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Attachment 1
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Session of 2025

SENATE BILL No. 197

By Committee on Commerce

2-5

Proposed Amendment for SB 197
Senate Committee on Commerce
February 2025
Prepared by Office of Revisor of Statutes

1 AN ACT concerning the STAR bonds financing act; extending the
2 expiration date of the STAR bonds financing act to July 1, 2030;
3 amending K.S.A. 12-17,179 and repealing the existing section.

requiring state finance council approval of any STAR bond
project, STAR bond project district, STAR bond financing or
additional STAR bond issuance authority prior to approval
by the secretary of commerce;

and K.S.A. 2024 Supp. 12-17,164 and 12-17,168

4
5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 12-17,179 is hereby amended to read as follows:
7 12-17,179. (a) A city that created a redevelopment district in an eligible
8 area that was approved for STAR bonds prior to the effective date of this
9 act for the city of Manhattan Discovery Center on December 28, 2006, and
10 the Schlitterbahn project in Wyandotte county on December 23, 2005, may
11 by ordinance elect to have the provisions of this act applicable to such
12 redevelopment district.

sections

See Attachment
and renumber sections accordingly

13 (b) ~~Subject to the provisions of section 61(h) of chapter 5 of the 2020~~
14 ~~Session Laws of Kansas, The provisions of this act K.S.A. 12-17,160 et~~
15 ~~seq., and amendments thereto, regarding STAR bond projects shall expire~~
16 ~~on and after July 1, 2026 2030.~~

and K.S.A. 2024 Supp. 12-17,164 and 12-17,168 are

17 Sec. 2. K.S.A. 12-17,179 is hereby repealed.

18 Sec. 3. This act shall take effect and be in force from and after its
19 publication in the statute book.

Section 1. K.S.A. 2024 Supp. 12-17,164 is hereby amended to read as follows: 12-17,164. (a) (1) (A) (i) The governing body of a city may establish one or more STAR bond projects in any area within such city or wholly outside the boundaries of such city. A STAR bond project wholly outside the boundaries of such city must be approved by the board of county commissioners by the passage of a county resolution.

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

(iii) No STAR bond project as defined by K.S.A. 12-17,162(aa)(2), and amendments thereto, shall be established by a city or county unless approved pursuant to K.S.A. 2024 Supp. 12-17,181, and amendments thereto.

(B) The governing body of a city or county may elect to participate in a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, established independently by the secretary pursuant to an agreement authorized by K.S.A. 2024 Supp. 12-17,181, and amendments thereto, by pledging local sales, use and transient guest tax revenues for the repayment of STAR bonds issued by the Kansas development finance authority pursuant to this section and K.S.A. 12-17,169, and amendments thereto. If the governing body of the city or county elects to participate, the governing body of the city or county shall hold a public hearing and pass an appropriate ordinance or resolution specifying the city or county's pledge of such local revenues that meet any requirements of the secretary and the Kansas development finance authority. Such ordinance or resolution shall be passed not later than 60 days after the date of approval by the legislative coordinating council of the agreement pursuant to K.S.A. 2024 Supp. 12-17,181, and amendments thereto, or the secretary may proceed without the city or county's participation to establish the STAR bond project district and undertake the STAR bond project plan without further public notice or hearing, as provided by paragraph (2).

(C) The projects shall be eligible for financing by special obligation bonds payable from revenues described by K.S.A. 12-17,169(a)(1) and (a)(2)(A) and (a)(2)(B), and amendments thereto. Upon approval by the secretary, a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, may be financed by the Kansas development finance authority as provided by K.S.A. 12-17,169, and amendments thereto.

(2) In lieu of the procedure required for a city or county to establish a STAR bond project district and a STAR bond project set forth in K.S.A. 12-17,165 and 12-17,166, and amendments thereto, or to finance

a project, the secretary may independently establish a STAR bond project district as defined in K.S.A. 12-17,162(cc)(2), and amendments thereto, undertake a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, or finance such a STAR bond project through special obligation bonds issued by the Kansas development finance authority as provided by K.S.A. 12-17,169(a)(2)(B), and amendments thereto, with or without the participation of the city or county. In such case, except as otherwise provided, in addition to all powers granted to the secretary, the secretary shall have the powers of a city or county as provided by the STAR bonds financing act necessary in the secretary's discretion to establish, undertake or finance the project through the Kansas development finance authority. The notice, procedural and hearing requirements of K.S.A. 12-17,165 and 12-17,166, and amendments thereto, shall not be applicable to the secretary. Such authority shall include changes to such district as provided by K.S.A. 12-17,171, and amendments thereto, except that no public hearings shall be required. Upon the approval of the secretary, the Kansas development finance authority is authorized to issue special obligation bonds in one or more series to finance such project. No revenue from local sales, use or transient guest taxes imposed pursuant to K.S.A. 12-187 et seq. and 12-1692 et seq., and amendments thereto, shall be pledged as a source of repayment of such special obligation bonds unless approved by the city or county as provided by paragraph (1)(B). Such bonds shall not be a general obligation of the state. Any such bonds and interest thereon shall be an obligation only of the Kansas development finance authority and shall not constitute a debt of the state of Kansas within the meaning of section 6 or 7 of article 11 of the constitution of the state of Kansas and shall not pledge the full faith and credit or the taxing power of the state of Kansas. Such bonds shall be payable, both as to principal and interest, solely from the revenue sources as provided by K.S.A. 12-17,169(a)(2)(B), and amendments thereto.

(3) The secretary's authority to approve STAR bond projects as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, including any such project established by a city or county or established independently by the secretary with or without the participation of the city or county shall be subject to K.S.A. 2024 Supp. 12-17,181, and amendments thereto.

(b) (1) 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 K.S.A. 12-17,160, and amendments thereto. Except as provided in paragraph (2), the secretary, upon approving the project, may approve such financing in an amount not to exceed 50% of the total costs including all project costs and any other costs related to the project. The proceeds of such STAR bond financing may only be used to pay for incurred project costs.

(2) For a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, the secretary may approve such financing issued by the city or county or by the Kansas development finance

authority, as applicable, in an amount not to exceed 70% of the total costs including all project costs and any other costs related to the project.

(c) For a city proposing to finance a major motorsports complex pursuant to K.S.A. 12-17,169(a)(1)(C) or (a)(1)(E), 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 project district established by a city prior to May 1, 2003.

(e) (1) Except as provided in paragraph (2), 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 K.S.A. 12-17,160 et seq., and amendments thereto.

(2) The provisions of paragraph (1) shall not apply to a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto.

(f) A project shall not be approved by the secretary if the market study required by K.S.A. 12-17,166, 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 K.S.A. 12-17,169(a)(1), and amendments thereto.

(g) (1) Except as provided in paragraph (2), the maximum maturity of special obligation bonds payable primarily from revenues described by K.S.A. 12-17,169(a)(1), and amendments thereto, to finance STAR bond projects pursuant to this section shall not exceed 20 years.

(2) Special obligation bonds issued by a city or county or, if applicable, by the Kansas development finance authority to finance a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, shall not exceed 30 years.

(h) The secretary shall not approve any application for STAR bond project financing which is submitted by a city or county more than one year after the STAR bond project district in which the STAR bond project is located has been established.

(i) For the purpose of recovering the costs of the secretary and the department arising from fulfilling administrative, review, approval, oversight and other responsibilities under the STAR bonds financing act and from providing assistance to cities, counties and private businesses in relation to STAR bond projects, the secretary may assess an administrative fee of up to 1%, not to exceed \$200,000, of the amount of the special obligation bonds payable from revenues described by K.S.A. 12-17,169(a)(1) or (a)(2), and amendments thereto, issued or reissued for STAR bond projects. The secretary may also recover any actual costs incurred by the secretary in excess of the fee. The fee, and any actual costs incurred by the secretary

in excess of the fee, shall be paid to the secretary from the proceeds of such bonds. All such moneys received by the secretary shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the STAR bond administrative fee fund, which is hereby created in the state treasury. All expenditures from the STAR bond administrative fee fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary or a person or persons designated by the secretary.

(j) The secretary shall not approve any STAR bond project or any STAR bond project district, as required by the STAR bonds financing act for the establishment of such project or district by a city or county or by the secretary, or any application for STAR bond project financing unless first reviewed by the state finance council and approved by the affirmative vote of the governor and by a majority vote of the legislative members of the state finance council prior to any approval by the secretary. This matter is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in K.S.A. 75-3711c, and amendments thereto, except that the state finance council is expressly granted the authority to act on this matter at any time, including when the legislature is in session. The secretary, any officer or employee of the department of commerce or a representative of the city or county may appear before the state finance council to provide testimony if requested by the state finance council.

Sec. 2. K.S.A. 2024 Supp. 12-17,168 is hereby amended to read as follows: 12-17,168. (a) (1) Any city or county which has received approval for a STAR bond project may request STAR bond issuance authority to issue additional STAR bonds in an amount in excess of the amount previously approved by the secretary. Any city or county requesting such additional STAR bond issuance authority shall make application for approval to the secretary. Such application shall include all information required to be submitted to the secretary for initial approval of a STAR bond project, including, but not limited to, a feasibility study as required by K.S.A. 12-17,166, and amendments thereto.

(2) Except as provided by paragraph (4), the secretary shall review all of the information submitted by the city or county in the request for additional STAR bond issuance authority and determine whether to approve a request, and, if approved by the secretary and the state finance council as provided in paragraph (5), issue an approval letter for additional STAR bond issuance authority based upon the requirements within this act and rules and regulations developed by the secretary.

(3) Except as provided in paragraph (4), the secretary may approve such additional STAR bond issuance authority in an amount not to exceed 50% of the total costs of the addition or expansion to the STAR bond project for which the additional STAR bond issuance authority is sought, including all project costs and any other costs related to the project addition or expansion. The proceeds of such additional STAR bond financing may only be used to pay for incurred project costs of such addition or expansion.

(4) The secretary may approve such additional STAR bond issuance authority in an amount not to exceed 70% of the total costs of the addition or expansion of a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto. The secretary shall not approve additional STAR bond issuance authority for a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, unless such additional issuance is first approved by the legislative coordinating council. The council may consider and act on such matter at any time, including when the legislature is in session.

(5) The secretary shall not approve any application for additional STAR bond issuance authority, unless such additional issuance is first reviewed by the state finance council and approved by the affirmative vote of the governor and by a majority vote of the legislative members of the state finance council prior to any approval by the secretary. This matter is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in K.S.A. 75-3711c, and amendments thereto, except that the state finance council is expressly granted the authority to act on this matter at any time, including when the legislature is in session. The secretary, any officer or employee of the department of commerce or a representative of the city or county may appear before the state finance council to provide testimony if requested by the state finance council.

(b) Upon the approval of the secretary ~~and~~ the legislative coordinating council and the state finance council as provided in subsections (a)(4) and (a)(5), the Kansas development finance authority may issue additional special obligation STAR bonds in an amount in excess of the amount previously approved by the secretary for a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto. Such additional financing for such project shall be limited to not more than 70% of the total project costs of the addition or expansion of such project. The proceeds of such additional STAR bond financing may only be used to pay for incurred project costs of such addition or expansion of the project.