

SESSION OF 2025

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2304

As Amended by House Committee on
Commerce, Labor and Economic Development

Brief*

HB 2304, as amended, would require certain reporting of local economic development programs, which would be included in the transparency database hosted by the Department of Commerce (Department).

Definitions

The bill would define local government for this purpose as:

- Any city, county, or unified government, or any subdivision thereof; or
- Any instrumentality of a city, county, or unified government, established for the purpose of economic development of such city, county, or unified government, that is funded in whole or in part by such local government.

The bill would amend the definition for “recipient” to mean the enterprise, identified by the business name filed with the Secretary of State, that is the original applicant for and receives proceeds from an economic development incentive program directly from the administering agency. “Recipient” would include an enterprise that is no longer solvent due to bankruptcy and a recipient with respect to an economic development project that has failed.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <https://klrd.gov/>

If the recipient is an enterprise, created primarily for the purpose of the economic development project, “recipient” includes the enterprise or enterprises, partners, or principals that own or, individually or with other enterprises, have a controlling interest in the recipient.

The bill would update the definition of “searchable website or web page” to mean a website or web page that allows the public to search and aggregate the information identified and required, including requirements that the website or web page offers users the ability to efficiently search and display data at least by:

- Economic development incentive program;
- Recipient;
- Location of the economic development project by county; and
- Calculate incentive totals for each category claimed by year and be searchable by year.

Reporting on Local Government-Based Economic Development Programs or Incentives

The bill would require data from local government-based economic development programs or incentives, including but not limited to:

- Community improvement districts;
- Tax increment financing;
- Business improvement districts;
- Self-supported municipal improvement districts;
- Neighborhood revitalization act;

- Downtown redevelopment act;
- Transportation development districts;
- Public improvement districts;
- Industrial development bonds, and
- Any grant loan, lease, land acquisition, site preparation, utilities, facilities, streets or roadways, workforce development, workforce training, or any other incentive offered by the local government and accepted by the recipient that may be quantified as to the value provided to the recipient.

The bill would extend incentive data collection to include local governments. The bill would require the data to be available on a database that is a searchable website or web page and permits searches by a user of such information by economic development incentive program, county, and recipient by means of an easily accessible drop-down menu or other similar prompt, to search at least by keyword or phrase within separately identified categories of economic development incentive program, county, and recipient name.

The bill would also require the information applicable to the search result to be available in one printable or downloadable report and that report to provide a summary report with the:

- Total incentives awarded to the recipient;
- Number of years the incentive may be claimed;
- Total unencumbered incentive award that may be claimed; and
- Total incentives that have been claimed by the recipient.

The bill would require the summary report to be provided to the House Committee on Commerce, Labor and Economic Development and the Senate Committee on Commerce on or before January 31 of each year and to disclose the most recent three years of economic incentives claimed and the total amount of funds committed by the State or the local government that are required to be paid as an incentive over the entire period of the incentive.

The bill would require local governments to provide the Department with all available and reasonably attainable information required for all active economic development incentive programs of such local government commenced prior to July 1, 2025, that provide more than \$50,000 in value in annual incentives.

The bill would require providing all information required to be a condition of commencing or providing any incentive to a recipient receiving any economic development incentive program of more than \$50,000 in value in annual incentives on or after July 1, 2025.

The local government would be required to provide updates of all applicable information to the Secretary of Commerce (Secretary) at least annually in the manner, form, and and at such time as required by the Secretary.

The bill would also require, on and after July 1, 2025, any recipient that will receive more than \$50,000 in value in annual incentives from any economic development program provided by a local government or any administering agency to agree to provide all information required as a condition of the award of incentives, as required by the Secretary for publication on the database.

The bill would require all information to be provided to the Secretary in a manner as required by the Secretary. The Secretary would be required to make a form or format available for local governments to report information in a

simple online format and this form must be available in a digital form.

Required Dates for Local Government-Based Economic Development Programs or Incentives

The requirement for information regarding community improvement districts, tax increment financing, business improving districts, self-supported municipal improvement districts, Kansas Neighborhood Revitalization Act, Kansas Downtown Redevelopment Act, transportation development districts, and public improvement districts from local governments to the Secretary would be on or before July 1, 2026.

The requirement for information regarding industrial development bonds from local governments to the Secretary would be on or before July 1, 2027.

The requirement for any grant, loan, lease, land acquisition, site preparation, utilities, facilities, streets or roadways, workforce development, workforce training or any other incentive offered by the local government and accepted by the recipient that may be quantified as to the value provided to the recipient to the Secretary would be on or before July 1, 2028.

Additional Changes

The bill would remove the requirement for sales tax and revenue (STAR) bonds to include the county of recipients.

The bill would extend the exemption for information to be disclosed if it violates the confidentiality provisions of any agreement executed from July 1, 2019, to July 1, 2025.

The bill would require the Secretary to provide a report of any information not disclosed on the database

commencing on January 31, 2026, based on the preceding fiscal year and the reason why the information was not disclosed.

The bill would allow the Secretary to impose a 1.0 percent administrative fee, not to exceed \$1,000, upon each recipient of an economic development incentive program administered by the Secretary for the purpose of payment of costs incurred for administering and maintaining the database.

Background

The bill was introduced by the House Committee on Commerce, Labor and Economic Development at the request of Representative K. Williams.

House Committee on Commerce, Labor and Economic Development

In the House Committee hearing, **proponent** testimony was provided by Representative K. Williams. The proponent generally stated the bill would create more accountability, transparency, and knowledge for local and state elected leaders.

Written-only neutral testimony was provided by representatives of the Department of Commerce and the League of Kansas Municipalities.

No other testimony was provided.

The House Committee amended the bill to:

- Update the definition of “searchable website or web page” to include incentive totals for each category claimed by year and be searchable by year;

- Require the database to be capable of calculating total incentives by each category by year and be searchable by year;
- Update requirements for the summary report to:
 - Include the number of years the incentive may be claimed;
 - Include the total unencumbered incentive award that may be claimed;
 - Clarify the total incentives that have been claimed by the recipient per year;
 - Disclose the most recent three years of economic incentives claimed and the total amount of funds committed by the State or the local government that are required to be paid as an incentive over the entire period of the incentive; and
 - Require the report to be provided to the House Committee on Commerce, Labor and Economic Development and the Senate Committee on Commerce on or before January 31 each year.
- Require the Secretary to make a form or format available for local governments to report information in a simple online format and this form to be available in a digital form;
- Extend the requirement for information regarding community improvement districts, tax increment financing, business improving districts, self-supported municipal improvement districts, Kansas Neighborhood Revitalization Act, Kansas Downtown Redevelopment Act, transportation development districts, and public improvement districts from local governments to the Secretary on or before July 1, 2026;

- Extend the requirement for information regarding industrial development bonds from local governments to the Secretary on or before July 1, 2027;
- Extend the requirement for any grant, loan, lease, land acquisition, site preparation, utilities, facilities, streets or roadways, workforce development, workforce training, or any other incentive offered by the local government and accepted by the recipient that may be quantified as to the value provided to the recipient to the Secretary on or before July 1, 2028; and
- Allow the Secretary to impose a 1.0 percent administrative fee, not to exceed \$1,000, upon each recipient of an economic development incentive program administered by the Secretary for the purpose of payment of costs incurred for administering and maintaining the database.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department of Commerce estimates it would need \$389,000 from the State General Fund and 2.0 FTE positions for website designers and consultants as well as to upgrade its Salesforce software. The Kansas Association of Counties and the League of Kansas Municipalities indicate the counties and cities could require additional staff to report data required by the bill.

Transparency database; reporting; commerce; incentives; economic development; local government