

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:30 a.m. on April 29, 2004 in Room 241-N of the Capitol.

All members were present.

Committee staff present:

Kathie Sparks, Legislative Research Department
Renae Jefferies, Office of Revisor of Statutes
Helen Pedigo, Office of Revisor of Statutes
Fulva Seufert, Secretary

Conferees appearing before the committee:

Others attending:

See Attached List.

Chairman Wilk asked the Committee members to direct their attention to Substitute SB 395. He asked Ms. Helen Pedigo, Office of Revisor of Statutes, to speak to the provision.

Ms. Pedigo addressed the following two alternatives:

Page 11, Sec. 3, K.S.A. 12-1774 to strike "including, but not limited to, furnishings or equipment" and add "as defined in the state property tax laws."

The other alternative from Gilmore and Bell was to put "pertaining to STAR Bonds and leave other TIF revenue source intact.

Ms. Pedigo said that everything else in the bill has been adopted except these provisions. (Attachment 1)

Representative Gordon made a motion to approve these amendments, and Representative Boyer seconded. During discussion, Representative Carlin questioned the word "deemed," and a revisor said that it was there to complete the sentence structure. The vote was taken, and the motion passed.

The Chair announced that the Committee was back on the amended Sub. SB 395.

The Chair recognized Representative Brunk who presented the following amendment:

Page 5, 1770a which says that "redevelopment project costs incurred in connection with redevelopment projects using special obligation bond financing pursuant to subsection (a) (2) (D) of K.S.A. 12-1774, and amendments thereto, in connection with the construction of buildings and other structures to be owned by a city shall not exceed 15% of the total capital investment of the special bond project. (Attachment 2)

Representative Brunk made a motion to approve this amendment, and Representative Novascone seconded. During discussion, Representatives Krehbiel, Boyer and Kuether said they opposed the amendment because they think it is restrictive, and that STAR Bonds legislation was not intended to be specific. When the vote was taken, the motion failed.

The Chair announced that the Committee was back on the amended bill.

Chairman Wilk asked if any member had any objection to the staff making the necessary clarifications to the bill to make more clear the original intent. This includes striking "including but not limited to furnishings or equipment" and adding "as defined in the state property tax codes." It was also noted that personal property means anything that is not real property.

CONTINUATION SHEET

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE at 9:30 a.m. on April 29, 2004 in Room 241-N of the Capitol.

Representative Kuether made a motion that staff be instructed to change any language necessary to clarify the intent. Representative Burroughs seconded. Motion passed.

Representative Krehbiel made a motion to approve all the revisions and that the revisors be allowed to make any necessary technical changes. During discussion, Representative Carlin expressed concern that legislators needed to be addressing concerns of their constituents. The vote was taken, and the motion passed. Representative Carlin asked to be recorded as a "no" vote.

Chairman Wilk recognized Mr. Matt Jordan, Department of Commerce, who thanked the committee for its discussion. He said he believed that there is now clarification, and that the Resolution is no longer needed.

Chairman Wilk thanked the Committee members for their indulgence and the staff for their expertise and dedication. He also thanked Mr. Weatherford and Secretary Wagon for all their assistance.

Representative Gordon reported that she has received a report from Kansas, Inc. on its recommendations for the subcommittee, Lights, Camera, Action. She suggested that an interim committee should be requested to continue this study, and that copies of the report are available.

Representative Kuether reported that she learned while in California that the Kansas Film directors are excited about the prospect of returning home to Kansas.

Chairman Wilk told the members of the Committee and the staff that he had enjoyed working with them on some very exciting and interesting legislation.

Meeting adjourned at 10:15 a.m.

HOUSE ECONOMIC DEVELOPMENT COMMITTEE
GUEST LIST

DATE: Thursday, April 29, 2004

NAME	REPRESENTING
<i>Stephanie Buchanan</i>	<i>DOB</i>

HOUSE Substitute for SENATE BILL NO. 395

By Economic Development

AN ACT concerning commerce; relating to special obligation bonds; redevelopment districts; payment sources; implementation by rules and regulations; amending K.S.A. 12-1771, as amended by section 26 of 2004 Senate Substitute for Substitute for House Bill No. 2647, and K.S.A. 2003 Supp. 12-1774, 12-1780b and 12-1780c and repealing the existing sections.

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

Section 1. K.S.A. 12-1771, as amended by section 26 of 2004 Senate Substitute for Substitute for House Bill No. 2647, is hereby amended to read as follows: 12-1771. (a) Resolution procedure for a redevelopment district. Any city proposing to establish a redevelopment district within an eligible area shall adopt a resolution stating that the city is considering the establishment of a redevelopment district or when the Kansas bioscience authority proposes to establish a bioscience development district. Such resolution shall:

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

(2) describe the proposed boundaries of the redevelopment district or bioscience development district;

(3) describe the district plan;

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

(5) state that the governing body will consider findings necessary for the establishment of a redevelopment district or bioscience development district.

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

(b) Posthearing procedure. Upon the conclusion of the public hearing, the governing body may pass an ordinance. (1) An ordinance for a redevelopment district shall: (A) Make findings that the redevelopment district proposed to be developed is an eligible area; and the conservation, development or redevelopment

of such area is necessary to promote the general and economic welfare of the city; (B) contain the district plan as approved; and (C) contain the legal description of the redevelopment district and may establish the redevelopment district. Such ordinance shall contain a district plan that identifies all of the proposed redevelopment project areas and identifies in a general manner all of the buildings and facilities that are proposed to be constructed or improved in each redevelopment project area. The boundaries of such district shall not include any area not designated in the notice required by subsection (a).

(2) An ordinance for a bioscience development district shall make findings that the area satisfies the definition of a bioscience area and the creation of a bioscience district will contribute to the development of bioscience in the state and promote the general and economic welfare of the city. Such ordinance shall also contain the district plan as approved and contain the legal description of the bioscience development district. Such ordinance shall contain a development district plan that identifies all of the proposed bioscience development project areas and identifies in a general manner all of the buildings and facilities that are proposed to be constructed or improved in each bioscience development project area. The boundaries of such district shall not include any area not designated in the notice required by subsection (a). No bioscience development district shall be established without the approval of the bioscience authority. In creating a bioscience development district, eminent domain shall not be used to acquire agricultural land.

(c) The governing body of a city may establish a redevelopment district within that city, and, with the bioscience authority's approval, may establish a bioscience development district within that city. Such city may establish a district inclusive of land outside the boundaries of the city or wholly outside the boundaries of such city upon written consent of the board of county commissioners. Prior to providing written

consent, the board of county commissioners shall be subject to the same procedure for public notice and hearing as is required of a city pursuant to subsection (a) for the establishment of a redevelopment district or bioscience development district. One or more redevelopment projects or bioscience development projects may be undertaken by a city within a redevelopment district or bioscience development district after such redevelopment district or bioscience development district has been established in the manner provided by this section.

(d) No privately owned property subject to ad valorem taxes shall be acquired and redeveloped under the provisions of K.S.A. 12-1770 et seq., and amendments thereto, if the board of county commissioners or the board of education levying taxes on such property determines by resolution adopted within 30 days following the conclusion of the hearing for the establishment of the redevelopment district or bioscience development district required by subsection (b) that the proposed redevelopment district or bioscience development district will have an adverse effect on such county or school district. The board of county commissioners or board of education shall deliver a copy of such resolution to the city. The city shall within 30 days of receipt of such resolution pass an ordinance terminating the redevelopment district or bioscience development district.

(e) Addition to area; substantial change. Any addition of area to the redevelopment district or bioscience development district or any substantial change as defined in K.S.A. 12-1770a, and amendments thereto, to the district plan shall be subject to the same procedure for public notice and hearing as is required for the establishment of the district.

(f) Any addition of any area to the redevelopment district or bioscience development district shall be subject to the same procedure for public notice and hearing as is required for the establishment of the redevelopment district or bioscience development district. The base year assessed valuation of the redevelopment district or bioscience development 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 or bioscience development district.

(g) A city may remove real property from a redevelopment district or bioscience development district by an ordinance of the governing body. If more than a de minimus amount of real property is removed from a redevelopment district or bioscience development district, the base year assessed valuation of the redevelopment district or bioscience development 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 or bioscience development district.

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

(i) If a city has undertaken a redevelopment project or bioscience development project within a redevelopment district or bioscience development district, and either the city wishes to

subsequently remove more than a de minimus amount of real property from the redevelopment district or bioscience development district or the city wishes to subsequently divide the real property in the redevelopment district or bioscience development district into more than one redevelopment district or bioscience development 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 or bioscience development district within which the redevelopment district or bioscience development project is located is expected to be sufficient to pay the redevelopment project costs or bioscience development project costs.

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

(k) Any addition to, removal from or division of real property or a substantial change as defined in K.S.A. 12-1770a, and amendments thereto, to a bioscience development district may be made only with the approval of the bioscience authority.

(l) A bioscience development district may be established in the unincorporated area of a county by resolution of the board of county commissioners governing the area if:

(1) The Kansas bioscience authority has proposed to establish a bioscience development district there; and

(2) the board of county commissioners follows the notice, hearing and approval procedures required of a city to establish a bioscience development district.

(m) When establishing a bioscience development district as described in subsection (l), any references to "city" contained

in this section shall mean "county".

Sec. 2. K.S.A. 2003 Supp. 12-1774 is hereby amended to read as follows: 12-1774. (a) (1) Any city shall have the power to issue special obligation bonds in one or more series to finance the undertaking of any redevelopment project in accordance with the provisions of this act. Such special obligation bonds shall be made payable, both as to principal and interest:

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

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

(C) from any private sources, contributions or other financial assistance from the state or federal government;

(D) from a pledge of ~~a portion or~~ all of the revenue received by the city from any transient guest, state and local sales and use taxes collected pursuant to K.S.A. 12-1696 et seq., 79-3601 et seq., 79-3701 et seq., and 12-187 et seq. and amendments thereto, and which are collected from taxpayers doing business within that portion of the city's redevelopment district established pursuant to K.S.A. 12-1771, and amendments thereto, occupied by a redevelopment project if there first is a finding by the secretary of commerce that based upon the feasibility study the redevelopment project will create a major tourism area for the state or if the project is the restoration of a historic theater as defined in subsection (1) of K.S.A. 12-1770a, and amendments thereto, or the project has been designated as a special bond project as defined in subsection (z) of K.S.A. 12-1770a, and amendments thereto, except that, with respect to a redevelopment district established prior to January 1, 2003, for which, prior to January 1, 2003, the secretary of commerce made a finding as provided in this subsection that a redevelopment

project would create a major tourism area for the state, such special obligation bonds shall be payable both as to principal and interest, from a pledge of all of the revenue from any transient guest, state and local sales and use taxes collected from taxpayers as provided in this subsection whether or not revenues from such taxes are received by the city;

(E) (i) from a pledge of a portion or all increased revenue received by the city from franchise fees collected from utilities and other businesses using public right-of-way within the redevelopment district; (ii) from a pledge of ~~a portion or~~ all of the revenue received by the city from sales taxes collected ~~pursuant to K.S.A. 12-1877 and amendments thereto;~~ or

(F) with the approval of the county, from a pledge of all of the revenues received by the county from any transient guest, local sales and use taxes which are collected from taxpayers doing business within that portion of the redevelopment district established pursuant to K.S.A. 12-1771, and amendments thereto;
or

~~(F)~~ (G) by any combination of these methods except that for a project which has been designated as a special bond project as defined in subsection (z) of K.S.A. 12-1770a and amendments thereto, 100% of city and county sales taxes ~~collected--pursuant to--K.S.A.--12-1877--and--amendments--thereto,~~ shall be pledged for such project except for amounts committed to other use by election of voters prior to the effective date of this act.

The city may pledge such revenue to the repayment of such special obligation bonds prior to, simultaneously with, or subsequent to the issuance of such special obligation bonds.

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

(3) Bonds issued under the provisions of paragraph (1) of

this subsection shall be special obligations of the city and are declared to be negotiable instruments. They shall be executed by the mayor and clerk of the city and sealed with the corporate seal of the city. All details pertaining to the issuance of such special obligation bonds and terms and conditions thereof shall be determined by ordinance of the city. All special obligation bonds issued pursuant to this act and all income or interest therefrom shall be exempt from all state taxes except inheritance taxes. Such special obligation bonds shall contain none of the recitals set forth in K.S.A. 10-112, and amendments thereto. Such special obligation bonds shall, however, contain the following recitals, viz., the authority under which such special obligation bonds are issued, they are in conformity with the provisions, restrictions and limitations thereof, and that such special obligation bonds and the interest thereon are to be paid from the money and revenue received as provided in paragraph (1) of this subsection.

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

(2) Except as provided in paragraph (3) of this subsection, before the governing body of any city proposes to issue full faith and credit tax increment bonds as authorized by this

subsection, the feasibility study required by K.S.A. 12-1772, and amendments thereto, shall demonstrate that the benefits derived from the project will exceed the cost and that the income therefrom will be sufficient to pay the costs of the project. No full faith and credit tax increment bonds shall be issued unless the governing body states in the resolution required by K.S.A. 12-1772, and amendments thereto, that it may issue such bonds to finance the proposed redevelopment project. The governing body may issue the bonds unless within 60 days following the date of the public hearing on the proposed project plan a protest petition signed by 3% of the qualified voters of the city is filed with the city clerk in accordance with the provisions of K.S.A. 25-3601 et seq., and amendments thereto. If a sufficient petition is filed, no full faith and credit tax increment bonds shall be issued until the issuance of the bonds is approved by a majority of the voters voting at an election thereon. Such election shall be called and held in the manner provided by the general bond law. The failure of the voters to approve the issuance of full faith and credit tax increment bonds shall not prevent the city from issuing special obligation bonds in accordance with K.S.A. 12-1774, and amendments thereto. No such election shall be held in the event the board of county commissioners or the board of education determines, as provided in K.S.A. 12-1771, and amendments thereto, that the proposed redevelopment district will have an adverse effect on the county or school district.

(3) As an alternative to paragraph (2) of this subsection, any city which adopts a project plan but does not state its intent to issue full faith and credit tax increment bonds in the resolution required by K.S.A. 12-1772, and amendments thereto, and has not acquired property in the redevelopment project area may issue full faith and credit tax increment bonds if the governing body of the city adopts a resolution stating its intent to issue the bonds and the issuance of the bonds is approved by a majority of the voters voting at an election thereon. Such

election shall be called and held in the manner provided by the general bond law. The failure of the voters to approve the issuance of full faith and credit tax increment bonds shall not prevent the city from issuing special obligation bonds pursuant to paragraph (1) of subsection (a). Any project plan adopted by a city prior to the effective date of this act in accordance with K.S.A. 12-1772, and amendments thereto, shall not be invalidated by any requirements of this act.

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

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

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

(c) Any increment in ad valorem property taxes resulting from a redevelopment project in the established redevelopment district undertaken in accordance with the provisions of this act, shall be apportioned to a special fund for the payment of

the redevelopment project costs, including the payment of principal and interest on any special obligation bonds or full faith and credit tax increment bonds issued to finance such project pursuant to this act and may be pledged to the payment of principal and interest on such bonds.

Sec. 3. K.S.A. 2003 Supp. 12-1780b is hereby amended to read as follows: 12-1780b. (a) The governing body of a city may establish one or more special bond projects in any area within such city or wholly outside the boundaries of such city upon written consent of the board of county commissioners. The special bond projects shall be eligible for financing by special obligation bonds payable from revenues described by subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto. Such special obligation bonds shall not be used to finance personal property including, but not limited to, furnishings or equipment. Each special bond project shall first be approved by the secretary, if the secretary determines that the proposed project sufficiently promotes, stimulates and develops the general and economic welfare of the state as described in K.S.A. 12-1770. The secretary may approve a special bond project located in a redevelopment district established by a city prior to the effective date of this act. A special bond project shall not be granted to any business that proposes to relocate its business from another area of the state into such city, for the purpose of consideration for a special bond project and shall not receive any of the benefits provided by K.S.A. 12-1770 et seq., and amendments thereto. A special bond project shall not be approved by the secretary if the marketing study required by K.S.A. 2003 Supp. 12-1780c, and amendments thereto, indicates a substantial negative impact upon businesses in the project market area or the granting of such project would cause a default in the payment of any outstanding special obligation bonds as authorized pursuant to subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto.

(b) The maximum maturity of special obligation bonds payable

primarily from revenues described by subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, to finance special bond projects pursuant to this section shall not exceed 20 years.

(c) ~~Any---redevelopment---project---plan---in---a---redevelopment district---located---in---the---city---of---Wichita---that---is---eligible---for benefits---provided---by---K.S.A.---12-1774---et---seq., and amendments thereto, and includes an arena or arena-like structure---shall---be subject---to---approval---by---a---vote---by---the---citizens---of---Wichita---at---an election---held---for---this---purpose---prior---to---approval---by---the---secretary of---commerce.~~ A city that owns a building or structure that was financed in whole or in part by special obligation bonds payable from revenues described in subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, may engage a manager to manage such building or structure. The contractual relationship between the city and the manager of such building or structure shall not be deemed a lease to a developer for purposes of paragraph (15) of subsection (q) of K.S.A. 12-1770a, and amendments thereto.

Sec. 4. K.S.A. 2003 Supp. 12-1780c is hereby amended to read as follows: 12-1780c. (a) Any city proposing to undertake a special bond project established pursuant to K.S.A. 2003 Supp. 12-1780b, and amendments thereto, shall prepare a project plan in consultation with the planning commission of the city. Such project plan shall also be prepared in consultation with the planning commission of the county, if any, if a special bond project is located wholly outside the boundaries of the city. The project plan shall include:

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

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

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

considered;

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

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

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

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

(b) Resolution requirements. A copy of the project plan shall be delivered to the board of county commissioners of the county and the board of education of any school district levying taxes on property subject to the special bond project. Upon a finding by the planning commission of the city that the project plan is consistent with the intent of the comprehensive plan for the development of the city, and a finding by the planning commission of the county, if any, with respect to a special bond project located wholly outside the boundaries of the city, that the project plan is consistent with the intent of the comprehensive plan for the development of the county, the governing body of the city shall adopt a resolution stating that the city is considering the adoption of the project plan. Such resolution shall:

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

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

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

(c) (1) Hearing. The date fixed for the public hearing shall

be not less than 30 nor more than 70 days following the date of the adoption of the resolution fixing the date of the hearing.

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

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

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

(e) Posthearing procedure. Following the public hearing, the governing body may adopt the project plan by ordinance passed upon a 2/3 vote.

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

(g) Any project shall be completed within 20 years from the date of the approval of the project plan. Kansas resident employees shall be given priority consideration for employment in construction projects located in a special bond project area.

(h) Any developer of a special bond project shall commence work on such project within two years from the date of adoption

of the project plan. Should the developer fail to commence work on the special bond project within the two-year period, funding for such project shall cease and the developer of such project shall have one year to appeal to the secretary for reapproval of such project and the funding for it. Should the project be reapproved, the two-year period for commencement shall apply.

(i) The provisions of this act regarding special bond projects shall expire on and after July 1, 2007.

New Sec. 5. The secretary of commerce is hereby authorized to adopt, amend or repeal rules and regulations as necessary to administer or implement any statutory provision under the department's jurisdiction. Such rules and regulations shall be promulgated in accordance with the rules and regulations filing act, K.S.A. 77-415 et seq., and amendments thereto. Such rules and regulations shall not be inconsistent with or exceed the authority granted to the secretary under the statutory provision to be administered or implemented.

Sec. 6. K.S.A. 12-1771, as amended by section 26 of 2004 Senate Substitute for Substitute for House Bill No. 2647, and K.S.A. 2003 Supp. 12-1774, 12-1780b and 12-1780c are hereby repealed.

Sec. 7. This act shall take effect and be in force from and after its publication in the statute book.

Proposed Amendment

Sec. 1. K.S.A. 2003 Supp. 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;

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- (G) improper subdivision or obsolete platting or land uses;
- (H) the existence of conditions which endanger life or property by fire or other causes; or
- (I) conditions which create economic obsolescence; or
- (2) has been identified by any state or federal environmental agency as being environmentally contaminated to an extent that requires a remedial investigation; feasibility study and remediation or other similar state or federal action; or
- (3) previously was found by resolution of the governing body to be a slum or a blighted area under K.S.A. 17-4742 et seq., and amendments thereto.

(d) "Conservation area" means any improved area comprising 15% or less of the land area within the corporate limits of a city in which 50% or more of the structures in the area have an age of 35 years or more, which area is not yet blighted, but may become a blighted area due to the existence of a combination of two or more of the following factors:

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

(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.

(g) "Eligible area" means a blighted area, conservation area, enterprise zone, historic theater, major tourism area or a major commercial entertainment and tourism area as determined by the secretary.

(h) "Enterprise zone" means an area within a city that was designated as an enterprise zone prior to July 1, 1992, pursuant

to K.S.A. 12-17,107 through 12-17,113, and amendments thereto, prior to its repeal and the conservation, development or redevelopment of the area is necessary to promote the general and economic welfare of such city.

(i) "Environmental increment" means the increment determined pursuant to subsection (b) of K.S.A. 12-1771a, and amendments thereto.

(j) "Environmentally contaminated area" means an area of land having contaminated groundwater or soil which is deemed environmentally contaminated by the department of health and environment or the United States environmental protection agency.

(k) "Feasibility study" means a study which shows whether a redevelopment or special bond projects' benefits and tax increment revenue and other available revenues under K.S.A. 12-1774 (a)(1), and amendments thereto, are expected to exceed or be sufficient to pay for the redevelopment or special bond project costs and the effect, if any, the redevelopment or special bond project will have on any outstanding special obligation bonds as authorized pursuant to subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto.

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

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

(n) "Major tourism area" means an area for which the

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

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

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

(q) "Redevelopment project costs" means those costs necessary to implement a redevelopment plan, including, but not limited to costs incurred for:

(1) Acquisition of property within the redevelopment project area;

(2) payment of relocation assistance;

(3) site preparation including utility relocations;

(4) sanitary and storm sewers and lift stations;

(5) drainage conduits, channels, levees and river walk canal facilities;

(6) street grading, paving, graveling, macadamizing, curbing, guttering and surfacing;

(7) street light fixtures, connection and facilities;

(8) underground gas, water, heating and electrical services and connections located within the public right-of-way;

(9) sidewalks and pedestrian underpasses or overpasses;

(10) drives and driveway approaches located within the public right-of-way;

(11) water mains and extensions;

(12) plazas and arcades;

(13) parking facilities;

(14) landscaping and plantings, fountains, shelters, benches, sculptures, lighting, decorations and similar amenities; and

(15) all related expenses to redevelop and finance the redevelopment project.

Redevelopment project costs shall not include costs incurred in connection with the construction of buildings or other

structures to be owned by or leased to a developer, however, the "redevelopment project costs" shall include costs incurred in connection with the construction of buildings or other structures to be owned or leased to a developer which includes an auto race track facility or is in a redevelopment district including some or all of the land and buildings comprising a state mental institution closed pursuant to section 2 of chapter 219 of the 1995 Session Laws of Kansas. Redevelopment project costs incurred in connection with redevelopment projects using special obligation bond financing pursuant to subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, in connection with the construction of buildings and other structures to be owned by a city shall not exceed 15% of the total capital investment of the special bond project.

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

(s) "Redevelopment district plan" or "district plan" means the preliminary plan that identifies all of the proposed redevelopment project areas and identifies in a general manner all of the buildings, facilities and improvements in each that are proposed to be constructed or improved in each redevelopment project area.

(t) "Redevelopment project" means the approved project to implement a project plan for the development of the established redevelopment district.

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

(v) "Secretary" means the secretary of commerce.

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

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

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

(z) "Special bond project" means a redevelopment project with at least a \$50,000,000 capital investment and \$50,000,000 in projected gross annual sales revenues or for areas outside of metropolitan statistical areas, as defined by the federal office of management and budget the secretary finds the project meets the requirements of subsection (g) and would be of regional or statewide importance, but a "special bond project" shall not include a project for a gambling casino.

(aa) "Marketing study" means a study conducted to examine the impact of the redevelopment or special bond project upon similar businesses in the projected market area.

(bb) "Projected market area" means any area within the state in which the redevelopment or special bond project is projected to have a substantial fiscal or market impact upon businesses in such area.

(cc) "River walk canal facilities" means a canal and related water features located adjacent to a river which flows through a major commercial entertainment and tourism area and facilities related or contiguous thereto, including, but not limited to pedestrian walkways and promenades, landscaping and parking facilities.

(dd) "Commence work" means the manifest commencement of actual operations on the development site, such as, erecting a building, excavating the ground to lay a foundation or a basement or work of like description which a person with reasonable diligence can see and recognize as being done with the intention

and purpose to continue work until the project is completed.

(ee) "Major commercial entertainment and tourism area" may include, but not be limited to, a major multi-sport athletic complex.

(ff) "Major multi-sport athletic complex" means an athletic complex that is utilized for the training of athletes, the practice of athletic teams, the playing of athletic games or the hosting of events. Such project may include playing fields, parking lots and other developments.