

## HOUSE BILL No. 2368

By Committee on Federal and State Affairs

2-16

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1 AN ACT concerning economic development; relating to the establishment  
2 of arts and cultural districts.

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

5 Section 1. It is hereby declared to be the purpose of this act to  
6 promote, stimulate and encourage the development and renovation of  
7 buildings and facilities for use by artists or arts and cultural enterprises by  
8 lessening the financial burden on property owners.

9 Sec. 2. As used in this act:

10 (a) "Arts and cultural district" means a developed district of public  
11 and private uses that:

12 (1) Is distinguished by physical and cultural resources that play a vital  
13 role in the life and development of the community and contribute to the  
14 public through interpretative educational and recreational uses; and

15 (2) is an area which is focused on a cultural compound, a major art  
16 institution, art and entertainment businesses, or an area with arts and  
17 cultural activities or artisan production.

18 (b) "Arts and entertainment enterprise" means a for-profit or not-for-  
19 profit entity dedicated to visual or performing arts.

20 (c) "Base year assessed valuation" means the assessed valuation of all  
21 real property within the boundaries of an arts and cultural district on the  
22 date the district was established.

23 (d) "Real property taxes" means all taxes levied on an ad valorem  
24 basis upon land and improvements, including property taxes levied for  
25 schools pursuant to K.S.A. 72-6431, and amendments thereto.

26 (e) "Arts and cultural district plan" means the preliminary plan that  
27 identifies all buildings, facilities, improvements and the boundaries of the  
28 proposed district.

29 (f) "Taxing subdivision" means the county, city, unified school district  
30 and any other taxing subdivision levying real property taxes.

31 (g) "Qualifying residing artist" means an individual who:

32 (1) Owns or rents residential real property where the arts and cultural  
33 district is located;

34 (2) conducts a business in the arts and cultural district; and

35 (3) derives income from the sale or performance within the  
36 designated arts and cultural district of an artistic work that the individual

1 wrote, composed or executed, either alone or with others, in the designated  
2 arts and cultural district.

3 Sec. 3. (a) Any city may, by ordinance, establish within its boundaries  
4 one or more arts and cultural district for the purpose of increasing  
5 awareness and support for the arts and culture in the locality, and the city  
6 may provide incentives for the support and creation of arts and cultural  
7 venues in each district. The city may grant tax incentives and provide  
8 certain regulatory flexibility in a designated arts and cultural district.

9 (b) A city may grant a property tax credit against the real property  
10 taxes imposed on any building or improvements to facilities that are  
11 located in an arts and cultural district which are wholly or partially  
12 utilized, constructed or renovated to be capable for use by a qualifying  
13 residing artist or an arts and cultural enterprise.

14 (c) The tax credit granted under this section may not be granted for  
15 more than 10 years and such credit shall be prorated to reflect the portion  
16 of any building in an arts and cultural district used by a qualifying residing  
17 artist or arts and cultural enterprise.

18 (d) The amount of tax credit granted by any municipality shall not  
19 exceed the amount of property tax imposed on the assessed property  
20 multiplied by:

- 21 (1) 80% for the first five taxable years;
- 22 (2) 70% for the sixth taxable year;
- 23 (3) 60% for the seventh taxable year;
- 24 (4) 50% for the eighth taxable year;
- 25 (5) 40% for the ninth taxable year;
- 26 (6) 30% for the tenth taxable year; and
- 27 (7) 0% for each subsequent taxable year.

28 Any tax credit shall be based on the base year assessed valuation.

29 (e) The tax credit authorized by any municipality shall cease if any of  
30 the following criteria are not met:

- 31 (1) The property is compliant with all city housing, building, health,  
32 fire and other applicable code requirements;
- 33 (2) the taxpayer is current on all payments due to the city;
- 34 (3) the continued use of the property or eligible portion of the  
35 property by a qualifying residing artist or an arts and entertainment  
36 enterprise; and
- 37 (4) the taxpayer provides the city an annual certification of that  
38 continued use.

39 (f) Any tax credit authorized by this section may be transferred to a  
40 purchase of the property for the remaining term of the credit, subject to  
41 compliance with the continuing eligibility requirements set forth in  
42 subsection (e).

43 Sec. 4. (a) When a municipality proposes to establish an arts and

1 cultural district, the municipality shall adopt a resolution stating that the  
2 municipality is considering the establishment of an arts and cultural  
3 district. Such resolution shall:

4 (1) Give notice that public hearing will be held to consider the  
5 establishment of an arts and cultural district and fix the date, hour and  
6 place of such public hearing;

7 (2) describe the proposed boundaries of the arts and cultural district;

8 (3) describe the district plan;

9 (4) state that a description and map of the proposed arts and cultural  
10 district are available for inspection at a time and place designated; and

11 (5) state that the governing body will consider findings necessary for  
12 the establishment of an arts and cultural district.

13 Notice shall be given as provided in K.S.A. 12-1772(c), and  
14 amendments thereto.

15 (b) Upon the conclusion of the public hearing, the governing body  
16 may pass an ordinance. An ordinance for an arts and cultural district shall  
17 make findings that the area satisfies the definition of an arts and cultural  
18 district and will contribute to the development of arts and culture in the  
19 state and promote the general and economic welfare of the city. Such  
20 ordinance will also contain the district plan, the legal description of the  
21 district, a description of buildings contained within the district and the  
22 percentage of property tax to be credited to qualified resident artists or the  
23 arts and entertainment enterprises. Such percentage shall not exceed those  
24 set forth in section 3, and amendments thereto. Tax credits shall not be  
25 granted for a period in excess of 10 years from the date of establishment of  
26 the arts and cultural district. The boundaries of such district shall not  
27 include any area not designated in the notice required by subsection (a).

28 (c) The governing body of a city may establish an arts and cultural  
29 district within that city or the district may be established inclusive of land  
30 outside the boundaries of the city or wholly outside the city upon written  
31 consent of the board of county commissioners. Prior to providing written  
32 consent, the board of county commissioners shall be subject to the same  
33 procedure for public notice and hearing as is required of a city pursuant to  
34 subsection (a) for the establishment of an arts and cultural district.

35 (d) No privately owned property subject to real property taxes shall  
36 be granted tax credits pursuant to section 3, and amendments thereto, if the  
37 board of county commissioners or the board of education levying taxes on  
38 such property determines by resolution adopted within 30 days following  
39 the conclusion of the hearing for the establishment of the arts and cultural  
40 district required by subsection (a) that the proposed arts and cultural  
41 district will have an adverse effect on such county or school district. The  
42 board of county commissioners or board of education shall deliver a copy  
43 of such resolution to the city. The city shall within 30 days of receipt of the

1 resolution, pass an ordinance terminating the arts and cultural district.

2 (e) Any addition of area to the arts and cultural district or any  
3 substantial change as defined in K.S.A. 12-1770a, and amendments  
4 thereto, to the district plan shall be subject to the same procedure for  
5 public notice and hearing as is required for the establishment of the  
6 district.

7 (f) Any addition of any area to the arts and cultural district shall be  
8 subject to the same procedure for public notice and hearing as is required  
9 for the establishment of the arts and cultural district.

10 (g) A city may remove real property from an arts and cultural district  
11 by an ordinance of the governing body.

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