the planning commission that the
35 project plan is consistent with the intent of the comprehensive plan for
36 the development of the city, the governing body of the city shall adopt a
37 resolution stating that the city is considering the adoption of the project
38 plan. Such resolution shall:

39 (1) Give notice that a public hearing will be held to consider the
40 adoption of the project plan and fix the date, hour and place of such
41 public hearing;

42 (2) describe the boundaries of the area subject to the special bond
43 project; and

1 (3) state that the project plan, including a summary of the feasibility
2 study, relocation assistance plan and financial guarantees of the prospec-
3 tive developer and a description and map of the area to be developed are
4 available for inspection during regular office hours in the office of the
5 city clerk.

6 (c) (1) *Hearing*. The date fixed for the public hearing shall be not
7 less than 30 nor more than 70 days following the date of the adoption of
8 the resolution fixing the date of the hearing.

9 (2) A copy of the resolution providing for the public hearing shall be
10 by certified mail, return receipt requested sent to the board of county
11 commissioners of the county and the board of education of any school
12 district levying taxes on property subject to the special bond project. The
13 resolution shall be published once in the official city newspaper not less
14 than one week nor more than two weeks preceding the date fixed for the
15 public hearing. A description in sufficient detail to advise the reader of
16 the particular proposed special bond project shall be published with the
17 resolution.

18 (3) At the public hearing, a representative of the city shall present
19 the city's proposed project plan. Following the presentation of the project
20 plan, all interested persons shall be given an opportunity to be heard. The
21 governing body for good cause shown may recess such hearing to a time
22 and date certain, which shall be fixed in the presence of persons in at-
23 tendance at the hearing.

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

26 (e) *Posthearing procedure*. Following the public hearing, the govern-
27 ing body may adopt the project plan by ordinance passed upon a $\frac{2}{3}$ vote.

28 (f) Any substantial changes as defined in K.S.A. 12-1770a, and
29 amendments thereto, to the project plan as adopted shall be subject to a
30 public hearing following publication of notice thereof at least twice in the
31 official city newspaper.

32 (g) Any project shall be completed within 20 years from the date of
33 the approval of the project plan.

34 Sec. 4. K.S.A. 12-1774 is hereby amended to read as follows: 12-
35 1774. (a) (1) Any city shall have the power to issue special obligation bonds
36 in one or more series to finance the undertaking of any redevelopment
37 project in accordance with the provisions of this act. Such special obli-
38 gation bonds shall be made payable, both as to principal and interest:

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

41 (B) from revenues of the city derived from or held in connection with
42 the undertaking and carrying out of any redevelopment project or projects
43 under this act including historic theater sales tax increments and envi-

1 ronmental increments;

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

4 (D) from a pledge of a portion or all of the revenue received by the
 5 city from transient guest, sales and use taxes collected pursuant to K.S.A.
 6 12-1696 *et seq.*, 79-3601 *et seq.*, 79-3701 *et seq.* and 12-187 *et seq.*, and
 7 amendments thereto, and which are collected from taxpayers doing busi-
 8 ness within that portion of the city's redevelopment district established
 9 pursuant to K.S.A. 12-1771, and amendments thereto, occupied by a re-
 10 development project if there first is a finding by the secretary of com-
 11 merce and housing that the redevelopment project will create a major
 12 tourism area for the state or if the project is the restoration of a historic
 13 theater as defined in subsection (l) of K.S.A. 12-1770a, and amendments
 14 thereto, *or the project has been designated as a special bond project as*
 15 *defined in subsection (z) of K.S.A. 12-1770a, and amendments thereto;*

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

22 (F) by any combination of these methods.

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

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

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

1 special obligation bonds and the interest thereon are to be paid from the
2 money and revenue received as provided in paragraph (1) of this
3 subsection.

4 (b) (1) Subject to the provisions of paragraph (2) of this subsection,
5 any city shall have the power to issue full faith and credit tax increment
6 bonds to finance the undertaking of any redevelopment project in ac-
7 cordance with the provisions of K.S.A. 12-1770 *et seq.*, and amendments
8 thereto other than a project that will create a major tourism area or result
9 in the renovation of an historic theater. Such full faith and credit tax
10 increment bonds shall be made payable, both as to principal and interest:
11 (A) From the revenue sources identified in paragraph (1)(A), (B), (C),
12 (D) and (E) of subsection (a) or by any combination of these sources; and
13 (B) subject to the provisions of paragraph (2) of this subsection, from a
14 pledge of the city's full faith and credit to use its ad valorem taxing au-
15 thority for repayment thereof in the event all other authorized sources of
16 revenue are not sufficient.

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

42 (3) As an alternative to paragraph (2) of this subsection, any city which
43 adopts a project plan but does not state its intent to issue full faith and

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

14 (4) During the progress of any redevelopment project in which the
15 redevelopment project costs will be financed, in whole or in part, with
16 the proceeds of full faith and credit tax increment bonds, the city may
17 issue temporary notes in the manner provided in K.S.A. 10-123, and
18 amendments thereto, to pay the redevelopment project costs for the pro-
19 ject. Such temporary notes shall not be issued and the city shall not ac-
20 quire property in the redevelopment project area until the requirements
21 of paragraph (2) or (3) of this subsection, whichever is applicable, have
22 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 under-
36 taken in accordance with the provisions of this act, shall be apportioned
37 to a special fund for the payment of the redevelopment project costs,
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. 5. K.S.A. 2002 Supp. 79-3620 is hereby amended to read as
43 follows: 79-3620. (a) All revenue collected or received by the director of

1 taxation from the taxes imposed by this act shall be remitted to the state
2 treasurer in accordance with the provisions of K.S.A. 75-4215, and
3 amendments thereto. Upon receipt of each such remittance, the state
4 treasurer shall deposit the entire amount in the state treasury, less
5 amounts withheld as provided in subsection (b) and amounts credited as
6 provided in subsection (c) and (d), to the credit of the state general fund.

7 (b) A refund fund, designated as "sales tax refund fund" not to exceed
8 \$100,000 shall be set apart and maintained by the director from sales tax
9 collections and estimated tax collections and held by the state treasurer
10 for prompt payment of all sales tax refunds including refunds authorized
11 under the provisions of K.S.A. 79-3635, and amendments thereto. Such
12 fund shall be in such amount, within the limit set by this section, as the
13 director shall determine is necessary to meet current refunding require-
14 ments under this act. In the event such fund as established by this section
15 is, at any time, insufficient to provide for the payment of refunds due
16 claimants thereof, the director shall certify the amount of additional funds
17 required to the director of accounts and reports who shall promptly trans-
18 fer the required amount from the state general fund to the sales tax refund
19 fund, and notify the state treasurer, who shall make proper entry in the
20 records.

21 (c) (1) The state treasurer shall credit $\frac{5}{98}$ of the revenue collected
22 or received from the tax imposed by K.S.A. 79-3603, and amendments
23 thereto, at the rate of 4.9%, and deposited as provided in subsection (a),
24 exclusive of amounts credited pursuant to subsection (d), in the state
25 highway fund.

26 (2) The state treasurer shall credit $\frac{5}{104}$ of the revenue collected or
27 received from the tax imposed by K.S.A. 79-3603, and amendments
28 thereto, at the rate of 5.2%, and deposited as provided in subsection (a),
29 exclusive of amounts credited pursuant to subsection (d), in the state
30 highway fund.

31 (3) The state treasurer shall credit $\frac{5}{106}$ of the revenue collected or
32 received from the tax imposed by K.S.A. 79-3603, and amendments
33 thereto, at the rate of 5.3%, and deposited as provided in subsection (a),
34 exclusive of amounts credited pursuant to subsection (d), in the state
35 highway fund.

36 (4) The state treasurer shall credit $\frac{1}{20}$ of the revenue collected and
37 received from the tax imposed by K.S.A. 79-3603, and amendments
38 thereto, at the rate of 5%, and deposited as provided by subsection (a),
39 exclusive of amounts credited pursuant to subsection (d), in the state
40 highway fund.

41 (d) The state treasurer shall credit all revenue collected or received
42 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
43 certified by the director, from taxpayers doing business within that por-

1 tion of a redevelopment district occupied by a redevelopment project or
2 taxpayers doing business with such entity financed by a special bond
3 project as defined in K.S.A. 12-1770a, and amendments thereto. that was
4 determined by the secretary of commerce and housing to be of statewide
5 as well as local importance or will create a major tourism area for the
6 state or the project was designated as a special bond project as defined
7 in K.S.A. 12-1770a, and amendments thereto, to the city bond finance
8 fund, which fund is hereby created. The provisions of this subsection shall
9 expire when the total of all amounts credited hereunder and under sub-
10 section (d) of K.S.A. 79-3710, and amendments thereto, is sufficient to
11 retire the special obligation bonds issued for the purpose of financing all
12 or a portion of the costs of such redevelopment or special bond project.

13 New Sec. 6. Notwithstanding any other provisions of law to the con-
14 trary, copies of all retailers' sales, use and transient guest tax returns filed
15 with the director of the department of revenue in connection with a re-
16 development project area or special bond project for which sales, use and
17 transient guest tax revenues are pledged or otherwise intended to be used
18 in whole or in part for the payment of bonds issued to finance redevelop-
19 ment or special bond project costs in such redevelopment or special
20 bond project area, shall be provided by the director of the department of
21 revenue to the bond trustee, escrow agent or paying agent for such bonds
22 upon the written request of the municipality within 15 days of receipt by
23 the director of the department of revenue. The bond trustee, escrow
24 agent or paying agent shall keep such retailers' sales, use and transient
25 guest tax returns and the information contained therein confidential, but
26 may use such information for purposes of allocating and depositing such
27 sales, use and transient guest tax revenues in connection with the bonds
28 used to finance redevelopment or special bond project costs in such re-
29 development or special bond project area. Except as otherwise provided
30 herein, the sales, use and transient guest tax returns received by the bond
31 trustee, escrow agent or paying agent shall be subject to the provisions
32 of K.S.A. 79-3614, and amendments thereto.

33 Sec. 7. K.S.A. 12-1770a and 12-1774 and K.S.A. 2002 Supp. 79-3620
34 are hereby repealed.

35 Sec. 8. This act shall take effect and be in force from and after its
36 publication in the statute book.

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