

2018

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Substitute for SENATE BILL NO. 432

By Committee on Commerce

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Off. of the Review of Statutes
for the Senate Commerce Committee
March 21, 2018

AN ACT concerning STAR bonds; relating to establishment of an underwriting commission; project information on department of commerce website; project costs; STAR bond project financial viability determination; requirements for project approval; audit report; reports to legislature; amending K.S.A. 2017 Supp. 12-17,162, 12-17,164, 12-17,166, 12-17,169, 12-17,171 and 12-17,176 and repealing the existing sections.

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

12-17,167

New Section 1. (a) There is hereby established the STAR bond underwriting commission. The commission shall consist of three members. One member shall be appointed by the senate president, one member shall be appointed by the speaker of the house and one member shall be appointed by the secretary of commerce. Each member of the commission shall have at least 10 years of experience in commercial banking, investment banking or real estate capital markets. Members may not be employed by or have any ownership or financial interest in a developer that has participated or is participating in a STAR bond project. A member shall not participate in a decision on an application submitted by the city or county in which the member resides or if the member has an ownership or financial interest in a business located in that city or county or locating or relocating into that city or county.

(b) The members first appointed to the commission shall be appointed within 60 days after the effective date of this act. Of the members first appointed to the commission, as determined by the senate president, speaker of the house and the secretary of commerce by agreement or by selection by chance, one member shall be appointed to serve for one year, one member shall be appointed to serve for two years, and one member shall be appointed to serve for three years. Thereafter, members shall be appointed for terms of three years and until their successors are appointed and qualified. A member may not serve more than two consecutive

secretary's analysis indicates will not result in a positive net return on investment to the state.

(3) The secretary, upon approving the project, may approve such financing in an amount not to exceed 50% of the total costs including all project costs and any other costs related to the project. The proceeds of such STAR bond financing may only be used to pay for incurred project costs.

(4) A project and the financing for a project may only be approved by a secretary whose appointment has been confirmed by the senate as provided by K.S.A. 74-502a, and amendments thereto.

(c) For a city proposing to finance a major motorsports complex pursuant to K.S.A. 2017 Supp. 12-17,169(a)(1)(C) or (a)(1)(E), and amendments thereto, the secretary, upon approving the project, may approve such financing in an amount not to exceed 50% of the STAR bond project costs.

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

(e)(1) A project shall not be granted to any business that proposes to relocate its business from another area of the state into such city or county, for the purpose of consideration for a STAR bond project provided by K.S.A. 2017 Supp. 12-17,160 et seq., and amendments thereto.

(2) Except as provided in subsection (e)(3), a project shall not be granted to any business or developer that proposes to locate or relocate a business within a STAR bond project district, and a business shall not be permitted to locate or relocate within a STAR bond project district, if the business proposed to be located or relocated:

(A) (i) Is an establishment defined by 2017 NAICS code 452311 known as a warehouse club, superstore or supercenter, primarily engaged in retailing a general line of groceries,

12-17,167. Approval of secretary; limitations; interest rate of bond issue. (a) The secretary shall review the STAR bond project plan, feasibility study and market study, along with other supporting documentation and determine whether to approve a request, and, if approved, issue an approval letter for a STAR bond project based upon the requirements within this act and rules and regulations developed by the secretary.

(b) For major motorsports complex projects involving the use of state sales tax financing pursuant to K.S.A. 2017 Supp. 12-17,169, and amendments thereto, the secretary shall set a limit on the total amount of such special obligation bonds that may be issued to not exceed 50% of the major motorsports complex costs.

(c) A special obligation bond issue must bear interest at a reasonable rate as of the time of sale of the bonds, taking into account such factors as current market conditions, the nature and degree of risk associated with repayment of the bonds and other relevant factors.

A project may only be approved by a secretary whose appointment has been confirmed by the Senate as provided by K.S.A. 74-5002a, and amendments thereto.