

Substitute for HOUSE BILL No. 2722

By Committee on Taxation

4-1

1 AN ACT concerning rural housing incentive districts; relating to payment
2 of bonds; real property taxes; amending K.S.A. 12-5245 and K.S.A.
3 2013 Supp. 12-5242 and 12-5248 and repealing the existing sections.
4

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

6 Section 1. K.S.A. 2013 Supp. 12-5242 is hereby amended to read as
7 follows: 12-5242. Except as otherwise provided, as used in K.S.A. 12-
8 5241 through 12-5251 and K.S.A. 2013 Supp. 12-5252 through 12-5258,
9 and amendments thereto, the following words and phrases shall have the
10 following meanings unless a different meaning clearly appears from the
11 context:

12 (a) "City" means any city incorporated in accordance with Kansas
13 law with a population of less than 60,000 in a county with a population of
14 less than 80,000, as certified to the secretary of state by the director of the
15 division of the budget on the previous July 1 in accordance with K.S.A 11-
16 201, and amendments thereto.

17 (b) "City housing authority" means any agency of a city created
18 pursuant to the municipal housing law, K.S.A. 17-2337 et seq., and
19 amendments thereto.

20 (c) "Corporation" means the Kansas housing resources corporation.

21 (d) "County" means any county organized in accordance with K.S.A.
22 18-101 et seq., and amendments thereto, with a population of less than
23 60,000, as certified to the secretary of state by the director of the division
24 of the budget on the previous July 1st in accordance with K.S.A 11-201,
25 and amendments thereto.

26 (e) "Developer" means the person, firm or corporation responsible
27 under an agreement with the governing body to develop housing or related
28 public facilities in a district.

29 (f) "District" means a rural housing incentive district established in
30 accordance with this act.

31 (g) "Governing body" means the board of county commissioners of
32 any county or the mayor and council, mayor and commissioners or board
33 of commissioners, as the laws affecting the organization and status of
34 cities affected may provide.

35 (h) "Housing development activities" means the construction or
36 rehabilitation of infrastructure necessary to support construction of new

1 residential dwellings and the actual construction of such residential
2 dwellings, if such construction is conducted by a city housing authority.

3 (i) "Secretary" means the secretary of commerce of the state of
4 Kansas.

5 (j) "Real property taxes" means and includes all taxes levied on an ad
6 valorem basis upon land and improvements thereon, *except such taxes*
7 *levied under the provisions of K.S.A. 72-6431, 76-6b01 and 76-6b04, and*
8 *amendments thereto* .

9 (k) "Taxing subdivision" means the county, the city, the unified
10 school district, and any other taxing subdivision levying real property
11 taxes, the territory or jurisdiction of which includes any currently existing
12 or subsequently created rural housing incentive district.

13 Sec. 2. K.S.A. 12-5245 is hereby amended to read as follows: 12-
14 5245. (a) Upon receipt of the approval of the secretary as provided in
15 subsection (c) of K.S.A. 12-5244, *and amendments thereto*, the governing
16 body may proceed with the establishment of the district. Before doing so,
17 the governing body shall adopt a plan for the development or
18 redevelopment of housing and public facilities in the proposed district.
19 Such plan may include plans for one or more projects, and the length of
20 any individual project shall not exceed 15 years. The plan shall include,
21 but not be limited to, the following:

22 (1) The legal description and map required by subsection (a) of
23 K.S.A. 12-5244-, *and amendments thereto*;

24 (2) the existing assessed valuation of the real estate in the proposed
25 district, listing the land and improvement values separately;

26 (3) a list of the names and addresses of the owners of record of all
27 real estate parcels within the proposed district;

28 (4) a description of the housing and public facilities project or
29 projects that are proposed to be constructed or improved in the proposed
30 district, and the location thereof;

31 (5) a listing of the names, addresses and specific interests in real
32 estate in the proposed district of the developers responsible for
33 development of the housing and public facilities in the proposed district;

34 (6) the contractual assurances, if any, the governing body has
35 received from such developer or developers, guaranteeing the financial
36 feasibility of specific housing tax incentive projects in the proposed
37 district;

38 (7) a comprehensive analysis of the feasibility of providing housing
39 tax incentives in the district as provided in this act, which shows the public
40 benefits derived from such district will exceed the costs and that the
41 income therefrom, together with other sources of funding, will be
42 sufficient to pay for the public improvements that may be undertaken in
43 such district. If other sources of public or private funds are to be used to

1 finance the improvements, they shall be identified in the analysis; *and*

2 (8) *a statement that in lieu of revenues received from ad valorem*
3 *taxes levied under K.S.A. 72-6431, 76-6b01 and 76-6b04, and*
4 *amendments thereto, the governing body may finance district projects with*
5 *any other revenues that may be available.*

6 (b) Prior to the adoption of the plan and designation of the district, the
7 governing body shall adopt a resolution stating that the governing body is
8 considering such action. The resolution shall provide notice that a public
9 hearing will *be* held to consider the adoption of the plan and the
10 designation of the district and contain the following elements:

11 (1) The date, hour and place of the public hearing;

12 (2) the contents of paragraphs (1) through (4) in subsection (a) of this
13 section;

14 (3) a summary of the contractual assurances by the developer and
15 comprehensive feasibility analysis; ~~and~~

16 (4) a statement that the plan is available for inspection at the office of
17 the clerk of the city or county at normal business hours; *and*

18 (5) a statement inviting members of the public to review the plan and
19 attend the public hearing on the date announced in the resolution.;

20 (c) The date fixed for the public hearing shall be not less than 30 nor
21 more than 70 days following the date of the adoption of the resolution. The
22 resolution shall be published at least once in the official newspaper of the
23 city or county, with the final publication being not less than one week or
24 more than two weeks preceding the date fixed for the public hearing.

25 (d) A certified copy of the resolution shall be delivered to the
26 planning commission of the city or county and the board of education of
27 any school district levying taxes on property within the proposed district.
28 If the resolution is adopted by a city governing body, a certified copy also
29 shall be delivered to the board of county commissioners of the county. If
30 the resolution is adopted by a county governing body, it also shall be
31 delivered to the governing body of any city located within three miles of
32 such proposed district.

33 Sec. 3. K.S.A. 2013 Supp. 12-5248 is hereby amended to read as
34 follows: 12-5248. (a) (1) Any city or county which has established a
35 housing incentive district as provided in this act may issue special
36 obligation bonds to finance the implementation of the plan adopted for the
37 district by the governing body. Such special obligation bonds shall be
38 made payable, both as to principal and interest:

39 (A) From property tax increments allocated to, and paid into a special
40 fund of the city or county under the provisions of subsection (b) of K.S.A.
41 12-5250, and amendments thereto;

42 (B) from revenues of the city or county derived from or held in
43 connection with the implementation of the project or projects in the

1 district;

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

4 (D) from any financial sureties or other guarantees provided by the
5 developer;

6 (E) from a pledge of any other lawfully available city or county
7 revenue sources, including, but not limited to: (1) A portion of all
8 increased franchise fees collected from utilities and other businesses using
9 public rights-of-way within the district; or (2) a portion of the sales and
10 use tax revenues received by the city or county and collected pursuant to
11 K.S.A. 12-187, and amendments thereto; ~~or~~

12 (F) *from any other revenues as stated in the redevelopment plan; or*

13 (G) by any combination of these methods.

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

17 (2) Bonds issued under this subsection shall not be general
18 obligations of the city or county, ~~not~~ *nor* in any event shall they give rise
19 to a charge against the general credit or taxing powers of the city or
20 county, or be payable out of any funds or properties other than any of those
21 set forth in this subsection. Such bonds shall so state on their face.

22 (3) The bonds issued under the provisions of this subsection shall be
23 special obligations of the city or county and are declared to be negotiable
24 instruments. The bonds shall be executed by the mayor and clerk of the
25 city or, in the case of counties, by the chairman of the board of county
26 commissioners and clerk of the county, and shall be sealed with the
27 corporate seal of the city or the seal of the county. All details pertaining to
28 the issuance of such special obligation bonds shall be determined by
29 ordinance of the city or resolution of the county. All special obligation
30 bonds issued pursuant to this act shall be exempt from all state taxes. The
31 special obligation bonds shall contain none of the recitals set forth in
32 K.S.A. 10-112, and amendments thereto. The special obligation bonds
33 shall contain the following recitals, viz., the authority under which such
34 special obligation bonds are issued, they are in conformity with the
35 provisions, restrictions and limitations thereof, and that such special
36 obligation bonds and the interest thereon are to be paid from the money
37 and revenue received as provided in paragraph (1) ~~of this subsection.~~

38 (4) The maximum maturity on bonds issued to finance projects
39 pursuant to this act shall not exceed 15 years.

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

43 (b) In the event the city or county shall default in the payment of any

1 special obligation bonds as authorized pursuant to paragraph (1) of
2 subsection (a) ~~of this section~~, and amendments thereto, no public funds
3 shall be used to pay the holders thereof except as otherwise specifically
4 authorized in this act.

5 (c) Any and all terms, conditions, exclusions and limitations which
6 are otherwise applicable to bonds issued by authority of K.S.A. 12-1774,
7 *and amendments thereto*, shall also be applicable to bonds issued pursuant
8 to this section.

9 Sec. 4. K.S.A. 12-5245 and K.S.A. 2013 Supp. 12-5242 and 12-5248
10 are hereby repealed.

11 Sec. 5. This act shall take effect and be in force from and after its
12 publication in the statute book.