

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 A.M. on March 1, 2007 in Room 123-S of the Capitol.

All members were present except:
Ruth Teichman- excused

Committee staff present:
Kathie Sparks, Kansas Legislative Research Department
Jason Long, Revisor of Statutes
Jackie Lunn, Committee Assistant

Conferees appearing before the committee:

Others attending:
See attached list.

**SB 156--Professional employer organization act
Sub for SB 316--Codifying STAR bond financing separately from tax increment financing**

Chairperson Brownlee announced to the Committee that she is putting **SB 156** in a subcommittee. The members of the subcommittee will be: Senator Teichman, Senator Wagle, Senator Brownlee and either Senator Kelly or Senator Barone.

Chairperson Brownlee turned the Chair over to Senator Jordan. Chairperson Jordan announced the Committee would rework the STAR Bond bill and thanked the staff for all their hard work.

Chairperson Jordan introduced Kathie Sparks, Legislative Research to review the bill for the Committee. Ms. Sparks reviewed the Substitute for Substitute for Senate Bill No. 316. (Attachment 1) She reviewed all the changes in the bill which were made in a previous committee meeting. During the review, there were questions and discussion.

Senator Barone made a motion to strike "and retail" on Page 5, (w) of the bill. Senator Brownlee seconded. Motion carried with one "no" vote from Senator Schodorf.

The review continued with discussion on eminent domain and the assurance the bill conforms to 2006 legislation.

Upon the conclusion of the changes to STAR Bonds, Ms. Sparks referred the Committee to the changes in TIF. (Attachment 2)

Chairperson Jordan called the Committee's attention to Page 35, section 22 of the bill. He called on Jason Long, Revisor, to give the suggested language to make this section more clear. The change would be to add back in "eligible areas" and "a city thereby" and remove central business district areas of cities, blighted areas located within cities, environmentally and contaminated areas located" and "cities and enterprise zones located within cities, thus".

Senator Brownlee moved to adopt the amendment offered by Jason Long, Revisors office. Seconded by Senator Kelly. Motion carried.

Ms. Sparks moved the discussion back to eminent domain language on Page 26, second paragraph. The additional percentage of appraisal required to be paid for STAR bond projects or bioscience development projects was discussed. It was noted that current eminent domain law requires 200% compensation and possibly the additional 25% should be removed.

Senator Barone made a motion to strike on Page 26, second paragraph, "In addition to any compensation or damages under the eminent domain procedures act with respect to any property subject to proceedings thereunder as a result of the construction of a STAR bond project or bioscience

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development project, such city or county shall provide for the payment of an amount equal to 25% of such compensation or damage amount.” Senator Brownlee seconded. Motion carried.

Ms. Sparks continued with the review covering TIF bonds. Multilevel parking facilities was discussed along with intermodal facilities.

Senator Kelly made a motion to add “parking facilities could be privately owned” to Page 42, (Q), (2) Senator Schodorf seconded.

Discussion followed.

Chairperson Jordan called for a vote. **Motion carried.**

Ms. Sparks continued with her review and questions from the Committee.

Upon the conclusion of the review a discussion followed regarding a new balloon that had been overlooked for the STAR Bond portion of the bill regarding cities and counties which appeared on page 14 of the small 8 1/2 x 11 balloon.

Senator Reitz made a motion to accept the balloon adding (3) “If no ordinance or resolution is passed by the city or county within 30 days from the conclusion of the public hearing, then such STAR bond project district or bioscience development district shall not be established. Senator Brownlee seconded. Motion carried.

Senator Reitz made a motion to pass the sub for sub for SB 316 out favorably as amended. Motion carried.

Chairperson Jordan adjourned the meeting at 9:25 a.m. with the next scheduled meeting March 6th at 8:30 a.m. in room 123 S.

SUBSTITUTE for Substitute for SENATE BILL NO. 316

By Committee on Commerce

AN ACT concerning economic development; relating to tax increment financing and sales tax and revenue bonds; establishing the STAR bond financing act; amending K.S.A. 12-1770 and 12-1776 and K.S.A. 2006 Supp. 12-1770a, 12-1771, 12-1771b, 12-1773, 12-1774 and 12-1774a and repealing the existing sections; also repealing K.S.A. 2006 Supp. 12-1773, as amended by section 3 of chapter 192 of the 2006 Session Laws of Kansas, 12-1771d, 12-1780b, 12-1780c, 12-1780d, 12-1780e and 12-1780f.

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

New Section 1. It is hereby declared to be the purpose of this act to promote, stimulate and develop the general and economic welfare of the state of Kansas and its communities and to assist in the development and redevelopment of eligible areas within and without a city thereby promoting the general welfare of the citizens of this state, by authorizing cities and counties to acquire certain property and to issue sales tax and revenue (STAR) bonds for the financing of STAR bond projects or bioscience development projects as defined in section 3, and amendments thereto. It is further found and declared that the powers conferred by this act are for a public purpose and public use for which public money may be expended and the power of eminent domain may be exercised. The necessity in the public interest for the provisions of this act is hereby declared as a matter of legislative determination.

New Sec. 2. The provisions of sections 1 through 21, and amendments thereto, shall be known and may be cited as the STAR bonds financing act.

New Sec. 3. As used in this act, and amendments thereto, the following words and phrases shall have the following meanings unless a different meaning clearly appears from the context:

(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,

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not directly related to or necessary to the operation of such facility.

(b) "Bioscience" means the use of compositions, methods and organisms in cellular and molecular research, development and manufacturing processes for such diverse areas as pharmaceuticals, medical therapeutics, medical diagnostics, medical devices, medical instruments, biochemistry, microbiology, veterinary medicine, plant biology, agriculture, industrial environmental and homeland security applications of bioscience and future developments in the biosciences. Bioscience includes biotechnology and life sciences.

(c) "Bioscience development district" means the specific area as determined by the secretary in which the city or county with approval from the Kansas bioscience authority may develop one or more bioscience development projects.

(d) "Bioscience development district plan" means the preliminary plan that identifies all of the proposed bioscience 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 bioscience project area.

(e) "Bioscience development project" means an approved bioscience development project to implement a bioscience development project plan in a bioscience development district.

(f) "Bioscience development project plan" means the plan adopted by the Kansas bioscience authority and the city or county in which the bioscience development district is located for a bioscience development project in such bioscience development district.

(g) "Bioscience facility" means real property and all improvements thereof used to conduct bioscience research, including, without limitation, laboratory space, incubator space, office space and any and all facilities directly related and necessary to the operation of a bioscience facility.

(h) "Bioscience project area" means an area designated by the Kansas bioscience authority within a bioscience development

district.

(i) "Biotechnology" means those fields focusing on technological developments in such areas as molecular biology, genetic engineering, genomics, proteomics, physiomics, nanotechnology, biodefense, biocomputing, bioinformatics and future developments associated with biotechnology.

(j) "Board" means the board of directors of the Kansas bioscience authority.

(k) "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.

(l) "De minimus" means an amount less than 15% of the land area within a STAR bond project district or bioscience development district.

(m) "Developer" means any person, firm, corporation, partnership or limited liability company other than a city and other than an agency, political subdivision or instrumentality of the state.

(n) "Economic impact study" means a study to project the financial benefit of the project to the local, regional and state economies.

(o) "Eligible area" means a historic theater, major tourism area, major motorsports complex, auto race track facility, river walk canal facility, major multi-sport athletic complex, or a major commercial entertainment and tourism area as determined by the secretary.

(p) "Feasibility study" means a feasibility study as defined in subsection (b) of section 7, and amendments thereto.

(q) "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.

(r) "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.

(s) "Life sciences" means the areas of medical sciences, pharmaceutical sciences, biological sciences, zoology, botany, horticulture, ecology, toxicology, organic chemistry, physical chemistry, physiology and any future advances associated with life sciences.

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

(u) "Major motorsports complex" means a complex in Shawnee county that is utilized for the hosting of competitions involving motor vehicles, including, but not limited to, automobiles, motorcycles or other self-propelled vehicles other than a motorized bicycle or motorized wheelchair. Such project may include racetracks, all facilities directly related and necessary to the operation of a motorsports complex, including, but not limited to, parking lots, grandstands, suites and viewing areas, concessions, souvenir facilities, catering facilities, visitor and retail centers, signage and temporary hospitality facilities, but excluding hotels, motels, restaurants and retail facilities not directly related to or necessary to the operation of such facility.

(v) "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.

(w) "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 including grandstands, suites and viewing areas, concessions, souvenir facilities, catering facilities, visitor and retail centers, signage and temporary hospitality facilities, but excluding hotels, motels, restaurants and retail facilities, not directly related to or necessary to the operation of such facility.

(x) "Market study" means a study to determine the ability of the project to gain market share locally, regionally and nationally and the ability of the project to gain sufficient market share to:

- (1) Remain profitable past the term of repayment; and
- (2) maintain status as a significant factor for travel decisions.

(y) "Market impact study" means a study to measure the impact of the proposed project on similar businesses in the project's market area.

(z) "Project" means a STAR bond project or bioscience development project.

(aa) "Project costs" means those costs necessary to implement a STAR bond project plan or bioscience development project plan, including costs incurred for:

- (1) Acquisition of real property within the STAR bond project area or bioscience project area;
- (2) payment of relocation assistance pursuant to a relocation assistance plan as provided in section 13, and amendments thereto;
- (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 and multilevel parking structures devoted to parking only;

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

(15) auto race track facility;

(16) major multi-sport athletic complex;

(17) for purposes of an incubator project, such costs shall also include wet lab equipment including hoods, lab tables, heavy water equipment and all such other equipment found to be necessary or appropriate for a commercial incubator wet lab facility by the city or county in its resolution establishing such STAR bond project district or a bioscience development district;

(18) related expenses to redevelop and finance the project, except that for a STAR bond project or bioscience development project financed with special obligation bonds payable from the revenues described in subsection (a)(1) of section 9, and amendments thereto, such expenses shall require prior approval by the secretary of commerce; and

(19) except as specified in subsections (1) through (18) above, project costs shall not include:

(A) Costs incurred in connection with the construction of buildings or other structures;

(B) fees and commissions paid to developers, real estate agents, financial advisors or any other consultants who represent the developers or any other businesses considering locating in or

located in a STAR bond project district or bioscience development district;

(C) salaries for local government employees;

(D) moving expenses for employees of the businesses locating within the STAR bond project district or bioscience development district;

(E) property taxes for businesses that locate in the STAR bond project district or bioscience development district;

(F) lobbying costs;

(G) any bond origination fee charged by the city or county or Kansas bioscience authority;

(H) any personal property as defined in K.S.A. 79-102, and amendments thereto; and

(I) travel, entertainment and hospitality.

(bb) "Projected market area" means any area within the state in which the 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 which flow 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) "Sales tax and revenue" are those revenues available to finance the issuance of special obligation bonds as identified in section 9, and amendments thereto.

(ee) "STAR bond" means a sales tax and revenue bond.

(ff) "STAR bond project" means an approved project to implement a project plan for the development of the established STAR bond project district with:

(1) At least a \$50,000,000 capital investment and \$50,000,000 in projected gross annual sales; or

(2) for areas outside of metropolitan statistical areas, as defined by the federal office of management and budget, the secretary finds:

(A) The project is an eligible area as defined in subsection

(o), and amendments thereto; and

(B) would be of regional or statewide importance; or

(3) is a major tourism area as defined in subsection (v), and amendments thereto.

(gg) "STAR bond project area" means the geographic area within the STAR bond project district in which there may be one or more projects.

(hh) "STAR bond project district" means the specific area declared to be an eligible area as determined by the secretary in which the city or county may develop one or more STAR bond projects.

(ii) "STAR bond project district plan" means the preliminary plan that identifies all of the proposed STAR bond 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 STAR bond project area.

(jj) "STAR bond project plan" means the plan adopted by a city or county for the development of a STAR bond project or projects in a STAR bond project district.

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

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

(mm) "Tax increment" means that portion of the revenue derived from state and local sales, use and transient guest tax imposed pursuant to K.S.A. 12-187 et seq., 12-1692 et seq., 79-3601 et seq. and 79-3701 et seq., and amendments thereto, collected from taxpayers doing business within that portion of a STAR bond project district or bioscience development district occupied by a project that is in excess of the amount of base year revenue. For purposes of this subsection, the base year shall be the 12-month period immediately prior to the month in which the STAR bond project district or bioscience development district is established. The department of revenue shall

determine base year revenue by reference to the revenue collected during the base year from taxpayers doing business within the specific area in which a STAR bond project district or bioscience development district is subsequently established. For purposes of this subsection, revenue collected from taxpayers doing business within a STAR bond project district or bioscience development district, or within a specific area in which a STAR bond project district or bioscience development district is subsequently established shall not include local sales and use tax revenue that is sourced to jurisdictions other than those in which the project is located.

(nn) "Taxpayer" means a person, corporation, limited liability company, S corporation, partnership, registered limited liability partnership, foundation, association, nonprofit entity, sole proprietorship, business trust, group or other entity that is subject to the Kansas income tax act, K.S.A. 79-3201 et seq., and amendments thereto.

New Sec. 4. The governing body of any city or county may designate a building within such municipality to be an historic theater if the governing body of the municipality and the secretary of commerce agree that the building satisfies the requirements of subsection (q) of section 3, and amendments thereto, and will contribute significantly to the economic development of the city and surrounding area or the county.

New Sec. 5. (a) The governing body of a city may establish one or more STAR bond projects or bioscience development projects in any area within such city or wholly outside the boundaries of such city. A STAR bond project or bioscience development project wholly outside the boundaries of such city must be approved by the board of county commissioners by the passage of a county resolution.

The governing body of a county may establish one or more STAR bond projects or bioscience development projects in any unincorporated area of the county.

The projects shall be eligible for financing by special

obligation bonds payable from revenues described by subsection (a)(1) of section 9, and amendments thereto.

(b) Each STAR bond project shall first be approved by the secretary, if the secretary determines that the proposed project or complex sufficiently promotes, stimulates and develops the general and economic welfare of the state as described in section 1, and amendments thereto.

(c) For a city proposing to finance a major motorsports complex pursuant to subsection (a)(1)(C) or (a)(1)(E) of section 9, and amendments thereto, the secretary, upon approving the project, may approve such financing in an amount not to exceed 50% of the STAR bond project costs.

(d) The secretary may approve a STAR bond project located in a STAR bond district established by a city prior to May 1, 2003.

(e) A project shall not be granted to any business that proposes to relocate its business from another area of the state into such city or county, for the purpose of consideration for a STAR bond project provided by section 1 et seq., and amendments thereto.

(f) A project shall not be approved by the secretary if the market study required by section 7, and amendments thereto, indicates a substantial negative impact upon businesses in the project or complex market area or the granting of such project or complex would cause a default in the payment of any outstanding special obligation bond payable from revenues authorized pursuant to subsection (a)(1) of section 9, and amendments thereto.

(g) The maximum maturity of special obligation bonds payable primarily from revenues described by subsection (a)(1) of section 9, and amendments thereto, to finance STAR bond projects or bioscience development projects pursuant to this section shall not exceed 20 years.

(h) A city or county 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) of section 9, and amendments thereto, may engage a manager to manage such

building or structure. The contractual relationship between the city or county and the manager of such building or structure shall not be deemed a lease to a developer for purposes of paragraph (15) of subsection (aa) of section 3, and amendments thereto.

New Sec. 6. (a) When a city or county proposes to establish a STAR bond project district, or bioscience development district within an eligible area, the city or county shall adopt a resolution stating that the city or county is considering the establishment of a STAR bond project district or bioscience development district. Such resolution shall:

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

(2) describe the proposed boundaries of the STAR bond project district or bioscience development district;

(3) describe the STAR bond project district plan or bioscience development district plan;

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

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

Notice shall be given as prescribed in subsection (b).

(b) A copy of the city resolution 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 within the proposed project district.

A copy of the county resolution shall be delivered to the board of education of any school district levying taxes on the property within the proposed project district.

(c) The city or county shall submit the proposed project district to the secretary for a determination that the district

is an eligible area or bioscience development district as defined in section 3, and amendments thereto.

(d) Upon the conclusion of the public hearing, and a finding by the secretary that the proposed project district is an eligible area or bioscience development district, the governing body of the municipality shall pass an ordinance or resolution.

(1) An ordinance or resolution for a STAR bond project district shall:

(A) Make findings that the STAR bond project district proposed to be developed is an historic theater, or a STAR bond project as defined in section 3, and amendments thereto;

(B) contain a STAR bond project district plan that identifies all of the proposed STAR bond project areas and identifies in a general manner all of the buildings and facilities that are proposed to be constructed or improved in each STAR bond project area. The boundaries of such STAR bond project district shall not include any area not designated in the notice required by subsection (a); and

(C) contain the legal description of the STAR bond project district and may establish the STAR bond project district.

(2) An ordinance or resolution for a bioscience development district shall make findings that the area satisfies the definition of a bioscience project area and the creation of a bioscience development district will contribute to the development of bioscience in the state and promote the general and economic welfare of the city or county. Such ordinance or resolution shall also contain the bioscience development district plan and contain the legal description of the bioscience development district. Such ordinance or resolution shall contain a bioscience 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 Kansas bioscience authority. In creating a bioscience development district, eminent domain shall not be used to acquire agricultural land.

(e) The governing body of a city or county may establish a STAR bond project district within that city or 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 must provide notice and hold a hearing as is required of a city pursuant to subsection (a) for the establishment of a STAR bond project district.

The governing body of a county may establish a STAR bond project district within the unincorporated area of the county.

(f) Upon approval from the Kansas bioscience authority, the governing body of a city or county may establish a bioscience development district within such city or county in accordance with the provisions of subsection (e).

(g) One or more STAR bond projects or bioscience development projects may be undertaken by a city or county within a STAR bond project district or bioscience development district after such STAR bond project district or bioscience development district has been established in the manner provided by this section.

(h) No privately owned property subject to ad valorem taxes shall be acquired and redeveloped under the provisions of section 1 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 STAR bond project district or bioscience development district required by subsection (a) that the proposed STAR bond project 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 or county. The city or county shall within 30 days of receipt of such resolution pass an ordinance or resolution dissolving the STAR bond project district or bioscience development district. The provisions of this subsection shall not apply if the STAR bond project plan or the bioscience development project plan provides that ad valorem property tax revenues of the county or the school district levying taxes on such property will not be adversely impacted.

(i) A STAR bond project shall not include a project for a gambling casino.

New Sec. 7. (a) One or more projects may be undertaken by a city or county within an established STAR bond project district or bioscience development district. Any city or county proposing to undertake a STAR bond project or bioscience development project, shall prepare a STAR bond project plan or bioscience development project plan in consultation with the planning commission of the city, and in consultation with the planning commission of the county, if any, if such project is located wholly outside the boundaries of the city. In the case of a bioscience development project such project plan shall be prepared with the approval of the Kansas bioscience authority. Any such project plan may be implemented in separate development stages.

(b) Any city or county proposing to undertake a STAR bond project within a STAR bond project district or a bioscience development project within a bioscience development district established pursuant to section 6, and amendments thereto, shall prepare a feasibility study. The feasibility study shall contain the following:

(1) Whether a STAR bond project's or bioscience development project's revenue and tax increment revenue and other available revenues under section 9, and amendments thereto, are expected to exceed or be sufficient to pay for the project costs;

(2) the effect, if any, a STAR bond project or bioscience development project will have on any outstanding special

obligation bonds payable from the revenues described in section 9, and amendments thereto;

(3) a statement of how the jobs and taxes obtained from the STAR bond project or bioscience development project will contribute significantly to the economic development of the state and region;

(4) visitation expectations;

(5) the unique quality of the project;

(6) economic impact study;

(7) market study;

(8) market impact study;

(9) integration and collaboration with other resources or businesses;

(10) the quality of service and experience provided, as measured against national consumer standards for the specific target market;

(11) project accountability, measured according to best industry practices;

(12) the expected return on state and local investment that the project is anticipated to produce;

(13) a statement concerning whether a portion of the local sales and use taxes are pledged to other uses and are unavailable as revenue for the STAR bond project or bioscience development project. If a portion of local sales and use taxes is so committed, the applicant shall describe the following:

(A) The percentage of city and county sales and use taxes collected that are so committed; and

(B) the date or dates on which the city and county sales and use taxes pledged to other uses can be pledged for repayment of bonds; and

(14) an anticipated principal and interest payment schedule on the bond issue.

The failure to include all information enumerated in this subsection in the feasibility study for a STAR bond project or bioscience development project shall not affect the validity of

bonds issued pursuant to this act.

(c) If the city or county determines the project is feasible, the project plan shall include:

(1) A summary of the feasibility study done as defined in subsection (b) of this section, and amendments thereto;

(2) a reference to the district plan established under section 6, and amendments thereto, that identifies the project area that is set forth in the project plan that is being considered;

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

(4) the relocation assistance plan as described in section 13, and amendments thereto;

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

(6) any other information the governing body of the city or county deems necessary to advise the public of the intent of the project plan.

(d) A copy of the STAR bond project plan or bioscience development project plan prepared by a city 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 within the STAR bond project area or bioscience project area. A copy of the STAR bond project plan or bioscience development project plan prepared by a county shall be delivered to the board of education of any school district levying taxes on property within the STAR bond project area or bioscience project area.

(e) Upon a finding by the planning commission that the STAR bond project plan or bioscience development 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 STAR bond project or bioscience development project located wholly outside the boundaries of the city, that the STAR bond project plan or bioscience development project plan is consistent with the intent

of the comprehensive plan for the development of the county, the governing body of the city or county shall adopt a resolution stating that the city or county is considering the adoption of the STAR bond project plan or bioscience development project plan. Such resolution shall:

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

(2) describe the boundaries of the STAR bond project district or bioscience development district within which the STAR bond project or bioscience development project will be located and the date of establishment of such district;

(3) describe the boundaries of the area proposed to be included within the STAR bond project area or bioscience project area; and

(4) state that the STAR bond project plan or bioscience development project plan, including a summary of the feasibility study, market study, relocation assistance plan and financial guarantees of the prospective developer and a description and map of the area to be redeveloped or developed are available for inspection during regular office hours in the office of the city clerk or county clerk, respectively.

(f) (1) The date fixed for the public hearing to consider the adoption of the STAR bond project plan or bioscience development project plan 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 city or county resolution providing for the public hearing shall be by certified mail, return receipt requested, sent by the city to the board of county commissioners of the county and by the city or county to the board of education of any school district levying taxes on property within the proposed STAR bond project area or bioscience project area. Copies also shall be sent by certified mail, return receipt

requested to each owner and occupant of land within the proposed STAR bond project area or bioscience project area not more than 10 days following the date of the adoption of the resolution. The resolution shall be published once in the official city or county newspaper not less than one week nor more than two weeks preceding the date fixed for the public hearing. A sketch clearly delineating the area in sufficient detail to advise the reader of the particular land proposed to be included within the STAR bond project area or bioscience project area shall be published with the resolution.

(3) At the public hearing, a representative of the city or county shall present the city's or county's proposed STAR bond project plan or bioscience development project plan. Following the presentation of the STAR bond project area or bioscience project area, 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.

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

(h) Upon conclusion of the public hearing, the governing body may adopt the STAR bond project plan or bioscience development project plan by ordinance or resolution passed upon a two-thirds vote of the members, and, in the case of a bioscience development project plan, with the approval of the Kansas bioscience authority.

(i) After the adoption by the city or county governing body of a STAR bond project plan or bioscience development project plan, the clerk of the city or county shall transmit a copy of the description of the land within the STAR bond district or bioscience development district, a copy of the ordinance or resolution adopting the plan and a map or plat indicating the boundaries of the district to the clerk, appraiser and treasurer of the county in which the district is located and to the

governing bodies of the county and school district which levy taxes upon any property in the district. Such documents shall be transmitted following the adoption or modification of the plan or a revision of the plan on or before January 1 of the year in which the increment is first allocated to the taxing subdivision.

(j) The appraiser of any county in which a STAR bond district or bioscience development district is authorized by a city or county shall certify the amount of such increase in assessed valuation of real and personal property within the STAR bond district or bioscience development district to the county clerk on or before July 1 of each year.

(k) If the STAR bond project plan or bioscience development project plan is approved, the feasibility study shall be supplemented to include a copy of the minutes of the governing body meetings of any city or county whose bonding authority will be utilized in the STAR bond project or bioscience development project, evidencing that a STAR bond project plan or bioscience development project plan has been created, discussed and adopted by the city or county in a regularly scheduled open public meeting.

(l) Any substantial changes as defined in section 3, and amendments thereto, to the STAR bond project plan or bioscience development project plan as adopted shall be subject to a public hearing following publication of notice thereof at least twice in the official city or county newspaper.

(m) Any STAR bond project or bioscience development project shall be completed within 20 years from the date of the approval of the STAR bond project plan or bioscience development project plan. The maximum maturity on bonds issued to finance projects pursuant to this act shall not exceed 20 years.

(n) Kansas resident employees shall be given priority consideration for employment in construction projects located in a STAR bond project area or bioscience project area.

(o) Any developer of a STAR bond project or bioscience development project shall commence work on the project within two

years from the date of adoption of the STAR bond project plan or bioscience development project plan. Should the developer fail to commence work on the STAR bond project or bioscience development project within the two-year period, funding for such project shall cease and the developer of such project or complex 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.

New Sec. 8. (a) The secretary shall review the STAR bond project plan or bioscience development project plan, feasibility study and market study, along with other supporting documentation and determine whether to approve a request, and, if approved, issue an approval letter for a STAR bond project or bioscience development project based upon the requirements within this act and rules and regulations developed by the secretary.

(b) For major motorsports complex projects involving the use of state sales tax financing pursuant to section 9, and amendments thereto, the secretary shall set a limit on the total amount of such special obligation bonds that may be issued to not exceed 50% of the major motorsports complex costs.

(c) A special obligation bond issue must bear interest at a reasonable rate as of the time of sale of the bonds, taking into account such factors as current market conditions, the nature and degree of risk associated with repayment of the bonds and other relevant factors.

New Sec. 9. (a) (1) Any city or county shall have the power to issue special obligation bonds in one or more series to finance the undertaking of any STAR bond project or bioscience development 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 revenues of the city or county derived from or held in connection with the undertaking and carrying out of any STAR bond project or projects under this act including historic theater sales tax increments;

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

(C) from a pledge of 100% of the incremental revenue received by the city from any local sales and use taxes, including the city's share of any county sales tax, which are collected from taxpayers doing business within that portion of the city's STAR bond district or bioscience development district established pursuant to section 6, and amendments thereto, occupied by a STAR bond project or bioscience development project, except for amounts committed to other uses by election of voters or pledged to bond repayment prior to the approval of the STAR bond project or bioscience development project;

(D) at the option of the county in a city STAR bond district or bioscience development district, from a pledge of all of the incremental revenues received by the county from any local sales and use taxes which are collected from taxpayers doing business within that portion of the city's STAR bond district or bioscience development district established pursuant to section 6, and amendments thereto, except for amounts committed to other uses by election of voters or pledged to bond repayment prior to the approval of a STAR bond project or bioscience development project;

(E) in a county STAR bond district or bioscience development district, from a pledge of 100% of the incremental revenue received by the county from any county sales and use tax, but excluding any portions of such taxes that are allocated to the cities in such county pursuant to K.S.A. 12-192, and amendments thereto, which are collected from taxpayers doing business within that portion of the county's STAR bond district or bioscience development district established pursuant to section 6, and amendments thereto, occupied by a STAR bond project or bioscience development project;

(F) from a pledge of all of the incremental revenue received from any state sales taxes which are collected from taxpayers doing business within that portion of the city's or county's STAR

bond district or bioscience development district occupied by a STAR bond project or bioscience development project;

(G) at the option of the city or county and with approval of the secretary, from all or a portion of the transient guest tax of such city or county;

(H) at the option of the city or county and with approval of the secretary, (i) from a pledge of all or a portion of increased revenue received by the city or county from franchise fees collected from utilities and other businesses using public right-of-way within the STAR bond project district or bioscience development district; or (ii) from a pledge of all or a portion of the revenue received by a city or county from local sales taxes or local transient guest and local use taxes; or

(I) by any combination of these methods.

The city or county 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 this subsection shall not be general obligations of the city or the county, 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 or county and are declared to be negotiable instruments. Such bonds shall be executed by the mayor and clerk of the city or the chairperson of the board of county commissioners and the county clerk and sealed with the corporate seal of the city or county. All details pertaining to the issuance of such special obligation bonds and terms and conditions thereof shall be determined by ordinance of the city or by resolution of the county.

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: (i) The authority under which such special obligation bonds are issued; (ii) such bonds are in conformity with the provisions, restrictions and limitations thereof; and (iii) 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.

(4) Any city or county 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.

(b) For each project financed with special obligation bonds payable from the revenues described in subsection (a)(1), the city or county shall prepare and submit to the secretary by October 1 of each year, a report describing the status of any projects within such STAR bond project area or bioscience project area, any expenditures of the proceeds of special obligation bonds that have occurred since the last annual report and any expenditures of the proceeds of such bonds expected to occur in the future, including the amount of sales tax revenue, how such revenue has been spent, the projected amount of such revenue and the anticipated use of such revenue. The department of commerce shall compile this information and submit a report annually to the governor, Kansas, Inc. and the legislature by February 1 of each year.

(c) A city or county may use the proceeds of special obligation bonds or any uncommitted funds derived from sources set forth in this section to pay the bond project costs as defined in section 3, and amendments thereto, to implement the STAR bond project plan or bioscience development project plan.

(d) With respect to a STAR bond district established prior to January 1, 2003, for which, prior to January 1, 2003, the secretary made a finding as provided in subsection (a) of this section that a STAR bond 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 subsection (a) of this section whether or not revenues from such taxes are received by the city.

New Sec. 10. In the event that the city or county shall default in the payment of any STAR bonds payable from revenues described in subsection (a)(1) of section 9, and amendments thereto, no public funds shall be used to pay the holders thereof except as otherwise specifically authorized in this act.

New Sec. 11. (a) Any addition of area to the STAR bond project district or bioscience development district, or any substantial change as defined in section 3, and amendments thereto, to the STAR bond project district plan or bioscience development district plan shall be subject to the same procedure for public notice and hearing as is required for the establishment of the STAR bond project district or bioscience development district.

(b) A city or county may remove real property from a STAR bond project district or bioscience development district by an ordinance or resolution of the governing body respectively.

(c) A city or county may divide the real property in a STAR bond project district or bioscience development district, including real property in different project areas within a STAR bond project district or bioscience development district, into separate STAR bond project districts or bioscience development districts. Any division of real property within a STAR bond project district or bioscience development district into more than one STAR bond project 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 STAR bond project district or bioscience development district.

(d) If a city or county has undertaken a STAR bond project or bioscience development project within a STAR bond project

district or bioscience development district, and either the city or county wishes to subsequently remove more than a de minimus amount of real property from the STAR bond project district or bioscience development district, or the city or county wishes to subsequently divide the real property in the STAR bond project district or bioscience development district into more than one STAR bond project district or bioscience development district, then prior to any such removal or division the city or county must provide a feasibility study which shows that the tax revenue from the resulting STAR bond project district or bioscience development district within which the STAR bond project or bioscience development project is located is expected to be sufficient to pay the project costs.

(e) Removal of real property from one STAR bond project district or bioscience development district and addition of all or a portion of that real property to another STAR bond project district or bioscience development district may be accomplished by the adoption of an ordinance or resolution, and in such event the determination of the existence or nonexistence of an adverse effect on the county or school district under subsection (b) of section 6, and amendments thereto, shall apply to both such removal and such addition of real property to a STAR bond project district or bioscience development district.

(f) Any addition to, removal from or division of real property, or a substantial change as defined in section 3, and amendments thereto, to a bioscience development district may only be made with the approval of the Kansas bioscience authority.

New Sec. 12. (a) Any city or county which has adopted a STAR bond project plan or bioscience development project plan in accordance with the provisions of this act may purchase or otherwise acquire real property in connection with such project plan. Upon a 2/3 vote of the members of the governing body thereof, a city or county may acquire by condemnation any interest in real property, including a fee simple title thereto, which it deems necessary for or in connection with any project

plan of an area located within the project district. Prior to the exercise of such eminent domain power, the city or county shall offer to the owner of any property which will be subject to condemnation with respect to any STAR bond project or bioscience development project compensation in an amount equal to the highest appraised valuation amount determined for property tax purposes by the county appraiser for any of the three most recent years next preceding the year of condemnation, except that, if in the year next preceding the year of condemnation any such property had been damaged or destroyed by fire, flood, tornado, lightning, explosion or other catastrophic event, the amount offered should be equal to the appraised valuation of the property which would have been determined taking into account such damage or destruction unless such property has been restored, renovated or otherwise improved. No city or county however shall exercise such eminent domain power to acquire real property in a conservation area, as defined in K.S.A. 12-1770, and amendments thereto.

Any such city or county may exercise the power of eminent domain in the manner provided by K.S.A. 26-501 et seq., and amendments thereto. In addition to any compensation or damages under the eminent domain procedures act with respect to any property subject to proceedings thereunder as a result of the construction of a STAR bond project or bioscience development project, such city or county shall provide for the payment of an amount equal to 25% of such compensation or damage amount. In addition to any compensation or damages allowed under the eminent domain procedure act, such city or county shall also provide for the payment of relocation assistance as provided in section 13, and amendments thereto.

(b) Any real property acquired by a city or county under the provisions of this act may be sold, transferred or leased to a developer, in accordance with the STAR bond project plan or bioscience development project plan and under such other conditions as may be agreed upon. Any real property sold,

transferred or leased to a project developer for a specific project shall be sold, transferred or leased to such developer on the condition that such property shall be used only for that specific approved project. If the developer does not utilize the entire tract of the real property sold, transferred or leased, that portion of property not used shall not be sold, transferred or leased by the developer to another developer party, but shall be deeded back to the city or county. If the developer paid the city or county for the land, a percentage of the original purchase price paid to the city or county which represents the percentage of the entire tract being deeded back to the city or county shall be reimbursed to the developer upon the deeding of the property back to the city or county.

(c) Any transfer by the project developer of real property acquired pursuant to this section shall be valid only if approved by a 2/3 majority vote of the members of the governing body of this city or county.

New Sec. 13. Before any STAR bond project or bioscience development project shall be initiated, a relocation assistance plan shall be approved by the governing body of the city or county proposing to undertake the project. Such relocation assistance plan shall:

(a) Provide for relocation payments to be made to persons, families and businesses who move from real property located in the STAR bond project district or bioscience development district, or who move personal property from real property located in the STAR bond project district or bioscience development district as a result of the acquisition of the real property by the city or county in carrying out the provisions of this act. With respect to any STAR bond project or bioscience development project such payments shall not be less than \$500;

(b) provide that no persons or families residing in the STAR bond project district or bioscience development district shall be displaced unless and until there is a suitable housing unit available and ready for occupancy by such displaced person or

family at rents within their ability to pay. Such housing units shall be suitable to the needs of such displaced persons or families and must be a decent, safe, sanitary and otherwise standard dwelling; and

(c) provide for the payment of any damages sustained by a retailer, as defined by K.S.A. 79-3702, and amendments thereto, by reason of the liquidation of inventories necessitated by relocation from the STAR bond project district or bioscience development district.

New Sec. 14. (a) Notwithstanding any other provisions of law to the contrary, copies of all retailers' sales, use and transient guest tax returns filed with the secretary of revenue in connection with a STAR bond project area or STAR bond project, or bioscience project area or bioscience development project, for which sales, use and transient guest tax revenues are pledged or otherwise intended to be used in whole or in part for the payment of bonds issued to finance project costs in such STAR bond project area or bioscience project area, shall be provided by the secretary of revenue to the bond trustee, escrow agent or paying agent for such bonds upon the written request of the city or county within 15 days of receipt by the secretary of revenue. The bond trustee, escrow agent or paying agent shall keep such retailers' sales, use and transient guest tax returns and the information contained therein confidential, but may use such information for purposes of allocating and depositing such sales, use and transient guest tax revenues in connection with the bonds used to finance project costs in such STAR bond project area or bioscience project area. Except as otherwise provided herein, the sales, use and transient guest tax returns received by the bond trustee, escrow agent or paying agent shall be subject to the provisions of K.S.A. 79-3614, and amendments thereto.

(b) The secretary of revenue shall determine when the amount of sales tax and other revenues that have been collected and distributed to the bond debt service or reserve fund is sufficient to satisfy all principal and interest costs to the

maturity date or dates, of any special obligation bonds issued by a city or county to finance a STAR bond project or bioscience development project. Thereafter, all sales tax and other revenues shall be collected and distributed in accordance with applicable law.

New Sec. 15. For projects approved after July 1, 2005, involving the use of financing pursuant to subsection (a)(1)(E) of section 9, and amendments thereto, the secretary shall set a limit on the total amount of such special obligation bonds that may be issued for a STAR bond project or bioscience development project. An issue of special obligation bonds must bear interest at a reasonable rate as of the time of sale of the bonds, taking into account such factors as current market conditions, the nature and degree of risk associated with repayment of the bonds and other relevant factors.

New Sec. 16. (a) STAR bond projects or bioscience development projects using state sales tax financing pursuant to section 9, and amendments thereto, shall be audited by an independent certified public accountant annually at the expense of the city or county. The audit report shall supplement the annual report required pursuant to section 9, and amendments thereto.

(b) Such audits shall determine whether bond financing obtained under section 9, and amendments thereto, is being used only for authorized purposes. Audit results shall be reported to the house economic development and tourism committee, the senate commerce committee, or successor committees, the governor and the secretaries of commerce and revenue during the legislative session immediately following the audit.

(c) If audit findings indicate that bond funds have been used for unauthorized or ineligible purposes, the city or county shall repay to the bond fund all such unauthorized or ineligible expenditures. Such city or county shall enter into a repayment agreement with the secretary of revenue specifying the terms of such repayment obligation.

New Sec. 17. (a) The boundaries of any STAR bond district in a major tourism area including an auto race track facility located in Wyandotte county, shall, without regard to that portion of the district pertaining to the auto race track facility, be as follows: Beginning at the intersection of Interstate 70 and Interstate 435; West along Interstate 70 to 118th Street; North along 118th Street to State Avenue; Northeasterly along proposed relocated State Avenue to 110th Street; North along 110th Street to Parallel Parkway; East along Parallel Parkway to Interstate 435; South along Interstate 435 to Interstate 70.

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

(c) Any project within such additional 400 acre area that is financed in whole or in part by special obligation bonds payable from revenues derived from subsection (a)(1)(C), (a)(1)(F) or (a)(1)(G) of section 9, 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.

(d) Any project within such additional 400 acre area must be approved by the governor and construction must be commenced by July 1, 2002.

(e) The maximum principal amount of special obligation bonds issued to fund STAR bond projects within a major tourism area, including any such additional 400 acre area, shall not exceed \$308,000,000, unless the city has secured prior approval from the secretary of commerce and the secretary of revenue. Any special

obligation bonds issued for the following purposes shall not be counted toward such limit on the principal amount:

(1) Special obligation bonds issued solely for the purpose of refunding such bonds, either at maturity or in advance of maturity, pursuant to the provisions of K.S.A. 10-116a, and amendments thereto; and

(2) special obligation bonds issued solely to fund reserve funds for such refunding bonds.

(f) Prior to issuing any special obligation bonds for any purpose, the city or county must have the approval of the secretary and the secretary of revenue.

(g) The city or county shall prepare and submit annually to the secretary by October 1 of each year, a report describing the status of any projects within a major tourism area and all other STAR bond projects, including any such additional 400 acre area, any expenditures of the proceeds of special obligation bonds that have occurred since the last annual report and any expenditures of the proceeds of such bonds expected to occur in the future, including the amount of sales tax revenue, how it has been spent, the projected amount of such revenue and the anticipated use of such revenue. The department of commerce shall compile this information and submit a report annually to the governor, Kansas, Inc. and the legislature by February 1 of each year.

(h) Any business located in Kansas within 50 miles of a major tourism area that relocates into a major tourism area, including such additional 400 acre area, shall not receive any of the benefits of section 1 et seq., and amendments thereto.

(i) If a city determines that revenues from sources other than property taxes will be sufficient to pay any special obligation bonds issued to finance a STAR bond project for an auto race track facility as described in section 3, and amendments thereto, and the secretary makes a finding that such project will create a major tourism area as defined in section 3, and amendments thereto, all real and personal property, constituting an auto race track facility described in section 3,

and amendments thereto, in such STAR bond district shall be exempt from property taxation for a period ending on the earlier of:

(1) The date which is 30 years after the date of the finding by the secretary with respect to such major tourism area; or

(2) the date on which no such special obligation bonds issued to finance such auto race track facility in a major tourism area remain outstanding.

(j) The city which is authorized to issue bonds pursuant to the provisions of section 1 et seq., and amendments thereto, in order to finance a STAR bond project in a major tourism area as defined by section 3, and amendments thereto, shall obtain underwriting services required by the city for the issuance of such bonds pursuant to written proposals received in accordance with this section.

Each city which is authorized to issue such bonds shall establish written official procedures for obtaining underwriting services required for the issuance of such bonds, including specifications for requests for proposals and criteria for evaluation of proposals on a competitive basis. The proposal evaluation criteria shall include factors based on cost, capacity to provide the required services, qualifications and experience.

Prior to the issuance of any such bond to finance a STAR bond project in a major tourism area, the city shall publish notice of a request for proposals to provide the underwriting services that are required by the city with regard to the proposed bond issuance and shall mail requests for proposals to qualified interested parties upon request for such notice. The city shall award contracts for such underwriting services from the proposals received in accordance with the procedures and evaluation criteria adopted by the city for such purpose. A city shall publish such notice in the official newspaper of the city.

(k) A STAR bond project in a major tourism area for an auto race track facility, shall be completed within 30 years from the date the secretary makes the finding that the STAR bond project

will create a major tourism area pursuant to subsection (v) of section 3, and amendments thereto.

(1) The maximum maturity on bonds issued to finance projects pursuant to this act shall not exceed 20 years as provided in section 7, except that:

(1) Such maximum period of special obligation bonds not payable from revenues described by subsections (a)(1)(C), (a)(1)(F) and (a)(1)(G) of section 9, and amendments thereto, issued to finance an auto race track facility shall not exceed 30 years; and

(2) such maximum period, if the governor determines and makes and submits a finding to the speaker of the house of representatives and the president of the senate that a maturity greater than 20 years, but in no event exceeding 30 years, is necessary for the economic feasibility of the financing of an auto race track facility with special obligation bonds payable primarily from revenues described by subsections (a)(1)(C), (a)(1)(F) and (a)(1)(G) of section 9, and amendments thereto, may be extended in accordance with such determination and finding.

(m) The secretary of revenue shall determine when the amount of sales tax and other revenues that have been collected and distributed to the bond debt service or reserve fund is sufficient to satisfy all principal and interest costs to the maturity date or dates, of any special obligation bonds issued by a city or county to finance a STAR bond project in a major tourism area. Thereafter, all sales tax and other revenues shall be collected and distributed in accordance with applicable law.

New Sec. 18. (a) When the Kansas bioscience authority proposes to establish a bioscience development district the Kansas bioscience authority shall adopt a resolution stating that the authority is considering the establishment of a bioscience development district.

(b) A bioscience development district may be established by either a city or a county pursuant to the provisions of section 6, and amendments thereto, provided that the bioscience

development district plan is approved by the Kansas bioscience authority and the governing body of the city or county establishing the bioscience development district.

(c) A bioscience development project may be undertaken in a bioscience development district if:

(1) The bioscience development project plan for such project is prepared pursuant to section 7, and amendments thereto;

(2) the city or county in which the bioscience development project is to be located approves the bioscience development project plan in accordance with section 7, and amendments thereto;

(3) the secretary has reviewed the bioscience development project plan and approved the project; and

(4) the Kansas bioscience authority approves the bioscience development project plan.

(d) Any bonds issued by a city or county to finance a bioscience development project pursuant to section 9, and amendments thereto, shall be subject to the provisions of this act.

New Sec. 19. If any provision of this act or the application thereof to any persons or circumstances is held invalid, such invalidity shall not affect other provisions or application of the act which can be given effect without the invalid provisions or application and to this end the provisions of this act are declared to be severable.

New Sec. 20. No additional bonds may be issued after July 1, 2007, for any STAR bond project approved prior to July 1, 2007. The provisions of this section shall not apply to the STAR bond projects and bonds approved for the city of Manhattan Discovery Center on December 28, 2006, and the Schlitterbahn project in Wyandotte county on December 23, 2005.

New Sec. 21. (a) A city that created a redevelopment district in an eligible area that was approved for STAR bonds prior to the effective date of this act for the city of Manhattan Discovery Center on December 28, 2006, and the Schlitterbahn

project in Wyandotte county on December 23, 2005, may by ordinance elect to have the provisions of this act applicable to such redevelopment district.

(b) The provisions of this act regarding STAR bond projects or bioscience development projects shall expire on and after July 1, 2012.

Sec. 22. K.S.A. 12-1770 is hereby amended to read as follows: 12-1770. It is hereby declared to be the purpose of this act to promote, stimulate and develop the general and economic welfare of the state of Kansas and its communities and to assist in the development and redevelopment of ~~eligible-areas~~ central business district areas of cities, blighted areas located within cities, environmentally contaminated areas located within and without a-city-thereby cities and enterprise zones located within cities, thus promoting the general welfare of the citizens of this state, by authorizing cities to acquire certain property and to issue special obligation bonds and full faith and credit tax increment bonds for the financing of redevelopment projects. It is further found and declared that the powers conferred by this act are for ~~public-uses-and-purposes~~ a public purpose and public use for which public money may be expended and the power of eminent domain may be exercised. The necessity in the public interest for the provisions of this act is hereby declared as a matter of legislative determination.

Sec. 23. K.S.A. 2006 Supp. 12-1770a is hereby amended to read as follows: 12-1770a. As used in this act, and amendments thereto, the following words and phrases shall have the following meanings unless a different meaning clearly appears from the content:

(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 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) a majority of the property is a 100-year floodplain area; or

(4) 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 and other than an agency, political subdivision or instrumentality of the state or a county when relating to a bioscience development district.

(g) "Eligible area" means a blighted area, conservation area, enterprise zone, ~~historic---theater~~, intermodal transportation area, major tourism area or a major commercial entertainment and tourism area or bioscience development 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) (1) "Feasibility study" means:

(A) A study which shows whether a redevelopment project's ~~special--bond--project's~~ or bioscience development project's benefits and tax increment revenue and other available revenues under subsection (a)(1) of K.S.A. 12-1774, and amendments thereto, are expected to exceed or be sufficient to pay for the redevelopment, ~~special--bond~~ or bioscience development project costs; and

(B) the effect, if any, the redevelopment project costs, ~~special--bond--project~~ or bioscience development project will have on any outstanding special obligation bonds payable from the revenues described in ~~subsections~~ subsection (a)(1)(D) and ~~(a)(1)(G)~~ of K.S.A. 12-1774, and amendments thereto.

(2) For a redevelopment project, ~~special--bond--project~~ or bioscience project financed by bonds payable from revenues described in ~~subsections~~ subsection (a)(1)(D) and ~~(a)(1)(G)~~ of K.S.A. 12-1774, and amendments thereto, the feasibility study must also include:

(A) ~~A--description--of--any--project--submitted--under--K.S.A. 12-1774d,--and--amendments--thereto,--to--satisfy--the--requirements--of--paragraph--(i)--of--this--section,~~

~~(B)~~ A statement of how the jobs and taxes obtained from the project will contribute significantly to the economic development of the state and region;

~~(C)~~ (B) a statement concerning whether a portion of the local sales and use taxes are pledged to other uses and are unavailable as revenue for the redevelopment project. If a portion of local sales and use taxes is so committed, the applicant shall describe the following:

(i) The percentage of sales and use taxes collected that are

so committed; and

(ii) the date or dates on which the local sales and use taxes pledged to other uses can be pledged for repayment of special obligation bonds;

~~(D)~~ (C) an anticipated principal and interest payment schedule on the bonds; and:

~~(E)~~ (D) following approval of the redevelopment plan, the feasibility study ~~will~~ shall be supplemented to include a copy of the minutes of the governing body meeting or meetings of any city whose bonding authority will be utilized in the project, evidencing that a redevelopment plan has been created, discussed, and adopted by the city in a regularly scheduled open public meeting; and

~~(3) For a proposed major commercial entertainment and tourism area, the feasibility study must also include:~~

~~(A) Visitation expectations;~~

~~(B) economic impact;~~

~~(C) the unique quality of the project;~~

~~(D) the ability of the project to gain sufficient market share to:~~

~~(i) Remain profitable past the term of repayment; and~~

~~(ii) maintain status as a significant factor for travel decisions;~~

~~(E) integration and collaboration with other resources or businesses;~~

~~(F) the quality of service and experience provided, as measured against national consumer standards for the specific target market;~~

~~(G) project accountability, measured according to best industry practices; and~~

~~(H) the expected return on state and local investment that the project is anticipated to produce.~~

(4) (E) the failure to include all information enumerated in this subsection in the feasibility study for a redevelopment, special bond or bioscience project shall not affect the validity

of bonds issued pursuant to this act.

(i) ~~"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) (1) "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) (m) "Real property taxes" means all taxes levied on an ad valorem basis upon land and improvements thereon, except that when relating to a bioscience development district, as defined in this section, "real property taxes" does not include property taxes levied for schools, pursuant to K.S.A. 72-6431, and amendments thereto.

(p) (n) "Redevelopment project area" means an area designated by a city within a redevelopment district or, if the redevelopment district is established for an intermodal transportation area, an area designated by a city within or outside of the redevelopment district.

(q) (o) "Redevelopment project costs" means: (1) Those costs necessary to implement a redevelopment project plan or a bioscience development project plan, including costs incurred for:

(i) (A) Acquisition of property within the redevelopment

project area;

{2} (B) payment of relocation assistance pursuant to a relocation assistance plan as provided in K.S.A. 12-1777, and amendments thereto;

{3} (C) site preparation including utility relocations;

{4} (D) sanitary and storm sewers and lift stations;

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

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

{7} (G) street light fixtures, connection and facilities;

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

{9} (I) sidewalks and pedestrian underpasses or overpasses;

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

{11} (K) water mains and extensions;

{12} (L) plazas and arcades;

{13} (M) parking facilities including multilevel parking facilities;

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

{15} (O) related expenses to redevelop and finance the redevelopment project, ~~except that for a redevelopment project financed with special obligation bonds payable from the revenues described in subsections (a)(1)(D) and (a)(1)(G) of K.S.A. 12-1774, and amendments thereto, such expenses shall require prior approval by the secretary of commerce;~~

(P) for purposes of an incubator project, such costs shall also include wet lab equipment including hoods, lab tables, heavy water equipment and all such other equipment found to be necessary or appropriate for a commercial incubator wet lab facility by the city in its resolution establishing such redevelopment district or a bioscience development district; and

(Q) costs for the acquisition of land for and the construction and installation of publicly-owned infrastructure improvements which serve an intermodal transportation area and are located outside of a redevelopment district.

(2) Redevelopment project costs shall not include (A): 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.

(B) In addition, for a redevelopment project financed with special obligation bonds payable from the revenues described in ~~subsections~~ subsection (a)(1)(D) ~~and-(a)(1)(G)~~ of K.S.A. 12-1774, and amendments thereto, redevelopment project costs shall not include:

~~(1)~~ (i) Fees and commissions paid to real estate agents, financial advisors or any other consultants who represent the businesses considering locating in a redevelopment district;

~~(2)~~ (ii) salaries for local government employees;

~~(3)~~ (iii) moving expenses for employees of the businesses locating within the redevelopment district;

~~(4)~~ (iv) property taxes for businesses that locate in the redevelopment district;

~~(5)~~ (v) lobbying costs; and

~~(6)~~ (vi) a bond origination fee charged by the city pursuant to K.S.A. 12-1742, and amendments thereto.

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

~~(s)~~ (q) "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 or, if the redevelopment district is established for an intermodal transportation area, in or outside of the redevelopment district.

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

{u} (s) "Redevelopment 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} (t) "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} (u) "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} (v) "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 including a bioscience development district.

~~{z}--"Special--bond--project"--means--a--redevelopment--project with:~~

~~{1}--At--least---a---\$50,000,000---capital---investment---and \$50,000,000--in--projected--gross--annual--sales--revenues,--or~~

~~{2}--for--areas--outside--of--metropolitan--statistical--areas,--as defined--by--the--federal--office--of--management--and--budget,--the secretary--finds:~~

~~{A}--The--project--meets--the--requirements--of--subsection--(g), and~~

~~{B}--would--be--of--regional--or--statewide--importance.--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 project 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 project or special bond project is projected to have a substantial fiscal or market impact upon businesses in such area.~~

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

{ff} (y) "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.

{gg} (z) "Bioscience" means the use of compositions, methods and organisms in cellular and molecular research, development and manufacturing processes for such diverse areas as pharmaceuticals, medical therapeutics, medical diagnostics, medical devices, medical instruments, biochemistry, microbiology, veterinary medicine, plant biology, agriculture, industrial environmental and homeland security applications of bioscience

and future developments in the biosciences. Bioscience includes biotechnology and life sciences.

~~(hh)~~ (aa) "Bioscience development area" means an area that:

- (1) Is or shall be owned, operated, or leased by, or otherwise under the control of the Kansas bioscience authority;
- (2) is or shall be used and maintained by a bioscience company; or
- (3) includes a bioscience facility.

~~(ii)~~ (bb) "Bioscience development district" means the specific area, created under K.S.A. 12-1771, and amendments thereto, where one or more bioscience development projects may be undertaken.

~~(jj)~~ (cc) "Bioscience development project" means an approved project to implement a project plan in a bioscience development district.

~~(kk)~~ (dd) "Bioscience development project plan" means the plan adopted by the authority for a bioscience development project pursuant to K.S.A. 12-1772, and amendments thereto, in a bioscience development district.

~~(ll)~~ (ee) "Bioscience facility" means real property and all improvements thereof used to conduct bioscience research, including, without limitation, laboratory space, incubator space, office space and any and all facilities directly related and necessary to the operation of a bioscience facility.

~~(mm)~~ (ff) "Bioscience project area" means an area designated by the authority within a bioscience development district.

~~(nn)~~ (gg) "Biotechnology" means those fields focusing on technological developments in such ~~area~~ areas as molecular biology, genetic engineering, genomics, proteomics, physiomics, nanotechnology, biodefense, biocomputing, bioinformatics and future developments associated with biotechnology.

~~(oo)~~ (hh) "Board" means the board of directors of the Kansas bioscience authority.

~~(pp)~~ (ii) "Life sciences" means the areas of medical sciences, pharmaceutical sciences, biological sciences, zoology,

botany, horticulture, ecology, toxicology, organic chemistry, physical chemistry, physiology and any future advances associated with life sciences.

~~(qq)~~ (jj) "Revenue increase" means that amount of real property taxes collected from real property located within the bioscience development district that is in excess of the amount of real property taxes which is collected from the base year assessed valuation.

~~(rr)~~ (kk) "Taxpayer" means a person, corporation, limited liability company, S corporation, partnership, registered limited liability partnership, foundation, association, nonprofit entity, sole proprietorship, business trust, group or other entity that is subject to the Kansas income tax act, K.S.A. 79-3201 et seq., and amendments thereto.

~~(ss)~~ (ll) "Floodplain increment" means the increment determined pursuant to subsection (b) of K.S.A. 2006 Supp. 12-1771e, and amendments thereto.

~~(tt)~~ (mm) "100-year floodplain area" means an area of land existing in a 100-year floodplain as determined by either an engineering study of a Kansas certified engineer or by the United States federal emergency management agency.

~~(uu)~~ (nn) "Major motorsports complex" means a complex in Shawnee county that is utilized for the hosting of competitions involving motor vehicles, including, but not limited to, automobiles, motorcycles or other self-propelled vehicles other than a motorized bicycle or motorized wheelchair. Such project may include racetracks, all facilities directly related and necessary to the operation of a motorsports complex, including, but not limited to, parking lots, grandstands, suites and viewing areas, concessions, souvenir facilities, catering facilities, visitor and retail centers, signage and temporary hospitality facilities, but excluding hotels, motels, restaurants and retail facilities not directly related to or necessary to the operation of such facility.

(oo) "Intermodal transportation area" means an area of not

less than 800 acres to be developed primarily to handle the transfer, storage and distribution of freight through railway and trucking operations.

Sec. 24. K.S.A. 2006 Supp. 12-1771 is hereby amended to read as follows: 12-1771. (a) Resolution procedure for a redevelopment district or bioscience development district. When a city proposes to establish a redevelopment district or when the Kansas bioscience authority proposes to establish a bioscience development district within an eligible area, the city or the Kansas bioscience authority shall adopt a resolution stating that the city or the Kansas bioscience authority is considering the establishment of a redevelopment district or 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; and

(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 Kansas 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 Kansas 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. The provisions of this subsection (d) shall not apply if the redevelopment project plan or bioscience development project plan provides that ad valorem property tax revenues of the county or school district levying taxes on such property will not be adversely impacted.

(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~~ project 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 Kansas bioscience authority.

(1) 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 (1), any references to "city" contained in this section shall mean "county" and any references to "ordinance" shall mean "resolution".

Sec. 25. K.S.A. 2006 Supp. 12-1771b is hereby amended to read as follows: 12-1771b. (a) The boundaries of any redevelopment district in a major tourism area including an auto race track facility located in Wyandotte county, shall, without regard to that portion of the district pertaining to the auto race track facility, be as follows: Beginning at the intersection of Interstate 70 and Interstate 435; West along Interstate 70 to 118th Street; North along 118th Street to State Avenue; Northeasterly along proposed relocated State Avenue to 110th Street; North along 110th Street to Parallel Parkway; East along Parallel Parkway to Interstate 435; South along Interstate 435 to Interstate 70.

(b) Any major tourism area may include an additional area not exceeding 400 acres of additional property, excluding roads and highways, in addition to the property necessary for the auto race track facility upon a finding by the governor that the development plan and each project within such additional 400 acre area will enhance the major tourism area. For the development of each project within such additional 400 acre area the city shall select qualified developers pursuant to a request for proposals in accordance with written official procedures approved by the governing body of the city. ~~Any project within such additional 400-acre area that is financed in whole or in part by special obligation bonds payable from revenues derived from subsection (a)(1)(D) or (a)(1)(G) of K.S.A. 12-17747 and amendments thereto, shall not be entitled to any real property tax abatements or the revenues described in K.S.A. 12-17757 and amendments thereto. Any project within such additional 400-acre area must be approved by the governor and construction must be commenced by July 17, 2002.~~

areas, concessions, souvenir facilities, catering facilities, visitor and retail centers, signage and temporary hospitality facilities, but excluding hotels, motels, restaurants and retail facilities not directly related to or necessary to the operation of such facility.

(v) "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.

(w) "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 including grandstands, suites and viewing areas, concessions, souvenir facilities, catering facilities, visitor and retail centers, signage and temporary hospitality facilities, but excluding hotels, motels, restaurants and retail facilities, not directly related to or necessary to the operation of such facility.

(x) "Market study" means a study to determine the ability of the project to gain market share locally, regionally and nationally and the ability of the project to gain sufficient market share to:

- (1) Remain profitable past the term of repayment; and
- (2) maintain status as a significant factor for travel decisions.

(y) "Market impact study" means a study to measure the impact of the proposed project on similar businesses in the project's market area.

(z) "Project" means a STAR bond project or bioscience development project.

(aa) "Project costs" means those costs necessary to implement a STAR bond project plan or bioscience development project plan, including costs incurred for:

- (1) Acquisition of real property within the STAR bond project area or bioscience project area;

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- (2) payment of relocation assistance pursuant to a relocation assistance plan as provided in section 13, and amendments thereto;
- (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 and multilevel parking structures devoted to parking only;
- (14) landscaping and plantings, fountains, shelters, benches, sculptures, lighting, decorations and similar amenities;
- (15) auto race track facility;
- (16) major multi-sport athletic complex;
- (17) for purposes of an incubator project, such costs shall also include wet lab equipment including hoods, lab tables, heavy water equipment and all such other equipment found to be necessary or appropriate for a commercial incubator wet lab facility by the city or county in its resolution establishing such STAR bond project district or a bioscience development district;

(18) related expenses to redevelop and finance the project, except that for a STAR bond project or bioscience development project financed with special obligation bonds payable from the revenues described in subsection (a)(1) of section 9, and amendments thereto, such expenses shall require prior approval by the secretary of commerce; and

(19) except as specified in subsections (1) through (18) above, project costs shall not include:

(A) Costs incurred in connection with the construction of buildings or other structures;

(B) fees and commissions paid to developers, real estate agents, financial advisors or any other consultants who represent the developers or any other businesses considering locating in or located in a STAR bond project district or bioscience development district;

(C) salaries for local government employees;

(D) moving expenses for employees of the businesses locating within the STAR bond project district or bioscience development district;

(E) property taxes for businesses that locate in the STAR bond project district or bioscience development district;

(F) lobbying costs;

(G) any bond origination fee charged by the city or county or Kansas bioscience authority;

(H) any personal property as defined in K.S.A. 79-102, and amendments thereto; ~~and~~

(I) travel, entertainment and hospitality:— ; and

(bb) "Projected market area" means any area within the state in which the 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 which flow through a major commercial entertainment and tourism area and facilities related or contiguous thereto,

(J) costs incurred for those items listed in subsections (1) through (18) when such item is located outside of the STAR bond project district or bioscience development district.

project, may approve such financing in an amount not to exceed 50% of the STAR bond project costs.

(d) The secretary may approve a STAR bond project located in a STAR bond district established by a city prior to May 1, 2003.

(e) A project shall not be granted to any business that proposes to relocate its business from another area of the state into such city or county, for the purpose of consideration for a STAR bond project provided by section 1 et seq., and amendments thereto.

(f) A project shall not be approved by the secretary if the market study required by section 7, and amendments thereto, indicates a substantial negative impact upon businesses in the project or complex market area or the granting of such project or complex would cause a default in the payment of any outstanding special obligation bond payable from revenues authorized pursuant to subsection (a)(1) of section 9, and amendments thereto.

(g) The maximum maturity of special obligation bonds payable primarily from revenues described by subsection (a)(1) of section 9, and amendments thereto, to finance STAR bond projects or bioscience development projects pursuant to this section shall not exceed 20 years.

(h) A city or county 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) of section 9, and amendments thereto, may engage a manager to manage such building or structure. The contractual relationship between the city or county and the manager of such building or structure shall not be deemed a lease to a developer for purposes of paragraph (15) of subsection (aa) of section 3, and amendments thereto.

New Sec. 6. (a) When a city or county proposes to establish a STAR bond project district, or

bioscience development district within an eligible area, the city or county shall adopt a resolution stating that the city or county is considering the establishment of a STAR bond project district or bioscience development district. Such resolution shall:

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

(2) describe the proposed boundaries of the STAR bond project district or bioscience development district;

(3) describe the STAR bond project district plan or bioscience development district plan;

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

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

Notice shall be given as prescribed in subsection (b).

(b) A copy of the city resolution 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 within the proposed project district.

A copy of the county resolution shall be delivered to the board of education of any school district levying taxes on the property within the proposed project district.

(c) The city or county shall submit the proposed project district to the secretary for a determination that the district is an eligible area or bioscience development district as defined in section 3, and amendments thereto.

(d) Upon the conclusion of the public hearing, and a finding by the secretary that the proposed project district is an eligible area or bioscience development district, the governing body of the municipality ~~shall pass an ordinance or resolution.~~

(1) An ordinance or resolution for a STAR bond project district shall:

(A) Make findings that the STAR bond project district proposed to be developed is an historic theater, or a STAR bond project as defined in section 3, and amendments thereto;

(B) contain a STAR bond project district plan that identifies all of the proposed STAR bond project areas and identifies in a general manner all of the buildings and facilities that are proposed to be constructed or improved in each STAR bond project area. The boundaries of such STAR bond project district shall not include any area not designated in the notice required by subsection (a); and

(C) contain the legal description of the STAR bond project district and may establish the STAR bond project district.

(2) An ordinance or resolution for a bioscience development district shall make findings that the area satisfies the definition of a bioscience project area and the creation of a bioscience development district will contribute to the development of bioscience in the state and promote the general and economic welfare of the city or county. Such ordinance or resolution shall also contain the bioscience development district plan and contain the legal description of the bioscience development district. Such ordinance or resolution shall contain a bioscience 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 Kansas bioscience authority. In creating a bioscience development district, eminent domain shall not be used to acquire agricultural land.

(e) The governing body of a city or county may establish a STAR bond project district within that city or 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 must provide notice and hold a hearing as is required of a city pursuant to subsection (a) for the establishment of a STAR bond project district.

The governing body of a county may establish a STAR bond project district within the unincorporated area of the county.

(f) Upon approval from the Kansas bioscience authority, the governing body of a city or county may establish a bioscience development district within such city or county in accordance with the provisions of subsection (e).

(g) One or more STAR bond projects or bioscience development projects may be undertaken by a city or county within a STAR bond project district or bioscience development district after such STAR bond project district or bioscience development district has been established in the manner provided by this section.

(h) No privately owned property subject to ad valorem taxes shall be acquired and redeveloped under the provisions of section 1 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 STAR bond project district or bioscience development district required by subsection (a) that the proposed

STAR bond project 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 or county. The city or county shall within 30 days of receipt of such resolution pass an ordinance or resolution dissolving the STAR bond project district or bioscience development district. The provisions of this subsection shall not apply if the STAR bond project plan or the bioscience development project plan provides that ad valorem property tax revenues of the county or the school district levying taxes on such property will not be adversely impacted.

(i) A STAR bond project shall not include a project for a gambling casino.

New Sec. 7. (a) One or more projects may be undertaken by a city or county within an established STAR bond project district or bioscience development district. Any city or county proposing to undertake a STAR bond project or bioscience development project, shall prepare a STAR bond project plan or bioscience development project plan in consultation with the planning commission of the city, and in consultation with the planning commission of the county, if any, if such project is located wholly outside the boundaries of the city. In the case of a bioscience development project such project plan shall be prepared with the approval of the Kansas bioscience authority. Any such project plan may be implemented in separate development stages.

(b) Any city or county proposing to undertake a STAR bond project within a STAR bond project district or a bioscience development project within a bioscience development district established pursuant to section 6, and amendments thereto, shall prepare a feasibility study. The feasibility study shall contain the following:

(1) Whether a STAR bond project's or bioscience development project's revenue and tax

to section 9, and amendments thereto, shall be subject to the provisions of this act.

New Sec. 19. If any provision of this act or the application thereof to any persons or circumstances is held invalid, such invalidity shall not affect other provisions or application of the act which can be given effect without the invalid provisions or application and to this end the provisions of this act are declared to be severable.

New Sec. 20. No additional bonds may be issued after July 1, 2007, for any STAR bond project approved prior to July 1, 2007. The provisions of this section shall not apply to the STAR bond projects and bonds approved for the city of Manhattan Discovery Center on December 28, 2006, and the Schlitterbahn project in Wyandotte county on December 23, 2005.

New Sec. 21. (a) A city that created a redevelopment district in an eligible area that was approved for STAR bonds prior to the effective date of this act for the city of Manhattan Discovery Center on December 28, 2006, and the Schlitterbahn project in Wyandotte county on December 23, 2005, may by ordinance elect to have the provisions of this act applicable to such redevelopment district.

(b) The provisions of this act regarding STAR bond projects or bioscience development projects shall expire on and after July 1, 2012.

Sec. 22. K.S.A. 12-1770 is hereby amended to read as follows: 12-1770. It is hereby declared to be the purpose of this act to promote, stimulate and develop the general and economic welfare of the state of Kansas and its communities and to assist in the development and redevelopment of eligible areas eligible areas central business district areas of cities, blighted areas located within cities, environmentally contaminated areas located within and without a city thereby cities and enterprise zones located within cities, thus promoting the general welfare of the citizens of this state, by

authorizing cities to acquire certain property and to issue special obligation bonds and full faith and credit tax increment bonds for the financing of redevelopment projects. It is further found and declared that the powers conferred by this act are for ~~public uses and purposes~~ a public purpose and public use for which public money may be expended and the power of eminent domain may be exercised. The necessity in the public interest for the provisions of this act is hereby declared as a matter of legislative determination.

Sec. 23. K.S.A. 2006 Supp. 12-1770a is hereby amended to read as follows: 12-1770a. As used in this act, and amendments thereto, the following words and phrases shall have the following meanings unless a different meaning clearly appears from the content:

(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;

~~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) (l) "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) (m) "Real property taxes" means all taxes levied on an ad valorem basis upon land and improvements thereon, except that when relating to a bioscience development district, as defined in this section, "real property taxes" does not include property taxes levied for schools, pursuant to K.S.A. 72-6431, and amendments thereto.

(p) (n) "Redevelopment project area" means an area designated by a city within a redevelopment district or, if the redevelopment district is established for an intermodal transportation area, an area designated by a city within or outside of the redevelopment district.

(q) (o) "Redevelopment project costs" means: (1) Those costs necessary to implement a redevelopment project plan or a bioscience development project plan, including costs incurred for:

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

(2) (B) payment of relocation assistance pursuant to a relocation assistance plan as provided

in K.S.A. 12-1777, and amendments thereto;

(3) (C) site preparation including utility relocations;

(4) (D) sanitary and storm sewers and lift stations;

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

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

(7) (G) street light fixtures, connection and facilities;

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

(9) (I) sidewalks and pedestrian underpasses or overpasses;

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

(11) (K) water mains and extensions;

(12) (L) plazas and arcades;

(13) (M) parking facilities including multilevel parking facilities;

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

(15) (O) related expenses to redevelop and finance the redevelopment project; ~~except that for a redevelopment project financed with special obligation bonds payable from the revenues described in subsections (a)(1)(D) and (a)(1)(G) of K.S.A. 12-1774, and amendments thereto, such expenses shall require prior approval by the secretary of commerce;~~

(P) for purposes of an incubator project, such costs shall also include wet lab equipment including hoods, lab tables, heavy water equipment and all such other equipment found to be necessary or appropriate for a commercial incubator wet lab facility by the city in its resolution

establishing such redevelopment district or a bioscience development district; and

(Q) costs for the acquisition of land for and the construction and installation of publicly-owned infrastructure improvements which serve an intermodal transportation area and are located outside of a redevelopment district.

(2) Redevelopment project costs shall not include (A): 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.

(B) In addition, for a redevelopment project financed with special obligation bonds payable from the revenues described in ~~subsections~~ subsection (a)(1)(D) and ~~(a)(1)(G)~~ of K.S.A. 12-1774, and amendments thereto, redevelopment project costs shall not include:

(1) (i) Fees and commissions paid to real estate agents, financial advisors or any other consultants who represent the businesses considering locating in a redevelopment district;

(2) (ii) salaries for local government employees;

(3) (iii) moving expenses for employees of the businesses locating within the redevelopment district;

(4) (iv) property taxes for businesses that locate in the redevelopment district;

(5) (v) lobbying costs; ~~and~~

(6) (vi) a bond origination fee charged by the city pursuant to K.S.A. 12-1742, and amendments thereto: — ; and

(r) (p) "Redevelopment district" means the specific area declared to be an eligible area in

(vii) costs incurred for those items listed in subsections (1)(A) through (1)(P) when such item is located outside of the redevelopment district or bioscience development district.