

HOUSE BILL No. 2248

By Committee on Commerce, Labor and Economic Development

2-5

1 AN ACT concerning economic development; relating to tax increment
2 financing; eligible areas; amending K.S.A. 2014 Supp. 12-1770a and
3 repealing the existing section.
4

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

6 Section 1. K.S.A. 2014 Supp. 12-1770a is hereby amended to read as
7 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 race
12 track facility, including, but not limited to, grandstands, suites and viewing
13 areas, concessions, souvenir facilities, catering facilities, visitor and retail
14 centers, signage and temporary hospitality facilities, but excluding (2)
15 hotels, motels, restaurants and retail facilities, not directly related to or
16 necessary to the operation of such facility.

17 (b) "Base year assessed valuation" means the assessed valuation of all
18 real property within the boundaries of a redevelopment district on the date
19 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 to
24 the public health, safety, morals or welfare in its present condition and use:

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

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

27 (C) unsanitary or unsafe conditions;

28 (D) deterioration of site improvements;

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

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

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

35 (H) the existence of conditions which endanger life or property by
36 fire or other causes; or

1 (1) conditions which create economic obsolescence; or

2 (2) has been identified by any state or federal environmental agency
3 as being environmentally contaminated to an extent that requires a
4 remedial investigation; feasibility study and remediation or other similar
5 state or federal action; or

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

7 (4) previously was found by resolution of the governing body to be a
8 slum or a blighted area under K.S.A. 17-4742 et seq., and amendments
9 thereto.

10 (d) "Conservation area" means any improved area comprising 15% or
11 less of the land area within the corporate limits of a city in which 50% or
12 more of the structures in the area have an age of 35 years or more, which
13 area is not yet blighted, but may become a blighted area due to the
14 existence of a combination of two or more of the following factors:

15 (1) Dilapidation, obsolescence or deterioration of the structures;

16 (2) illegal use of individual structures;

17 (3) the presence of structures below minimum code standards;

18 (4) building abandonment;

19 (5) excessive vacancies;

20 (6) overcrowding of structures and community facilities; or

21 (7) inadequate utilities and infrastructure.

22 (e) "De minimus" means an amount less than 15% of the land area
23 within a redevelopment district.

24 (f) "Developer" means any person, firm, corporation, partnership or
25 limited liability company, other than a city and other than an agency,
26 political subdivision or instrumentality of the state or a county when
27 relating to a bioscience development district.

28 (g) "Eligible area" means a blighted area, conservation area,
29 enterprise zone, intermodal transportation area, major tourism area or a
30 major commercial entertainment and tourism area or bioscience
31 development area. *Eligible area also means a building or buildings which*
32 *are 65 years of age or older and any adjacent vacant or condemned lots.*

33 (h) "Enterprise zone" means an area within a city that was designated
34 as an enterprise zone prior to July 1, 1992, pursuant to K.S.A. 12-17,107
35 through 12-17,113, and amendments thereto, prior to its repeal and the
36 conservation, development or redevelopment of the area is necessary to
37 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(b), and amendments
40 thereto.

41 (j) "Environmentally contaminated area" means an area of land
42 having contaminated groundwater or soil which is deemed
43 environmentally contaminated by the department of health and

1 environment or the United States environmental protection agency.

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

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

8 (B) the effect, if any, the redevelopment project costs or bioscience
9 development project will have on any outstanding special obligation bonds
10 payable from the revenues described in ~~subsection (a)(1)(D) of K.S.A. 12-~~
11 ~~1774(a)(1)(D)~~, and amendments thereto.

12 (2) For a redevelopment project or bioscience project financed by
13 bonds payable from revenues described in ~~subsection (a)(1)(D) of K.S.A.~~
14 ~~12-1774(a)(1)(D)~~, and amendments thereto, the feasibility study must also
15 include:

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

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

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

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

27 (C) an anticipated principal and interest payment schedule on the
28 bonds;

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

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

38 (l) "Major tourism area" means an area for which the secretary has
39 made a finding the capital improvements costing not less than
40 \$100,000,000 will be built in the state to construct an auto race track
41 facility.

42 (m) "Real property taxes" means all taxes levied on an ad valorem
43 basis upon land and improvements thereon, except that when relating to a

1 bioscience development district, as defined in this section, "real property
2 taxes" does not include property taxes levied for schools, pursuant to
3 K.S.A. 72-6431, and amendments thereto.

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

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

- 11 (A) Acquisition of property within the redevelopment project area;
- 12 (B) payment of relocation assistance pursuant to a relocation
13 assistance plan as provided in K.S.A. 12-1777, and amendments thereto;
- 14 (C) site preparation including utility relocations;
- 15 (D) sanitary and storm sewers and lift stations;
- 16 (E) drainage conduits, channels, levees and river walk canal facilities;
- 17 (F) street grading, paving, graveling, macadamizing, curbing,
18 guttering and surfacing;
- 19 (G) street light fixtures, connection and facilities;
- 20 (H) underground gas, water, heating and electrical services and
21 connections located within the public right-of-way;
- 22 (I) sidewalks and pedestrian underpasses or overpasses;
- 23 (J) drives and driveway approaches located within the public right-of-
24 way;
- 25 (K) water mains and extensions;
- 26 (L) plazas and arcades;
- 27 (M) major multi-sport athletic complex;
- 28 (N) museum facility;
- 29 (O) parking facilities including multilevel parking facilities;
- 30 (P) landscaping and plantings, fountains, shelters, benches,
31 sculptures, lighting, decorations and similar amenities;
- 32 (Q) related expenses to redevelop and finance the redevelopment
33 project;
- 34 (R) for purposes of an incubator project, such costs shall also include
35 wet lab equipment including hoods, lab tables, heavy water equipment and
36 all such other equipment found to be necessary or appropriate for a
37 commercial incubator wet lab facility by the city in its resolution
38 establishing such redevelopment district or a bioscience development
39 district;
- 40 (S) costs for the acquisition of land for and the construction and
41 installation of publicly-owned infrastructure improvements which serve an
42 intermodal transportation area and are located outside of a redevelopment
43 district; and

1 (T) costs for infrastructure located outside the redevelopment district
2 but contiguous to any portion of the redevelopment district and such
3 infrastructure is necessary for the implementation of the redevelopment
4 plan as determined by the city.

5 (2) 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(a)(1)(D), and amendments thereto, redevelopment
14 project costs shall not include:

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

19 (ii) salaries for local government employees;

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

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

24 (v) lobbying costs;

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

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

29 (viii) 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 redevelopment
32 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 related
18 or contiguous thereto, including, but not limited to pedestrian walkways
19 and promenades, landscaping and parking facilities.

20 (x) "Major commercial entertainment and tourism area" may include,
21 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, the
24 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, horticulture,
23 ecology, toxicology, organic chemistry, physical chemistry, physiology and
24 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 pursuant
35 to ~~subsection (b) of~~ K.S.A. 2014 Supp. 12-1771e(b), and amendments
36 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 viewing
5 areas, concessions, souvenir facilities, catering facilities, visitor and retail
6 centers, signage and temporary hospitality facilities, but excluding hotels,
7 motels, restaurants and retail facilities not directly related to or necessary
8 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 museum
13 building and facilities directly related and necessary to the operation
14 thereof, including gift shops and restaurant facilities, but excluding hotels,
15 motels, restaurants and retail facilities not directly related to or necessary
16 to the operation of such facility. The museum facility shall be owned by
17 the state, a city, county, other political subdivision of the state or a non-
18 profit corporation, shall be managed by the state, a city, county, other
19 political subdivision of the state or a non-profit corporation and may not
20 be leased to any developer and shall not be located within any retail or
21 commercial building.

22 Sec. 2. K.S.A. 2014 Supp. 12-1770a is hereby repealed.

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