

HOUSE BILL No. 2475

By Committee on Taxation

1-19

1 AN ACT concerning property taxation; relating to redevelopment districts,
2 capital outlay levy; amending K.S.A. 72-8803 and K.S.A. 2015 Supp.
3 12-1770a and 72-8801 and repealing the existing sections.
4

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

6 Section 1. K.S.A. 2015 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.
- 32 (h) "Enterprise zone" means an area within a city that was designated
33 as an enterprise zone prior to July 1, 1992, pursuant to K.S.A. 12-17,107
34 through 12-17,113, and amendments thereto, prior to its repeal and the
35 conservation, development or redevelopment of the area is necessary to
36 promote the general and economic welfare of such city.
- 37 (i) "Environmental increment" means the increment determined
38 pursuant to K.S.A. 12-1771a(b), and amendments thereto.
- 39 (j) "Environmentally contaminated area" means an area of land
40 having contaminated groundwater or soil which is deemed
41 environmentally contaminated by the department of health and
42 environment or the United States environmental protection agency.
- 43 (k) (1) "Feasibility study" means:

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

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

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

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

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

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

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

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

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

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

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

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

43 (l) Property taxes levied ~~for schools,~~ by school districts pursuant to

1 K.S.A. 2015 Supp. 72-6470, and amendments thereto, *when*:

2 (A) *Relating to a bioscience development district, as defined in this*
3 *section; and*

4 (B) *relating to a redevelopment district established after June 30,*
5 *1997; and*

6 (2) *property taxes levied by school districts pursuant to K.S.A. 72-*
7 *8801, and amendments thereto, when relating to a redevelopment district*
8 *established after June 30, 2016.*

9 (n) "Redevelopment project area" means an area designated by a city
10 within a redevelopment district or, if the redevelopment district is
11 established for an intermodal transportation area, an area designated by a
12 city within or outside of the redevelopment district.

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

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

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

19 (C) site preparation including utility relocations;

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

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

22 (F) street grading, paving, graveling, macadamizing, curbing,
23 guttering and surfacing;

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

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

27 (I) sidewalks and pedestrian underpasses or overpasses;

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

30 (K) water mains and extensions;

31 (L) plazas and arcades;

32 (M) major multi-sport athletic complex;

33 (N) museum facility;

34 (O) parking facilities including multilevel parking facilities;

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

37 (Q) related expenses to redevelop and finance the redevelopment
38 project;

39 (R) for purposes of an incubator project, such costs shall also include
40 wet lab equipment including hoods, lab tables, heavy water equipment and
41 all such other equipment found to be necessary or appropriate for a
42 commercial incubator wet lab facility by the city in its resolution
43 establishing such redevelopment district or a bioscience development

1 district;

2 (S) costs for the acquisition of land for and the construction and
3 installation of publicly-owned infrastructure improvements which serve an
4 intermodal transportation area and are located outside of a redevelopment
5 district; and

6 (T) costs for infrastructure located outside the redevelopment district
7 but contiguous to any portion of the redevelopment district and such
8 infrastructure is necessary for the implementation of the redevelopment
9 plan as determined by the city.

10 (2) Redevelopment project costs shall not include: (A) Costs incurred
11 in connection with the construction of buildings or other structures to be
12 owned by or leased to a developer, however, the "redevelopment project
13 costs" shall include costs incurred in connection with the construction of
14 buildings or other structures to be owned or leased to a developer which
15 includes an auto race track facility or a multilevel parking facility.

16 (B) In addition, for a redevelopment project financed with special
17 obligation bonds payable from the revenues described in K.S.A. 12-
18 1774(a)(1)(D), and amendments thereto, redevelopment project costs shall
19 not include:

20 (i) Fees and commissions paid to developers, real estate agents,
21 financial advisors or any other consultants who represent the developers or
22 any other businesses considering locating in or located in a redevelopment
23 district;

24 (ii) salaries for local government employees;

25 (iii) moving expenses for employees of the businesses locating within
26 the redevelopment district;

27 (iv) property taxes for businesses that locate in the redevelopment
28 district;

29 (v) lobbying costs;

30 (vi) a bond origination fee charged by the city pursuant to K.S.A. 12-
31 1742, and amendments thereto;

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

34 (viii) travel, entertainment and hospitality.

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

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

1 redevelopment district.

2 (r) "Redevelopment project" means the approved project to
3 implement a project plan for the development of the established
4 redevelopment district.

5 (s) "Redevelopment project plan" means the plan adopted by a
6 municipality for the development of a redevelopment project or projects
7 which conforms with K.S.A. 12-1772, and amendments thereto, in a
8 redevelopment district.

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

12 (u) "Tax increment" means that amount of real property taxes
13 collected from real property located within the redevelopment district that
14 is in excess of the amount of real property taxes which is collected from
15 the base year assessed valuation.

16 (v) "Taxing subdivision" means the county, city, unified school
17 district and any other taxing subdivision levying real property taxes, the
18 territory or jurisdiction of which includes any currently existing or
19 subsequently created redevelopment district including a bioscience
20 development district.

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

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

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

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

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

- 1 (1) Is or shall be owned, operated, or leased by, or otherwise under
2 the control of the Kansas bioscience authority;
- 3 (2) is or shall be used and maintained by a bioscience company; or
- 4 (3) includes a bioscience facility.
- 5 (bb) "Bioscience development district" means the specific area,
6 created under K.S.A. 12-1771, and amendments thereto, where one or
7 more bioscience development projects may be undertaken.
- 8 (cc) "Bioscience development project" means an approved project to
9 implement a project plan in a bioscience development district.
- 10 (dd) "Bioscience development project plan" means the plan adopted
11 by the authority for a bioscience development project pursuant to K.S.A.
12 12-1772, and amendments thereto, in a bioscience development district.
- 13 (ee) "Bioscience facility" means real property and all improvements
14 thereof used to conduct bioscience research, including, without limitation,
15 laboratory space, incubator space, office space and any and all facilities
16 directly related and necessary to the operation of a bioscience facility.
- 17 (ff) "Bioscience project area" means an area designated by the
18 authority within a bioscience development district.
- 19 (gg) "Biotechnology" means those fields focusing on technological
20 developments in such areas as molecular biology, genetic engineering,
21 genomics, proteomics, physiomics, nanotechnology, biodefense,
22 biocomputing, bioinformatics and future developments associated with
23 biotechnology.
- 24 (hh) "Board" means the board of directors of the Kansas bioscience
25 authority.
- 26 (ii) "Life sciences" means the areas of medical sciences,
27 pharmaceutical sciences, biological sciences, zoology, botany, horticulture,
28 ecology, toxicology, organic chemistry, physical chemistry, physiology and
29 any future advances associated with life sciences.
- 30 (jj) "Revenue increase" means that amount of real property taxes
31 collected from real property located within the bioscience development
32 district that is in excess of the amount of real property taxes which is
33 collected from the base year assessed valuation.
- 34 (kk) "Taxpayer" means a person, corporation, limited liability
35 company, S corporation, partnership, registered limited liability
36 partnership, foundation, association, nonprofit entity, sole proprietorship,
37 business trust, group or other entity that is subject to the Kansas income
38 tax act, K.S.A. 79-3201 et seq., and amendments thereto.
- 39 (ll) "Floodplain increment" means the increment determined pursuant
40 to K.S.A. 2015 Supp. 12-1771e(b), and amendments thereto.
- 41 (mm) "100-year floodplain area" means an area of land existing in a
42 100-year floodplain as determined by either an engineering study of a
43 Kansas certified engineer or by the United States federal emergency

1 management agency.

2 (nn) "Major motorsports complex" means a complex in Shawnee
3 county that is utilized for the hosting of competitions involving motor
4 vehicles, including, but not limited to, automobiles, motorcycles or other
5 self-propelled vehicles other than a motorized bicycle or motorized
6 wheelchair. Such project may include racetracks, all facilities directly
7 related and necessary to the operation of a motorsports complex,
8 including, but not limited to, parking lots, grandstands, suites and viewing
9 areas, concessions, souvenir facilities, catering facilities, visitor and retail
10 centers, signage and temporary hospitality facilities, but excluding hotels,
11 motels, restaurants and retail facilities not directly related to or necessary
12 to the operation of such facility.

13 (oo) "Intermodal transportation area" means an area of not less than
14 800 acres to be developed primarily to handle the transfer, storage and
15 distribution of freight through railway and trucking operations.

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

26 Sec. 2. K.S.A. 2015 Supp. 72-8801 is hereby amended to read as
27 follows: 72-8801. (a) The board of education of any school district may
28 make an annual tax levy at a mill rate not to exceed the statutorily
29 prescribed mill rate upon the taxable tangible property in the school
30 district for the purposes specified in this act and *with respect to any*
31 *redevelopment district established prior to July 1, 2016*, for the purpose of
32 paying a portion of the principal and interest on bonds issued by cities
33 under the authority of K.S.A. 12-1774, and amendments thereto, for the
34 financing of redevelopment projects upon property located within the
35 school district. No levy shall be made under this act until a resolution is
36 adopted by the board of education in the following form:

37 Unified School District No. _____,
38 _____ County, Kansas.

39 RESOLUTION

40 Be It Resolved that:

41 The above-named school board shall be authorized to make an annual
42 tax levy for a period not to exceed _____ years in an amount not to
43 exceed _____ mills upon the taxable tangible property in the school

1 district for the purpose of acquisition, construction, reconstruction, repair,
 2 remodeling, additions to, furnishing, maintaining and equipping of school
 3 district property and equipment necessary for school district purposes,
 4 including: (1) Acquisition of computer software; (2) acquisition of
 5 performance uniforms; (3) housing and boarding pupils enrolled in an area
 6 vocational school operated under the board; (4) architectural expenses; (5)
 7 acquisition of building sites; (6) undertaking and maintenance of asbestos
 8 control projects; (7) acquisition of school buses; and (8) acquisition of
 9 other fixed assets; and, *with respect to any redevelopment district*
 10 *established prior to July 1, 2016*, for the purpose of paying a portion of the
 11 principal and interest on bonds issued by cities under the authority of
 12 K.S.A. 12-1774, and amendments thereto, for the financing of
 13 redevelopment projects upon property located within the school district.
 14 The tax levy authorized by this resolution may be made, unless a petition
 15 in opposition to the same, signed by not less than 10% of the qualified
 16 electors of the school district, is filed with the county election officer of
 17 the home county of the school district within 40 calendar days after the last
 18 publication of this resolution. In the event a petition is filed, the county
 19 election officer shall submit the question of whether the tax levy shall be
 20 authorized to the electors in the school district at an election called for that
 21 purpose or at the next general election, as is specified by the board of
 22 education of the above school district.

23 CERTIFICATE

24 This is to certify that the above resolution was duly adopted by the
 25 board of education of Unified School District No. _____,
 26 County, Kansas, on the ____ day of _____, ____

27 _____
 28 Clerk of the board of education.

29 All of the blanks in the above resolution shall be appropriately filled.
 30 The blank preceding the word "years" shall be filled with a specific
 31 number, and the blank preceding the word "mills" shall be filled with a
 32 specific number, and no word shall be inserted in either of the blanks. The
 33 resolution shall be published once a week for two consecutive weeks in a
 34 newspaper having general circulation in the school district. If no petition
 35 as specified above is filed in accordance with the provisions of the
 36 resolution, the board of education may make the tax levy specified in the
 37 resolution. If a petition is filed as provided in the resolution, the board of
 38 education may notify the county election officer of the date of an election
 39 to be held to submit the question of whether the tax levy shall be
 40 authorized. If the board of education fails to notify the county election
 41 officer within 60 calendar days after a petition is filed, the resolution shall
 42 be deemed abandoned and no like resolution shall be adopted by the board
 43 of education within the nine months following the first publication of the

1 resolution.

2 (b) As used in this act:

3 (1) "Unconditionally authorized to make a capital outlay tax levy"
4 means that the school district has adopted a resolution under this section,
5 has published the same, and either that the resolution was not protested or
6 that it was protested and an election has been held by which the tax levy
7 specified in the resolution was approved;

8 (2) "statutorily prescribed mill rate" means: (A) Eight mills; (B) the
9 mill levy rate in excess of eight mills if the resolution fixing such rate was
10 approved at an election prior to the effective date of this act; or (C) the
11 mill levy rate in excess of eight mills if no petition or no sufficient petition
12 was filed in protest to a resolution fixing such rate in excess of eight mills
13 and the protest period for filing such petition has expired;

14 (3) "asbestos control project" means any activity which is necessary
15 or incidental to the control of asbestos-containing material in buildings of
16 school districts and includes, but not by way of limitation, any activity
17 undertaken for the removal or encapsulation of asbestos-containing
18 material, for any remodeling, renovation, replacement, rehabilitation or
19 other restoration necessitated by such removal or encapsulation, for
20 conducting inspections, reinspections and periodic surveillance of
21 buildings, performing response actions, and developing, implementing and
22 updating operations and maintenance programs and management plans;

23 (4) "asbestos" means the asbestiform varieties of chrysotile
24 (serpentine), crocidolite (riebeckite), amosite (cummingtonitegrunerite),
25 anthophyllite, tremolite, and actinolite; and

26 (5) "asbestos-containing material" means any material or product
27 which contains more than 1% asbestos.

28 Sec. 3. K.S.A. 72-8803 is hereby amended to read as follows: 72-
29 8803. There is hereby established in every school district of the state a
30 fund which shall be called the capital outlay fund. The capital outlay fund
31 shall consist of all moneys deposited therein or transferred thereto in
32 accordance with law. The proceeds of any tax levied under article 88 of
33 chapter 72 of Kansas Statutes Annotated, *and amendments thereto, shall*
34 *be deposited in the capital outlay fund of the school district making such*
35 *levy, except for an amount to pay a portion of the principal and interest on*
36 *bonds issued by cities under the authority of K.S.A. 12-1774, and*
37 *amendments thereto, with respect to any redevelopment district*
38 *established prior to July 1, 2016, for the financing of redevelopment*
39 *projects upon property located within the school district, ~~shall be deposited~~*
40 *in the capital outlay fund of the school district making such levy.*

41 Sec. 4. K.S.A. 72-8803 and K.S.A. 2015 Supp. 12-1770a and 72-
42 8801 are hereby repealed.

43 Sec. 5. This act shall take effect and be in force from and after its

- 1 publication in the statute book.