

**CORRECTED**  
*{As Amended by Senate Committee of the Whole}*

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**As Amended by Senate Committee**

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Session of 2016

**SENATE BILL No. 474**

By Committee on Ways and Means

2-18

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1 AN ACT concerning *economic development; relating to the STAR bond*  
2 *financing act; {relating to oversight of STAR bonds by the secretary*  
3 *of commerce;} concerning the Kansas bioscience authority; delegating*  
4 *authority to the state finance council to oversee any sale of the Kansas*  
5 *bioscience authority or substantially all of the authority's assets;*  
6 *amending K.S.A. 2015 Supp. 12-17,162, {12-17,164, 12-17,166, 12-*  
7 *17,169,} 12-17,171, 12-17,176 and 74-99b15 and repealing the existing*  
8 *section sections.*

9  
10 *Be it enacted by the Legislature of the State of Kansas:*

11 *Section 1. K.S.A. 2015 Supp. 12-17,162 is hereby amended to read*  
12 *as follows: 12-17,162. As used in this the STAR bond financing act, and*  
13 *amendments thereto, the following words and phrases shall have the*  
14 *following meanings unless a different meaning clearly appears from the*  
15 *context:*

16 *(a) "Auto race track facility" means: (1) An auto race track facility*  
17 *and facilities directly related and necessary to the operation of an auto*  
18 *race track facility, including, but not limited to, grandstands, suites and*  
19 *viewing areas, concessions, souvenir facilities, catering facilities, visitor*  
20 *and retail centers, signage and temporary hospitality facilities, but*  
21 *excluding (2) hotels, motels, restaurants and retail facilities, not directly*  
22 *related to or necessary to the operation of such facility.*

23 *(b) "Commence work" means the manifest commencement of*  
24 *actual operations on the development site, such as, erecting a building,*  
25 *excavating the ground to lay a foundation or a basement or work of like*  
26 *description which a person with reasonable diligence can see and*  
27 *recognize as being done with the intention and purpose to continue work*  
28 *until the project is completed.*

29 *(c) "De minimus" means an amount less than 15% of the land area*  
30 *within a STAR bond project district.*

31 *(d) "Developer" means any person, firm, corporation, partnership*  
32 *or limited liability company other than a city and other than an agency,*  
33 *political subdivision or instrumentality of the state.*

1       (e) *"Economic impact study" means a study to project the financial*  
2 *benefit of the project to the local, regional and state economies.*

3       (f) *"Eligible area" means a historic theater, major tourism area,*  
4 *major motorsports complex, auto race track facility, river walk canal*  
5 *facility, major multi-sport athletic complex, or a major commercial*  
6 *entertainment and tourism area as determined by the secretary.*

7       (g) *"Feasibility study" means a feasibility study as defined in*  
8 *subsection (b) of K.S.A. 2015 Supp. 12-17,166(b), and amendments*  
9 *thereto.*

10       (h) *"Historic theater" means a building constructed prior to 1940*  
11 *which was constructed for the purpose of staging entertainment,*  
12 *including motion pictures, vaudeville shows or operas, that is operated*  
13 *by a nonprofit corporation and is designated by the state historic*  
14 *preservation officer as eligible to be on the Kansas register of historic*  
15 *places or is a member of the Kansas historic theatre association.*

16       (i) *"Historic theater sales tax increment" means the amount of*  
17 *state and local sales tax revenue imposed pursuant to K.S.A. 12-187 et*  
18 *seq., 79-3601 et seq. and 79-3701 et seq., and amendments thereto,*  
19 *collected from taxpayers doing business within the historic theater that*  
20 *is in excess of the amount of such taxes collected prior to the*  
21 *designation of the building as a historic theater for purposes of this act.*

22       (j) *"Major commercial entertainment and tourism area" means an*  
23 *area that may include, but not be limited to, a major multi-sport athletic*  
24 *complex.*

25       (k) *"Major motorsports complex" means a complex in Shawnee*  
26 *county that is utilized for the hosting of competitions involving motor*  
27 *vehicles, including, but not limited to, automobiles, motorcycles or other*  
28 *self-propelled vehicles other than a motorized bicycle or motorized*  
29 *wheelchair. Such project may include racetracks, all facilities directly*  
30 *related and necessary to the operation of a motorsports complex,*  
31 *including, but not limited to, parking lots, grandstands, suites and*  
32 *viewing areas, concessions, souvenir facilities, catering facilities, visitor*  
33 *and retail centers, signage and temporary hospitality facilities, but*  
34 *excluding hotels, motels, restaurants and retail facilities not directly*  
35 *related to or necessary to the operation of such facility.*

36       (l) *"Major tourism area" means an area for which the secretary*  
37 *has 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) *"Major multi-sport athletic complex" means an athletic*  
41 *complex that is utilized for the training of athletes, the practice of*  
42 *athletic teams, the playing of athletic games or the hosting of events.*  
43 *Such project may include playing fields, parking lots and other*

1 *developments including grandstands, suites and viewing areas,*  
2 *concessions, souvenir facilities, catering facilities, visitor centers,*  
3 *signage and temporary hospitality facilities, but excluding hotels, motels,*  
4 *restaurants and retail facilities, not directly related to or necessary to the*  
5 *operation of such facility.*

6 *(n) "Market study" means a study to determine the ability of the*  
7 *project to gain market share locally, regionally and nationally and the*  
8 *ability of the project to gain sufficient market share to:*

9 *(1) Remain profitable past the term of repayment; and*

10 *(2) maintain status as a significant factor for travel decisions.*

11 *(o) "Market impact study" means a study to measure the impact of*  
12 *the proposed project on similar businesses in the project's market area.*

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

23 *(q) "Project" means a STAR bond project.*

24 *(r) "Project costs" means those costs necessary to implement a*  
25 *STAR bond project plan, including costs incurred for:*

26 *(1) Acquisition of real property within the STAR bond project area;*

27 *(2) payment of relocation assistance pursuant to a relocation*  
28 *assistance plan as provided in K.S.A. 2015 Supp. 12-17,173, and*  
29 *amendments thereto;*

30 *(3) site preparation including utility relocations;*

31 *(4) sanitary and storm sewers and lift stations;*

32 *(5) drainage conduits, channels, levees and river walk canal*  
33 *facilities;*

34 *(6) street grading, paving, graveling, macadamizing, curbing,*  
35 *guttering and surfacing;*

36 *(7) street light fixtures, connection and facilities;*

37 *(8) underground gas, water, heating and electrical services and*  
38 *connections located within the public right-of-way;*

39 *(9) sidewalks and pedestrian underpasses or overpasses;*

40 *(10) drives and driveway approaches located within the public*  
41 *right-of-way;*

42 *(11) water mains and extensions;*

43 *(12) plazas and arcades;*

- 1       ***(13) parking facilities and multilevel parking structures devoted to***  
 2 ***parking only;***  
 3       ***(14) landscaping and plantings, fountains, shelters, benches,***  
 4 ***sculptures, lighting, decorations and similar amenities;***  
 5       ***(15) auto race track facility;***  
 6       ***(16) major multi-sport athletic complex;***  
 7       ***(17) museum facility;***  
 8       ***(18) major motorsports complex;***  
 9       ***(19) related expenses to redevelop and finance the project, except***  
 10 ***that for a STAR bond project financed with special obligation bonds***  
 11 ***payable from the revenues described in subsection (a)(1) of K.S.A. 2015***  
 12 ***Supp. 12-17,169(a)(1), and amendments thereto, such expenses shall***  
 13 ***require prior approval by the secretary of commerce; and***  
 14       ***(20) {an economic impact, market and market impact study; and***  
 15 ***(21)} except as specified in subsections {paragraphs} (1) through***  
 16 ***(19) {(20)} above, project costs shall not include:***  
 17       ***(A) Costs incurred in connection with the construction of buildings***  
 18 ***or other structures;***  
 19       ***(B) fees and commissions paid to developers, real estate agents,***  
 20 ***financial advisors or any other consultants who represent the developers***  
 21 ***or any other businesses considering locating in or located in a STAR***  
 22 ***bond project district;***  
 23       ***(C) salaries for local government employees;***  
 24       ***(D) moving expenses for employees of the businesses locating***  
 25 ***within the STAR bond project district;***  
 26       ***(E) property taxes for businesses that locate in the STAR bond***  
 27 ***project district;***  
 28       ***(F) lobbying costs;***  
 29       ***(G) any bond origination fee charged by the city or county;***  
 30       ***(H) any personal property as defined in K.S.A. 79-102, and***  
 31 ***amendments thereto; and***  
 32       ***(I) travel, entertainment and hospitality; and***  
 33       ***(J) engineering, architectural, legal, consulting, accounting and***  
 34 ***other indirect costs that exceed 3% of the total STAR bond project costs.}***  
 35       ***(s) "Projected market area" means any area within the state in***  
 36 ***which the project is projected to have a substantial fiscal or market***  
 37 ***impact upon businesses in such area.***  
 38       ***(t) "River walk canal facilities" means a canal and related water***  
 39 ***features which flow through a major commercial entertainment and***  
 40 ***tourism area and facilities related or contiguous thereto, including, but***  
 41 ***not limited to, pedestrian walkways and promenades, landscaping and***  
 42 ***parking facilities.***  
 43       ***(u) "Sales tax and revenue" are those revenues available to finance***

1 *the issuance of special obligation bonds as identified in K.S.A. 2015*  
2 *Supp. 12-17,168, and amendments thereto.*

3 (v) *"STAR bond" means a sales tax and revenue bond.*

4 (w) *"STAR bond project" means an approved project to implement*  
5 *a project plan for the development of the established STAR bond project*  
6 *district with:*

7 (1) *At least a \$50,000,000 capital investment and \$50,000,000 in*  
8 *projected gross annual sales; or*

9 (2) *for areas outside of metropolitan statistical areas, as defined by*  
10 *the federal office of management and budget, the secretary finds:*

11 (A) *The project is an eligible area as defined in subsection (f), and*  
12 *amendments thereto; and*

13 (B) *would be of regional or statewide importance; or*

14 (3) *is a major tourism area as defined in subsection (l), and*  
15 *amendments thereto;*~~or~~

16 (4) *is a major motorsports complex, as defined in subsection (k),*  
17 *and amendments thereto;* or

18 (5) *for areas which are "blighted areas" as defined by K.S.A. 12-*  
19 *1770a, and amendments thereto, with at least a \$50,000,000 capital*  
20 *investment and \$35,000,000 in projected gross annual sales and which*  
21 *the secretary finds the project meets the requirements in subsection (w)*  
22 *(2)(A) and (B)}.*

23 (x) *"STAR bond project area" means the geographic area within*  
24 *the STAR bond project district in which there may be one or more*  
25 *projects.*

26 (y) *"STAR bond project district" means the specific area declared*  
27 *to be an eligible area as determined by the secretary in which the city or*  
28 *county may develop one or more STAR bond projects. A STAR bond*  
29 *project district includes a redevelopment district, as defined in K.S.A. 12-*  
30 *1770a, and amendments thereto, created prior to the effective date of*  
31 *this act for the Wichita Waterwalk project in Wichita, Kansas, provided,*  
32 *the city creating such redevelopment district submits an application for*  
33 *approval for STAR bond financing to the secretary on or before July 31,*  
34 *2007, and receives a final letter of determination from the secretary*  
35 *approving or disapproving the request for STAR bond financing on or*  
36 *before November 1, 2007. No STAR bond project district shall include*  
37 *real property which has been part of another STAR bond project district*  
38 *unless such STAR bond project and STAR bond project district have been*  
39 *approved by the secretary of commerce pursuant to K.S.A. 2015 Supp. 12-*  
40 *17,164 and 12-17,165, and amendments thereto, prior to March 1, 2016. A*  
41 *STAR bond project district shall be limited to those areas being developed*  
42 *by the STAR bond project and any area of real property reasonably*  
43 *anticipated to directly benefit from the redevelopment project.*

1       (z) *"STAR bond project district plan" means the preliminary plan*  
2 *that identifies all of the proposed STAR bond project areas and identifies*  
3 *in a general manner all of the buildings, facilities and improvements in*  
4 *each that are proposed to be constructed or improved in each STAR*  
5 *bond project area.*

6       (aa) *"STAR bond project plan" means the plan adopted by a city or*  
7 *county for the development of a STAR bond project or projects in a*  
8 *STAR bond project district.*

9       (bb) *"Secretary" means the secretary of commerce.*

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

13       (dd) *"Tax increment" means that portion of the revenue derived*  
14 *from state and local sales, use and transient guest tax imposed pursuant*  
15 *to K.S.A. 12-187 et seq., 12-1692 et seq., 79-3601 et seq. and 79-3701 et*  
16 *seq., and amendments thereto, collected from taxpayers doing business*  
17 *within that portion of a STAR bond project district occupied by a project*  
18 *that is in excess of the amount of base year revenue. For purposes of*  
19 *this subsection, the base year shall be the 12-month period immediately*  
20 *prior to the month in which the STAR bond project district is*  
21 *established. The department of revenue shall determine base year*  
22 *revenue by reference to the revenue collected during the base year from*  
23 *taxpayers doing business within the specific area in which a STAR bond*  
24 *project district is subsequently established. For purposes of this*  
25 *subsection, revenue collected from taxpayers doing business within a*  
26 *STAR bond project district, or within a specific area in which a STAR*  
27 *bond project district is subsequently established shall not include local*  
28 *sales and use tax revenue that is sourced to jurisdictions other than*  
29 *those in which the project is located.*

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

35       {Sec. 2. K.S.A. 2015 Supp. 12-17,164 is hereby amended to read as  
36 follows: 12-17,164. (a) The governing body of a city may establish one or  
37 more STAR bond projects in any area within such city or wholly outside  
38 the boundaries of such city. A STAR bond project wholly outside the  
39 boundaries of such city must be approved by the board of county  
40 commissioners by the passage of a county resolution.

41       *The governing body of a county may establish one or more STAR*  
42 *bond projects in any unincorporated area of the county.*

43       *The projects shall be eligible for financing by special obligation*

1 *bonds payable from revenues described by ~~subsection (a)(1) of K.S.A.~~*  
2 *2015 Supp. 12-17,169(a)(1), and amendments thereto.*

3 *(b) Each STAR bond project shall first be approved by the*  
4 *secretary, if the secretary determines that the proposed project or*  
5 *complex sufficiently promotes, stimulates and develops the general and*  
6 *economic welfare of the state as described in K.S.A. 2015 Supp. 12-*  
7 *17,160, and amendments thereto. The secretary, upon approving the*  
8 *project, may approve such financing in an amount not to exceed 50% of*  
9 *the total costs including all project costs and any other costs related to*  
10 *the project. The proceeds of such STAR bond financing may only be*  
11 *used to pay for incurred project costs.*

12 *(c) For a city proposing to finance a major motorsports complex*  
13 *pursuant to ~~subsection (a)(1)(C) or (a)(1)(E) of K.S.A. 2015 Supp. 12-~~*  
14 *17,169(a)(1)(C) or (a)(1)(E), and amendments thereto, the secretary,*  
15 *upon approving the project, may approve such financing in an amount*  
16 *not to exceed 50% of the STAR bond project costs.*

17 *(d) The secretary may approve a STAR bond project located in a*  
18 *STAR bond project district established by a city prior to May 1, 2003.*

19 *(e) A project shall not be granted to any business that proposes to*  
20 *relocate its business from another area of the state into such city or*  
21 *county, for the purpose of consideration for a STAR bond project*  
22 *provided by K.S.A. 2015 Supp. 12-17,160 et seq., and amendments*  
23 *thereto.*

24 *(f) A project shall not be approved by the secretary if the market*  
25 *study required by K.S.A. 2015 Supp. 12-17,166(hh), and amendments*  
26 *thereto, indicates a substantial negative impact upon businesses in the*  
27 *project or complex market area or the granting of such project or*  
28 *complex would cause a default in the payment of any outstanding*  
29 *special obligation bond payable from revenues authorized pursuant to*  
30 *~~subsection (a)(1) of K.S.A. 2015 Supp. 12-17,169(a)(1), and amendments~~*  
31 *thereto.*

32 *(g) The maximum maturity of special obligation bonds payable*  
33 *primarily from revenues described by ~~subsection (a)(1) of K.S.A. 2015~~*  
34 *Supp. 12-17,169(a)(1), and amendments thereto, to finance STAR bond*  
35 *projects pursuant to this section shall not exceed 20 years.*

36 *(h) The secretary shall not approve any application for STAR bond*  
37 *project financing which is submitted by a city or county more than one*  
38 *year after the STAR bond project district in which the STAR bond*  
39 *project is located has been established. No later than July 1, 2017, the*  
40 *secretary shall adopt rules and regulations establishing reasonable time*  
41 *frames for the initiation and completion of a STAR bond project and other*  
42 *time frames and milestones for developers in the secretary's discretion.*  
43 *The secretary may provide for reasonable financial penalties for the*

1 failure to meet such time frames and milestones. For all STAR bond  
2 project districts established after July 1, 2016, the failure of a project to be  
3 completed by the deadline established by the secretary shall result in  
4 automatic and immediate reversion to the state of Kansas of title to all  
5 real estate and any improvements thereon acquired or paid with STAR  
6 bond proceeds.

7 (i) Prior to approving a STAR bond project plan, the secretary shall  
8 complete an internal review of the overall viability of the project, and after  
9 consulting with the secretary of revenue, an assessment and certification  
10 of the impact of the project on sales tax revenues into the state general  
11 fund. Included in this review shall be an assessment of the private  
12 financing components of the STAR bond project.

13 (j) The secretary may condition approval of any application for STAR  
14 bond project financing on:

15 (1) The state retaining a reversionary interest in any real property  
16 acquired with STAR bond proceeds; and

17 (2) a requirement that up to 10% of any STAR bond proceeds be  
18 placed into escrow until any conditions imposed by the secretary have  
19 been met.

20 (k) Prior to approving a STAR bond project plan, the secretary shall  
21 require project developers to demonstrate private sector funding sufficient  
22 to fund 51% of the project costs. The secretary may require a reasonable  
23 portion of such funds to be placed into escrow as a condition of approving  
24 the project and that a percentage of such funds placed into escrow be  
25 forfeited to the state of Kansas as a penalty for failure to meet funding  
26 requirements set by the secretary. The secretary shall adopt rules and  
27 regulations to implement the provisions of this subsection no later than  
28 July 1, 2017.

29 As a condition of approving a project or the project financing, the  
30 secretary may require that the state retain a proportional carried equity  
31 interest in land and buildings to be financed by the proceeds of STAR  
32 bonds and receive a percentage of gross receipts received by the developer  
33 or developers until the STAR bonds have been repaid. The equity interest  
34 and percentage of gross receipts to be retained by the state of Kansas shall  
35 be based on the state sales and use tax portion of the funding for the  
36 project. Upon the state recovering the portion of the project financed with  
37 state sales taxes, the developer or developers shall have a right of first  
38 refusal to purchase the state's carried equity interest at a strike price or  
39 fair market value, whichever is greater. The secretary shall adopt rules  
40 and regulations to implement the provisions of this paragraph no later  
41 than July 1, 2017.

42 **Sec. 3. K.S.A. 2015 Supp. 12-17,166 is hereby amended to read as**  
43 **follows: 12-17,166. (a) One or more projects may be undertaken by a city**



1 *or county within an established STAR bond project district. Any city or*  
2 *county proposing to undertake a STAR bond project, shall prepare a*  
3 *STAR bond project plan in consultation with the planning commission*  
4 *of the city, and in consultation with the planning commission of the*  
5 *county, if any, if such project is located wholly outside the boundaries of*  
6 *the city. Any such project plan may be implemented in separate*  
7 *development stages.*

8 *(b) Any city or county proposing to undertake a STAR bond project*  
9 *within a STAR bond project district established pursuant to K.S.A. 2015*  
10 *Supp. 12-17,165, and amendments thereto, shall prepare a feasibility*  
11 *study. The feasibility study shall contain the following:*

12 *(1) Whether a STAR bond project's revenue and tax increment*  
13 *revenue and other available revenues under K.S.A. 2015 Supp. 12-*  
14 *17,169, and amendments thereto, are expected to exceed or be sufficient*  
15 *to pay for the project costs;*

16 *(2) the effect, if any, a STAR bond project will have on any*  
17 *outstanding special obligation bonds payable from the revenues*  
18 *described in K.S.A. 2015 Supp. 12-17,169, and amendments thereto;*

19 *(3) a statement of how the jobs and taxes obtained from the STAR*  
20 *bond project will contribute significantly to the economic development of*  
21 *the state and region;*

22 *(4) visitation expectations;*

23 *(5) the unique quality of the project;*

24 *(6) economic impact study pursuant to the following requirements:*

25 *(A) The economic impact, market and market impact studies required*  
26 *by K.S.A. 12-17,166(b)(6), (7) and (8), and amendments thereto, shall be*  
27 *commissioned and directed by the secretary and conducted by an*  
28 *independent economic consultant selected by the secretary. Prior to the*  
29 *secretary initiating the process of selecting and engaging an independent*  
30 *economic consultant for the economic impact, market and market impact*  
31 *studies, the secretary and the city or county proposing to undertake the*  
32 *STAR bond project shall consult for the limited purpose of determining an*  
33 *acceptable range of fees or costs for such studies; and*

34 *(B) the secretary shall solely procure, negotiate and execute an*  
35 *agreement with an independent economic consultant for the purpose of*  
36 *performing the economic impact, market and market impact studies and*  
37 *shall solely make payment for services rendered by the independent*  
38 *economic consultant in providing such studies in accordance with such*  
39 *agreement. The secretary shall advise the city or county proposing to*  
40 *undertake the STAR bond project of costs or fees and when such costs or*  
41 *fees are due under the secretary's agreement with the independent*  
42 *economic consultant. At the secretary's request, the city or county*  
43 *proposing to undertake the STAR bond project shall timely pay over to the*

1 secretary the amount of such costs or fees before such costs or fees are  
2 due. The secretary shall then make payment to the independent consultant  
3 in accordance with the secretary's agreement with the independent  
4 consultant. In the secretary's discretion, any costs or fees, including, but  
5 not limited to, costs that are not certain in time or amount, pursuant to the  
6 secretary's agreement with the independent consultant, may be paid to the  
7 independent economic consultant by the secretary and shall be reimbursed  
8 to the secretary by the city or county proposing to undertake the STAR  
9 bond project within 15 days of the secretary's payment thereof to the  
10 independent consultant. Upon approval of the STAR bond project plan, the  
11 city or county proposing to undertake the STAR bond project may recover  
12 the costs of the economic impact, market and market impact studies from  
13 the STAR bond proceeds;

14 (7) **market study;**

15 (8) **market impact study;**

16 (9) **integration and collaboration with other resources or  
17 businesses;**

18 (10) **the quality of service and experience provided, as measured  
19 against national consumer standards for the specific target market;**

20 (11) **project accountability, measured according to best industry  
21 practices;**

22 (12) **the expected return on state and local investment that the  
23 project is anticipated to produce;**

24 (13) **a statement concerning whether a portion of the local sales  
25 and use taxes are pledged to other uses and are unavailable as revenue  
26 for the STAR bond project. If a portion of local sales and use taxes is so  
27 committed, the applicant shall describe the following:**

28 (A) **The percentage of city and county sales and use taxes collected  
29 that are so committed; and**

30 (B) **the date or dates on which the city and county sales and use  
31 taxes pledged to other uses can be pledged for repayment of bonds; and**

32 (14) **an anticipated principal and interest payment schedule on the  
33 bond issue.**

34 **The failure to include all information enumerated in this subsection  
35 in the feasibility study for a STAR bond project shall not affect the  
36 validity of bonds issued pursuant to this act.**

37 (c) **If the city or county determines the project is feasible, the  
38 project plan shall include:**

39 (1) **A summary of the feasibility study done as defined in subsection  
40 (b) of this section, and amendments thereto;**

41 (2) **a reference to the district plan established under K.S.A. 2015  
42 Supp. 12-17,165, and amendments thereto, that identifies the project  
43 area that is set forth in the project plan that is being considered;**

1       (3) *a description and map of the project area to be redeveloped;*

2       (4) *the relocation assistance plan as described in K.S.A. 2015 Supp.*  
3 *12-17,172, and amendments thereto;*

4       (5) *a detailed description of the buildings and facilities proposed to*  
5 *be constructed or improved in such area; and*

6       (6) *a description of the proposed competitive bid process to be used*  
7 *for construction of the STAR bond project; and*

8       (7) *any other information the governing body of the city or county*  
9 *deems necessary to advise the public of the intent of the project plan.*

10       (d) *A copy of the STAR bond project plan prepared by a city shall be*  
11 *delivered to the board of county commissioners of the county and the*  
12 *board of education of any school district levying taxes on property*  
13 *within the STAR bond project area. A copy of the STAR bond project*  
14 *plan prepared by a county shall be delivered to the board of education of*  
15 *any school district levying taxes on property within the STAR bond*  
16 *project area.*

17       (e) *Upon a finding by the planning commission that the STAR bond*  
18 *project plan is consistent with the intent of the comprehensive plan for*  
19 *the development of the city, and a finding by the planning commission of*  
20 *the county, if any, with respect to a STAR bond project located wholly*  
21 *outside the boundaries of the city, that the STAR bond project plan is*  
22 *consistent with the intent of the comprehensive plan for the development*  
23 *of the county, the governing body of the city or county shall adopt a*  
24 *resolution stating that the city or county is considering the adoption of*  
25 *the STAR bond project plan. Such resolution shall:*

26       (1) *Give notice that a public hearing will be held to consider the*  
27 *adoption of the STAR bond project plan and fix the date, hour and place*  
28 *of such public hearing;*

29       (2) *describe the boundaries of the STAR bond project district within*  
30 *which the STAR bond project will be located and the date of*  
31 *establishment of such district;*

32       (3) *describe the boundaries of the area proposed to be included*  
33 *within the STAR bond project area; and*

34       (4) *state that the STAR bond project plan, including a summary of*  
35 *the feasibility study, market study, relocation assistance plan and*  
36 *financial guarantees of the prospective developer and a description and*  
37 *map of the area to be redeveloped or developed are available for*  
38 *inspection during regular office hours in the office of the city clerk or*  
39 *county clerk, respectively.*

40       (f) (1) *The date fixed for the public hearing to consider the*  
41 *adoption of the STAR bond project plan shall be not less than 30 nor*  
42 *more than 70 days following the date of the adoption of the resolution*  
43 *fixing the date of the hearing.*

1       (2) *A copy of the city or county resolution providing for the public*  
2 *hearing shall be by certified mail, return receipt requested, sent by the*  
3 *city to the board of county commissioners of the county and by the city*  
4 *or county to the board of education of any school district levying taxes*  
5 *on property within the proposed STAR bond project area. Copies also*  
6 *shall be sent by certified mail, return receipt requested to each owner*  
7 *and occupant of land within the proposed STAR bond project area not*  
8 *more than 10 days following the date of the adoption of the resolution.*  
9 *The resolution shall be published once in the official city or county*  
10 *newspaper not less than one week nor more than two weeks preceding*  
11 *the date fixed for the public hearing. A sketch clearly delineating the*  
12 *area in sufficient detail to advise the reader of the particular land*  
13 *proposed to be included within the STAR bond project area shall be*  
14 *published with the resolution.*

15       (3) *At the public hearing, a representative of the city or county shall*  
16 *present the city's or county's proposed STAR bond project plan.*  
17 *Following the presentation of the STAR bond project area, all interested*  
18 *persons shall be given an opportunity to be heard. The governing body*  
19 *for good cause shown may recess such hearing to a time and date*  
20 *certain, which shall be fixed in the presence of persons in attendance at*  
21 *the hearing.*

22       (g) *The public hearing records and feasibility study shall be subject*  
23 *to the open records act, K.S.A. 45-215, and amendments thereto.*

24       (h) *Upon conclusion of the public hearing, the governing body may*  
25 *adopt the STAR bond project plan by ordinance or resolution passed*  
26 *upon a two-thirds vote of the members.*

27       (i) *After the adoption by the city or county governing body of a*  
28 *STAR bond project plan, the clerk of the city or county shall transmit a*  
29 *copy of the description of the land within the STAR bond project district,*  
30 *a copy of the ordinance or resolution adopting the plan and a map or*  
31 *plat indicating the boundaries of the district to the clerk, appraiser and*  
32 *treasurer of the county in which the district is located and to the*  
33 *governing bodies of the county and school district which levy taxes upon*  
34 *any property in the district. Such documents shall be transmitted*  
35 *following the adoption or modification of the plan or a revision of the*  
36 *plan on or before January 1 of the year in which the increment is first*  
37 *allocated to the taxing subdivision.*

38       (j) *If the STAR bond project plan is approved, the feasibility study*  
39 *shall be supplemented to include a copy of the minutes of the governing*  
40 *body meetings of any city or county whose bonding authority will be*  
41 *utilized in the STAR bond project, evidencing that a STAR bond project*  
42 *plan has been created, discussed and adopted by the city or county in a*  
43 *regularly scheduled open public meeting.*

1       ***(k) Any substantial changes as defined in K.S.A. 2015 Supp. 12-***  
2 ***17,162, and amendments thereto, to the STAR bond project plan as***  
3 ***adopted shall be subject to a public hearing following publication of***  
4 ***notice thereof at least twice in the official city or county newspaper.***

5       ***(l) Any STAR bond project shall be completed within 20 years from***  
6 ***the date of the approval of the STAR bond project plan, unless an earlier***  
7 ***completion deadline is set by the secretary pursuant to K.S.A. 2015 Supp.***  
8 ***12-17,164, and amendments thereto. The maximum maturity on bonds***  
9 ***issued to finance projects pursuant to this act shall not exceed 20 years.***

10       ***(m) Kansas resident employees shall be given priority consideration***  
11 ***for employment in construction projects located in a STAR bond project***  
12 ***area.***

13       ***(n) Any developer of a STAR bond project shall commence work on***  
14 ***the project within two years from the date of adoption of the STAR bond***  
15 ***project plan, unless an earlier project initiative deadline is set by the***  
16 ***secretary pursuant to K.S.A. 2015 Supp. 12-17,164, and amendments***  
17 ***thereto. Should the developer fail to commence work on the STAR bond***  
18 ***project within the ~~two-year~~ such period, funding for such project shall***  
19 ***cease and the developer of such project or complex shall have one year***  
20 ***to appeal to the secretary for reapproval of such project and the funding***  
21 ***for it. Should the project be reapproved, the ~~two-year~~ applicable period***  
22 ***for commencement shall apply.***

23       ***Sec. 4. K.S.A. 2015 Supp. 12-17,169 is hereby amended to read as***  
24 ***follows: 12-17,169. (a) (1) Any city or county shall have the power to***  
25 ***issue special obligation bonds in one or more series to finance the***  
26 ***undertaking of any STAR bond project in accordance with the***  
27 ***provisions of this act. Such special obligation bonds shall be made***  
28 ***payable, both as to principal and interest:***

29       ***(A) If approved by the secretary, from revenues of the city or county***  
30 ***derived from or held in connection with the undertaking and carrying***  
31 ***out of any STAR bond project or projects under this act including***  
32 ***historic theater sales tax increments;***

33       ***(B) from any private sources, contributions or other financial***  
34 ***assistance from the state or federal government;***

35       ***(C) from a pledge of 100% of the tax increment revenue received by***  
36 ***the city from any local sales and use taxes, including the city's share of***  
37 ***any county sales tax, which are collected from taxpayers doing business***  
38 ***within that portion of the city's STAR bond project district established***  
39 ***pursuant to K.S.A. 2015 Supp. 12-17,165, and amendments thereto,***  
40 ***occupied by a STAR bond project, except for amounts committed to***  
41 ***other uses by election of voters or pledged to bond repayment prior to the***  
42 ***approval of the STAR bond project;***

43       ***(D) at the option of the county in a city STAR bond project district,***

1 *from a pledge of all of the tax increment revenues received by the county*  
2 *from any local sales and use taxes which are collected from taxpayers*  
3 *doing business within that portion of the city's STAR bond project*  
4 *district established pursuant to K.S.A. 2015 Supp. 12-17,165, and*  
5 *amendments thereto, except for amounts committed to other uses by*  
6 *election of voters or pledged to bond repayment prior to the approval of*  
7 *a STAR bond project;*

8 *(E) in a county STAR bond project district, from a pledge of 100%*  
9 *of the tax increment revenue received by the county from any county*  
10 *sales and use tax, but excluding any portions of such taxes that are*  
11 *allocated to the cities in such county pursuant to K.S.A. 12-192, and*  
12 *amendments thereto, which are collected from taxpayers doing business*  
13 *within that portion of the county's STAR bond project district established*  
14 *pursuant to K.S.A. 2015 Supp. 12-17,165, and amendments thereto,*  
15 *occupied by a STAR bond project;*

16 *(F) from a pledge of all of the tax increment revenue received from*  
17 *any state sales taxes which are collected from taxpayers doing business*  
18 *within that portion of the city's or county's STAR bond project district*  
19 *occupied by a STAR bond project;*

20 *(G) at the option of the city or county and with approval of the*  
21 *secretary, from all or a portion of the transient guest tax of such city or*  
22 *county;*

23 *(H) at the option of the city or county and with approval of the*  
24 *secretary, (i) from a pledge of all or a portion of increased revenue*  
25 *received by the city or county from franchise fees collected from utilities*  
26 *and other businesses using public right-of-way within the STAR bond*  
27 *project district; or (ii) from a pledge of all or a portion of the revenue*  
28 *received by a city or county from local sales taxes or local transient*  
29 *guest and local use taxes; or*

30 *(I) by any combination of these methods.*

31 *The city or county may pledge such revenue to the repayment of such*  
32 *special obligation bonds prior to, simultaneously with, or subsequent to*  
33 *the issuance of such special obligation bonds.*

34 *(2) Bonds issued under ~~paragraph (1) of this subsection (a)(1)~~ shall*  
35 *not be general obligations of the city or the county, nor in any event*  
36 *shall they give rise to a charge against its general credit or taxing*  
37 *powers, or be payable out of any funds or properties other than any of*  
38 *those set forth in ~~paragraph (1) of this subsection (a)(1)~~ and such bonds*  
39 *shall so state on their face.*

40 *(3) Bonds issued under the provisions of ~~paragraph (1) of this~~*  
41 *subsection (a)(1) shall be special obligations of the city or county and*  
42 *are declared to be negotiable instruments. Such bonds shall be executed*  
43 *by the mayor and clerk of the city or the chairperson of the board of*

1 county commissioners and the county clerk and sealed with the  
2 corporate seal of the city or county. All details pertaining to the issuance  
3 of such special obligation bonds and terms and conditions thereof shall  
4 be determined by ordinance of the city or by resolution of the county.

5 All special obligation bonds issued pursuant to this act and all  
6 income or interest therefrom shall be exempt from all state taxes. Such  
7 special obligation bonds shall contain none of the recitals set forth in  
8 K.S.A. 10-112, and amendments thereto. Such special obligation bonds  
9 shall, however, contain the following recitals: (i) The authority under  
10 which such special obligation bonds are issued; (ii) such bonds are in  
11 conformity with the provisions, restrictions and limitations thereof; and  
12 (iii) that such special obligation bonds and the interest thereon are to be  
13 paid from the money and revenue received as provided in ~~paragraph (1)~~  
14 of this subsection (a)(1).

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

18 (b) (1) Subject to the provisions of ~~paragraph (2)~~ of this subsection  
19 (b)(2), any city shall have the power to issue full faith and credit tax  
20 increment bonds to finance the undertaking, establishment or  
21 redevelopment of any major motorsports complex, as defined in  
22 subsection ~~(k)~~ of K.S.A. 2015 Supp. 12-17,162(m), and amendments  
23 thereto. Such full faith and credit tax increment bonds shall be made  
24 payable, both as to principal and interest: (A) From the revenue sources  
25 identified in ~~paragraph (1)~~ of subsection (a)(1) or by any combination of  
26 these sources; and (B) subject to the provisions of ~~paragraph (2)~~ of this  
27 subsection (b)(2), from a pledge of the city's full faith and credit to use  
28 its ad valorem taxing authority for repayment thereof in the event all  
29 other authorized sources of revenue are not sufficient.

30 (2) Except as provided in ~~paragraph (3)~~ of this subsection (b)(3),  
31 before the governing body of any city proposes to issue full faith and  
32 credit tax increment bonds as authorized by this subsection, the  
33 feasibility study required by ~~subsection (b)~~ of K.S.A. 2015 Supp. 12-  
34 17,166(b), and amendments thereto, shall demonstrate that the benefits  
35 derived from the project will exceed the cost and that the income  
36 therefrom will be sufficient to pay the costs of the project. No full faith  
37 and credit tax increment bonds shall be issued unless the governing  
38 body states in the resolution required by ~~subsection (c)~~ of K.S.A. 2015  
39 Supp. 12-17,166(e), and amendments thereto, that it may issue such  
40 bonds to finance the proposed STAR bond project. The governing body  
41 may issue the bonds unless within 60 days following the conclusion of  
42 the public hearing on the proposed STAR bond project plan a protest  
43 petition signed by 3% of the qualified voters of the city is filed with the

1 *city clerk in accordance with the provisions of K.S.A. 25-3601 et seq.,*  
2 *and amendments thereto. If a sufficient petition is filed, no full faith and*  
3 *credit tax increment bonds shall be issued until the issuance of the*  
4 *bonds is approved by a majority of the voters voting at an election*  
5 *thereon. Such election shall be called and held in the manner provided*  
6 *by the general bond law. The failure of the voters to approve the*  
7 *issuance of full faith and credit tax increment bonds shall not prevent*  
8 *the city from issuing special obligation bonds in accordance with this*  
9 *section. No such election shall be held in the event the board of county*  
10 *commissioners or the board of education determines, as provided in*  
11 *K.S.A. 2015 Supp. 12-17,165, and amendments thereto, that the*  
12 *proposed STAR bond project district will have an adverse effect on the*  
13 *county or school district.*

14 *(3) As an alternative to ~~paragraph (2) of this subsection (b)(2), any~~*  
15 *city which adopts a STAR bond project plan for a major motorsports*  
16 *complex, but does not state its intent to issue full faith and credit tax*  
17 *increment bonds in the resolution required by ~~subsection (c) of K.S.A.~~*  
18 *2015 Supp. 12-17,166(e), and amendments thereto, and has not acquired*  
19 *property in the STAR bond project area may issue full faith and credit*  
20 *tax increment bonds if the governing body of the city adopts a resolution*  
21 *stating its intent to issue the bonds and the issuance of the bonds is*  
22 *approved by a majority of the voters voting at an election thereon. Such*  
23 *election shall be called and held in the manner provided by the general*  
24 *bond law. The failure of the voters to approve the issuance of full faith*  
25 *and credit tax increment bonds shall not prevent the city from issuing*  
26 *special obligation bonds pursuant to ~~paragraph (1) of subsection (a)(1).~~*  
27 *Any project plan adopted by a city prior to the effective date of this act in*  
28 *accordance with K.S.A. 12-1772, and amendments thereto, shall not be*  
29 *invalidated by any requirements of this act.*

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

39 *(5) Full faith and credit tax increment bonds issued under this*  
40 *subsection shall be general obligations of the city and are declared to be*  
41 *negotiable instruments. Such bonds shall be issued in accordance with*  
42 *the general bond law. All such bonds and all income or interest*  
43 *therefrom shall be exempt from all state taxes. The amount of the full*



1 *faith and credit tax increment bonds issued and outstanding which*  
2 *exceeds 3% of the assessed valuation of the city shall be within the*  
3 *bonded debt limit applicable to such city.*

4 *(b) Any city issuing full faith and credit tax increment bonds under*  
5 *the provisions of this subsection may refund all or part of such issue*  
6 *pursuant to the provisions of K.S.A. 10-116a, and amendments thereto.*

7 *(c) For each project financed with special obligation bonds payable*  
8 *from the revenues described in subsection (a)(1), the city or county shall*  
9 *prepare and submit to the secretary by October 1 of each year, a report*  
10 *describing the status of any projects within such STAR bond project*  
11 *area, any expenditures of the proceeds of special obligation bonds that*  
12 *have occurred since the last annual report and any expenditures of the*  
13 *proceeds of such bonds expected to occur in the future, including the*  
14 *amount of sales tax revenue, how such revenue has been spent, the*  
15 *projected amount of such revenue and the anticipated use of such*  
16 *revenue. The department of commerce shall compile this information*  
17 *and submit a report annually to the governor and the legislature by*  
18 *February 1 of each year.*

19 *(d) A city or county may use the proceeds of special obligation*  
20 *bonds or any uncommitted funds derived from sources set forth in this*  
21 *section to pay the bond project costs as defined in K.S.A. 2015 Supp. 12-*  
22 *17,162, and amendments thereto, to implement the STAR bond project*  
23 *plan.*

24 *(e) With respect to a STAR bond project district established prior to*  
25 *January 1, 2003, for which, prior to January 1, 2003, the secretary made*  
26 *a finding as provided in subsection (a) of this section that a STAR bond*  
27 *project would create a major tourism area for the state, such special*  
28 *obligation bonds shall be payable both as to principal and interest, from*  
29 *a pledge of all of the revenue from any transient guest, state and local*  
30 *sales and use taxes collected from taxpayers as provided in subsection*  
31 *(a) of this section whether or not revenues from such taxes are received*  
32 *by the city.}*

33 *Sec. 2-5.} K.S.A. 2015 Supp. 12-17,171 is hereby amended to read*  
34 *as follows: 12-17,171. (a) Any addition of area to the STAR bond project*  
35 *district, or any substantial change as defined in K.S.A. 2015 Supp. 12-*  
36 *17,162, and amendments thereto, to the STAR bond project district plan*  
37 *shall be subject to the same procedure for public notice and hearing as*  
38 *is required for the establishment of the STAR bond project district. Any*  
39 *such addition of area shall be limited to real property which has not been*  
40 *part of another STAR bond project district.*

41 *(b) A city or county may remove real property from a STAR bond*  
42 *project district by an ordinance or resolution of the governing body*  
43 *respectively.*

1       (c) *A city or county may divide the real property in a STAR bond*  
2 *project district, including real property in different project areas within a*  
3 *STAR bond project district, into separate STAR bond project districts.*  
4 *Any division of real property within a STAR bond project district into*  
5 *more than one STAR bond project district shall be subject to the same*  
6 *procedure of public notice and hearing as is required for the*  
7 *establishment of the STAR bond project district.*

8       (d) *Subject to the provisions of subsection (a), if a city or county has*  
9 *undertaken a STAR bond project within a STAR bond project district,*  
10 *and either the city or county wishes to subsequently remove more than a*  
11 *de minimus amount of real property from the STAR bond project*  
12 *district, or the city or county wishes to subsequently divide the real*  
13 *property in the STAR bond project district into more than one STAR*  
14 *bond project district, then prior to any such removal or division the city*  
15 *or county must provide a feasibility study which shows that the tax*  
16 *revenue from the resulting STAR bond project district within which the*  
17 *STAR bond project is located is expected to be sufficient to pay the*  
18 *project costs.*

19       (e) *Removal of real property from one STAR bond project district*  
20 *and addition of all or a portion of that real property to another STAR*  
21 *bond project district may be accomplished by the adoption of an*  
22 *ordinance or resolution, and in such event the determination of the*  
23 *existence or nonexistence of an adverse effect on the county or school*  
24 *district under subsection (f) of K.S.A. 2015 Supp. 12-17,165(f), and*  
25 *amendments thereto, shall apply to both such removal and such addition*  
26 *of real property to a STAR bond project district.*

27       ~~Sec. 3.~~ {6.} *K.S.A. 2015 Supp. 12-17,176 is hereby amended to read*  
28 *as follows: 12-17,176. (a) STAR bond projects using state sales tax*  
29 *financing pursuant to K.S.A. 2015 Supp. 12-17,169, and amendments*  
30 *thereto, shall be audited by an independent certified public accountant*  
31 *annually at the expense of the city or county. The audit report shall*  
32 *supplement the annual report required pursuant to K.S.A. 2015 Supp.*  
33 *12-17,169, and amendments thereto.*

34       (b) *Such audits shall determine whether bond financing obtained*  
35 *under K.S.A. 2015 Supp. 12-17,169, and amendments thereto, is being*  
36 *used only for authorized purposes. Audit results shall be reported to the*  
37 *house commerce, labor and economic development and tourism*  
38 *committee, the senate commerce committee, or successor committees,*  
39 *the governor and the secretaries of commerce and revenue during the*  
40 *legislative session immediately following the audit.*

41       (c) *If audit findings indicate that bond funds have been used for*  
42 *unauthorized or ineligible purposes, the city or county shall repay to the*  
43 *bond fund all such unauthorized or ineligible expenditures. Such city or*

1 *county shall enter into a repayment agreement with the secretary of*  
2 *revenue specifying the terms of such repayment obligation.*

3 *(d) In addition to the provisions of subsection (a), annually, on or*  
4 *before December 31, commencing in 2016, the division of post audit shall*  
5 *conduct a performance audit as directed by the legislative post audit*  
6 *committee of all STAR bond projects using state sales tax financing*  
7 *pursuant to K.S.A. 2015 Supp. 12-17,169, and amendments thereto, to*  
8 *determine: (1) The current status of each STAR bond project; (2) any*  
9 *significant changes to each project during the previous year; (3) whether*  
10 *each project has complied with all requirements pursuant to the STAR*  
11 *bond financing act; and (4) any other issues related to STAR bond projects*  
12 *as determined by the legislative post audit committee. The post auditor*  
13 *shall compute the reasonably anticipated cost of providing the audit*  
14 *pursuant to this subsection, subject to review and approval of the*  
15 *legislative post audit committee. Upon such approval, the city or county*  
16 *shall pay to the division of post audit the amount approved by the*  
17 *legislative post audit committee. The city or county may recover the costs*  
18 *of the annual performance audit from the STAR bond proceeds. Audit*  
19 *results shall be reported to the legislative post audit committee, the house*  
20 *commerce, labor and economic development committee, the senate*  
21 *commerce committee, or successor committees, the governor, and the*  
22 *secretaries of commerce and revenue during the legislative session*  
23 *immediately following the audit.*

24 ***New Sec.-4. {7.} On the effective date of this act, the provisions of***  
25 ***section 35(g) and section 36(f) of 2016 House Substitute for Senate Bill***  
26 ***No. 161 are hereby declared to be null and void and shall have no force***  
27 ***and effect.***

28 ~~Section 1. Sec.-5. {8.}~~ K.S.A. 2015 Supp. 74-99b15 is hereby  
29 amended to read as follows: 74-99b15. Nothing in this act should be  
30 construed as allowing the board to sell the authority or substantially all of  
31 the assets of the authority, or to merge the authority with another  
32 institution, without prior legislative authorization by statute. *This*  
33 *authorization may be provided by the state finance council acting on this*  
34 *matter which is hereby characterized as a matter of legislative delegation*  
35 *and subject to the guidelines prescribed in K.S.A. 75-3711c(c), and*  
36 *amendments thereto, except that such approval also may be given while*  
37 *the legislature is in session.*

38 ~~Sec.-2.-6. {9.}~~ K.S.A. 2015 Supp. ~~12-17,162, {12-17,164, 12-17,166,~~  
39 ~~12-17,169,} 12-17,171, 12-17,176 and 74-99b15 99b15 is—are~~ hereby  
40 repealed.

41 ~~Sec.-3.-7. {10.}~~ This act shall take effect and be in force from and  
42 after its publication in the Kansas register.