

HOUSE BILL No. 2226

By Committee on Financial Institutions

2-8

1 AN ACT concerning tax increment financing; relating to definition of
2 redevelopment project costs; financing projects; amending K.S.A.
3 2010 Supp. 12-1770a and 12-1774 and repealing the existing sections.
4

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

6 Section 1. K.S.A. 2010 Supp. 12-1770a is hereby amended to read
7 as follows: 12-1770a. As used in this act, and amendments thereto, the
8 following words and phrases shall have the following meanings unless a
9 different meaning clearly appears from the content:

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

17 (b) "Base year assessed valuation" means the assessed valuation of
18 all real property within the boundaries of a redevelopment district on the
19 date the redevelopment district was established.

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

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

26 (A) A substantial number of deteriorated or deteriorating structures;

27 (B) predominance of defective or inadequate street layout;

28 (C) unsanitary or unsafe conditions;

29 (D) deterioration of site improvements;

30 (E) tax or special assessment delinquency exceeding the fair market
31 value of the real property;

32 (F) defective or unusual conditions of title including but not limited
33 to cloudy or defective titles, multiple or unknown ownership interests to
34 the property;

35 (G) improper subdivision or obsolete platting or land uses;

36 (H) the existence of conditions which endanger life or property by

- 1 fire or other causes; or
- 2 (I) conditions which create economic obsolescence; or
- 3 (2) has been identified by any state or federal environmental agency
- 4 as being environmentally contaminated to an extent that requires a
- 5 remedial investigation; feasibility study and remediation or other similar
- 6 state or federal action; or
- 7 (3) a majority of the property is a 100-year floodplain area; or
- 8 (4) previously was found by resolution of the governing body to be a
- 9 slum or a blighted area under K.S.A. 17-4742 et seq., and amendments
- 10 thereto.
- 11 (d) "Conservation area" means any improved area comprising 15%
- 12 or less of the land area within the corporate limits of a city in which 50%
- 13 or more of the structures in the area have an age of 35 years or more,
- 14 which area is not yet blighted, but may become a blighted area due to the
- 15 existence of a combination of two or more of the following factors:
- 16 (1) Dilapidation, obsolescence or deterioration of the structures;
- 17 (2) illegal use of individual structures;
- 18 (3) the presence of structures below minimum code standards;
- 19 (4) building abandonment;
- 20 (5) excessive vacancies;
- 21 (6) overcrowding of structures and community facilities; or
- 22 (7) inadequate utilities and infrastructure.
- 23 (e) "De minimus" means an amount less than 15% of the land area
- 24 within a redevelopment district.
- 25 (f) "Developer" means any person, firm, corporation, partnership or
- 26 limited liability company, other than a city and other than an agency,
- 27 political subdivision or instrumentality of the state or a county when
- 28 relating to a bioscience development district.
- 29 (g) "Eligible area" means a blighted area, conservation area,
- 30 enterprise zone, intermodal transportation area, major tourism area or a
- 31 major commercial entertainment and tourism area or bioscience
- 32 development area.
- 33 (h) "Enterprise zone" means an area within a city that was
- 34 designated as an enterprise zone prior to July 1, 1992, pursuant to K.S.A.
- 35 12-17,107 through 12-17,113, and amendments thereto, prior to its repeal
- 36 and the conservation, development or redevelopment of the area is
- 37 necessary to promote the general and economic welfare of such city.
- 38 (i) "Environmental increment" means the increment determined
- 39 pursuant to subsection (b) of K.S.A. 12-1771a, and amendments thereto.
- 40 (j) "Environmentally contaminated area" means an area of land
- 41 having contaminated groundwater or soil which is deemed
- 42 environmentally contaminated by the department of health and
- 43 environment or the United States environmental protection agency.

1 (k) (1) "Feasibility study" means:

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

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

11 (2) For a redevelopment project or bioscience project financed by
12 bonds payable from revenues described in subsection (a)(1)(D) of K.S.A.
13 12-1774, and amendments thereto, the feasibility study must also include:

14 (A) A statement of how the taxes obtained from the project will
15 contribute significantly to the economic development of the jurisdiction
16 in which the project is located;

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

21 (i) The percentage of sales and use taxes collected that are so
22 committed; and

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

25 (C) an anticipated principal and interest payment schedule on the
26 bonds;

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

33 (E) the failure to include all information enumerated in this
34 subsection in the feasibility study for a redevelopment or bioscience
35 project shall not affect the validity of bonds issued pursuant to this act.

36 (l) "Major tourism area" means an area for which the secretary has
37 made a finding the capital improvements costing not less than
38 \$100,000,000 will be built in the state to construct an auto race track
39 facility.

40 (m) "Real property taxes" means all taxes levied on an ad valorem
41 basis upon land and improvements thereon, except that when relating to a
42 bioscience development district, as defined in this section, "real property
43 taxes" does not include property taxes levied for schools, pursuant to

1 K.S.A. 72-6431, and amendments thereto.

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

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

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

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

12 (C) site preparation including utility relocations;

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

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

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

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

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

21 (I) sidewalks and pedestrian underpasses or overpasses;

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

24 (K) water mains and extensions;

25 (L) plazas and arcades;

26 (M) major multi-sport athletic complex;

27 (N) museum facility;

28 (O) parking facilities including multilevel parking facilities;

29 (P) landscaping and plantings, fountains, shelters, benches,
30 sculptures, lighting, decorations and similar amenities;

31 (Q) related expenses to redevelop and finance the redevelopment
32 project;

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

39 (S) costs for the acquisition of land for and the construction and
40 installation of publicly-owned infrastructure improvements which serve
41 an intermodal transportation area and are located outside of a
42 redevelopment district; ; *and*

43 (T) *cost for infrastructure located outside the redevelopment district*

1 *but contiguous to any portion of the redevelopment district and such*
2 *infrastructure is necessary for implementation of the redevelopment plan*
3 *as determined by the city.*

4 (2) *Except as provided in paragraphs (A) through (T) of subsection*
5 *(o)(1), redevelopment project costs shall not include: (A) Costs incurred*
6 *in connection with the construction of buildings or other structures to be*
7 *owned by or leased to a developer; however, the "redevelopment project*
8 *costs" shall include costs incurred in connection with the construction of*
9 *buildings or other structures to be owned or leased to a developer which*
10 *includes an auto race track facility or a multilevel parking facility.*

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

15 ~~(i) (B) fees and commissions paid to developers, real estate agents,~~
16 ~~financial advisors or any other consultants who represent the developers~~
17 ~~or any other businesses considering locating in or located in a~~
18 ~~redevelopment district;~~

19 ~~(ii) (C) salaries for local government employees;~~

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

22 ~~(iv) (E) property taxes for businesses that locate in the~~
23 ~~redevelopment district;~~

24 ~~(v) (F) lobbying costs;~~

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

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

29 ~~(viii) (I) travel, entertainment and hospitality.~~

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

33 (q) "Redevelopment district plan" or "district plan" means the
34 preliminary plan that identifies all of the proposed redevelopment project
35 areas and identifies in a general manner all of the buildings, facilities and
36 improvements in each that are proposed to be constructed or improved in
37 each redevelopment project area or, if the redevelopment district is
38 established for an intermodal transportation area, in or outside of the
39 redevelopment district.

40 (r) "Redevelopment project" means the approved project to
41 implement a project plan for the development of the established
42 redevelopment district.

43 (s) "Redevelopment project plan" means the plan adopted by a

1 municipality for the development of a redevelopment project or projects
2 which conforms with K.S.A. 12-1772, and amendments thereto, in a
3 redevelopment district.

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

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

11 (v) "Taxing subdivision" means the county, city, unified school
12 district and any other taxing subdivision levying real property taxes, the
13 territory or jurisdiction of which includes any currently existing or
14 subsequently created redevelopment district including a bioscience
15 development district.

16 (w) "River walk canal facilities" means a canal and related water
17 features which flows through a redevelopment district and facilities
18 related or contiguous thereto, including, but not limited to pedestrian
19 walkways and promenades, landscaping and parking facilities.

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

22 (y) "Major multi-sport athletic complex" means an athletic complex
23 that is utilized for the training of athletes, the practice of athletic teams,
24 the playing of athletic games or the hosting of events. Such project may
25 include playing fields, parking lots and other developments including
26 grandstands, suites and viewing areas, concessions, souvenir facilities,
27 catering facilities, visitor centers, signage and temporary hospitality
28 facilities, but excluding hotels, motels, restaurants and retail facilities, not
29 directly related to or necessary to the operation of such facility.

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

38 (aa) "Bioscience development area" means an area that:

39 (1) Is or shall be owned, operated, or leased by, or otherwise under
40 the control of the Kansas bioscience authority;

41 (2) is or shall be used and maintained by a bioscience company; or

42 (3) includes a bioscience facility.

43 (bb) "Bioscience development district" means the specific area,

1 created under K.S.A. 12-1771, and amendments thereto, where one or
2 more bioscience development projects may be undertaken.

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

5 (dd) "Bioscience development project plan" means the plan adopted
6 by the authority for a bioscience development project pursuant to K.S.A.
7 12-1772, and amendments thereto, in a bioscience development district.

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

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

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

19 (hh) "Board" means the board of directors of the Kansas bioscience
20 authority.

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

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

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

34 (ll) "Floodplain increment" means the increment determined
35 pursuant to subsection (b) of K.S.A. 2010 Supp. 12-1771e, and
36 amendments thereto.

37 (mm) "100-year floodplain area" means an area of land existing in a
38 100-year floodplain as determined by either an engineering study of a
39 Kansas certified engineer or by the United States federal emergency
40 management agency.

41 (nn) "Major motorsports complex" means a complex in Shawnee
42 county that is utilized for the hosting of competitions involving motor
43 vehicles, including, but not limited to, automobiles, motorcycles or other

1 self-propelled vehicles other than a motorized bicycle or motorized
2 wheelchair. Such project may include racetracks, all facilities directly
3 related and necessary to the operation of a motorsports complex,
4 including, but not limited to, parking lots, grandstands, suites and
5 viewing areas, concessions, souvenir facilities, catering facilities, visitor
6 and retail centers, signage and temporary hospitality facilities, but
7 excluding hotels, motels, restaurants and retail facilities not directly
8 related to or necessary to the operation of such facility.

9 (oo) "Intermodal transportation area" means an area of not less than
10 800 acres to be developed primarily to handle the transfer, storage and
11 distribution of freight through railway and trucking operations.

12 (pp) "Museum facility" means a separate newly-constructed
13 museum building and facilities directly related and necessary to the
14 operation thereof, including gift shops and restaurant facilities, but
15 excluding hotels, motels, restaurants and retail facilities not directly
16 related to or necessary to the operation of such facility. The museum
17 facility shall be owned by the state, a city, county, other political
18 subdivision of the state or a non-profit corporation, shall be managed by
19 the state, a city, county, other political subdivision of the state or a non-
20 profit corporation and may not be leased to any developer and shall not
21 be located within any retail or commercial building.

22 Sec. 2. K.S.A. 2010 Supp. 12-1774 is hereby amended to read as
23 follows: 12-1774. (a) (1) Any city shall have the power to issue special
24 obligation bonds in one or more series and/or execute and deliver a loan
25 from the Kansas transportation revolving fund pursuant to K.S.A. 2010
26 Supp. 75-5063 et seq., and amendments thereto, to finance the
27 undertaking of any redevelopment project or bioscience development
28 project in accordance with the provisions of this act. Such special
29 obligation bonds or loans shall be made payable, both as to principal and
30 interest:

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

33 (B) from revenues of the city derived from or held in connection
34 with the undertaking and carrying out of any redevelopment project or
35 projects or bioscience development project or projects under this act
36 including environmental increments;

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

39 (D) from a pledge of *a portion* or all of the revenue received by the
40 city from any transient guest and local sales and use taxes which are
41 collected from taxpayers doing business within that portion of the city's
42 redevelopment district or bioscience development district established
43 pursuant to K.S.A. 12-1771, and amendments thereto, occupied by a

1 redevelopment project or bioscience development project. A city
2 proposing to finance a major motorsports complex pursuant to this
3 paragraph shall prepare a project plan which shall include:

4 (i) A summary of the feasibility study done, as defined in K.S.A. 12-
5 1770a, and amendments thereto, which will be an open record;

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

9 (iii) a description and map of the location of the facility that is the
10 subject of the special bond project or major motorsports complex;

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

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

15 (vi) any other information the governing body deems necessary to
16 advise the public of the intent of the special bond project or major
17 motorsports complex plan.

18 The project plan shall be prepared in consultation with the planning
19 commission of the city. Such project plan shall also be prepared in
20 consultation with the planning commission of the county, if any, if a
21 major motorsports complex is located wholly outside the boundaries of
22 the city.

23 (E) from a pledge of a portion or all increased revenue received by
24 the city from: (i) Franchise fees collected from utilities and other
25 businesses using public right-of-way within the redevelopment district;
26 (ii) from a pledge of all or a portion of the revenue received by the city
27 from sales taxes; or (iii) both of the above;

28 (F) with the approval of the county, from a pledge of all of the
29 revenues received by the county from any transient guest, local sales and
30 use taxes which are collected from taxpayers doing business within that
31 portion of the redevelopment district established pursuant to K.S.A. 12-
32 1771, and amendments thereto;

33 (G) if a project is financed in whole or in part with the proceeds of a
34 loan to the municipality from the Kansas transportation revolving fund,
35 such loan shall also be payable from amounts available pursuant to
36 K.S.A. 2010 Supp. 75-5063 et seq., and amendments thereto;

37 (H) by any combination of these methods.

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

41 (2) Bonds issued under paragraph (1) of subsection (a) shall not be
42 general obligations of the city, nor in any event shall they give rise to a
43 charge against its general credit or taxing powers, or be payable out of

1 any funds or properties other than any of those set forth in paragraph (1)
2 of this subsection and such bonds shall so state on their face. This
3 paragraph shall not apply to loans from the Kansas transportation
4 revolving fund pursuant to K.S.A. 2010 Supp. 75-5063 et seq., and
5 amendments thereto.

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

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

34 (2) Except as provided in paragraph (3) of this subsection, before the
35 governing body of any city proposes to issue full faith and credit tax
36 increment bonds as authorized by this subsection, the feasibility study
37 required by K.S.A. 12-1772, and amendments thereto, shall demonstrate
38 that the benefits derived from the project will exceed the cost and that the
39 income therefrom will be sufficient to pay the costs of the project. No full
40 faith and credit tax increment bonds shall be issued unless the governing
41 body states in the resolution required by K.S.A. 12-1772, and
42 amendments thereto, that it may issue such bonds to finance the proposed
43 redevelopment project.

1 The governing body may issue the bonds unless within 60 days
2 following the date of the public hearing on the proposed project plan a
3 protest petition signed by 3% of the qualified voters of the city is filed
4 with the city clerk in accordance with the provisions of K.S.A. 25-3601 et
5 seq., and amendments thereto. If a sufficient petition is filed, no full faith
6 and credit tax increment bonds shall be issued until the issuance of the
7 bonds is approved by a majority of the voters voting at an election
8 thereon. Such election shall be called and held in the manner provided by
9 the general bond law.

10 The failure of the voters to approve the issuance of full faith and credit
11 tax increment bonds shall not prevent the city from issuing special
12 obligation bonds in accordance with this section.

13 No such election shall be held in the event the board of county
14 commissioners or the board of education determines, as provided in
15 K.S.A. 12-1771, and amendments thereto, that the proposed
16 redevelopment district will have an adverse effect on the county or school
17 district.

18 (3) As an alternative to paragraph (2) of this subsection, any city
19 which adopts a redevelopment project plan but does not state its intent to
20 issue full faith and credit tax increment bonds in the resolution required
21 by K.S.A. 12-1772, and amendments thereto, and has not acquired
22 property in the redevelopment project area may issue full faith and credit
23 tax increment bonds if the governing body of the city adopts a resolution
24 stating its intent to issue the bonds and the issuance of the bonds is
25 approved by a majority of the voters voting at an election thereon. Such
26 election shall be called and held in the manner provided by the general
27 bond law.

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

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

43 (5) Full faith and credit tax increment bonds issued under this

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

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

12 (c) Any increment in ad valorem property taxes resulting from a
13 redevelopment project in the established redevelopment district
14 undertaken in accordance with the provisions of this act, shall be
15 apportioned to a special fund for the payment of the redevelopment
16 project costs, including the payment of principal and interest on any
17 special obligation bonds or full faith and credit tax increment bonds
18 issued to finance such project pursuant to this act and may be pledged to
19 the payment of principal and interest on such bonds.

20 (d) A city may use the proceeds of special obligation bonds or full
21 faith and credit tax increment bonds, or proceeds of a loan from the
22 Kansas transportation revolving fund pursuant to K.S.A. 2010 Supp. 75-
23 5063 et seq., and amendments thereto, or any uncommitted funds derived
24 from sources set forth in this section to pay the redevelopment project
25 costs as defined in K.S.A. 12-1770a, and amendments thereto, to
26 implement the redevelopment project plan.

27 Sec. 3. K.S.A. 2010 Supp. 12-1770a and 12-1774 are hereby
28 repealed.

29 Sec. 4. This act shall take effect and be in force from and after its
30 publication in the Kansas register.

31