

**SENATE BILL No. 432**

By Committee on Assessment and Taxation

2-22

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1 AN ACT concerning STAR bonds; relating to establishment of an  
2 underwriting commission; project information on department of  
3 commerce website; project costs; STAR bond project financial viability  
4 determination; requirements for project approval; audit report; reports  
5 to legislature; amending K.S.A. 2017 Supp. 12-17,162, 12-17,164, 12-  
6 17,166, 12-17,169 and 12-17,176 and repealing the existing sections.  
7

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

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

22 (b) The members first appointed to the commission shall be appointed  
23 within 60 days after the effective date of this act. Of the members first  
24 appointed to the commission, as determined by the senate president,  
25 speaker of the house and the secretary of commerce by agreement or by  
26 selection by chance, one member shall be appointed to serve for one year,  
27 one member shall be appointed to serve for two years, and one member  
28 shall be appointed to serve for three years. Thereafter, members shall be  
29 appointed for terms of three years and until their successors are appointed  
30 and qualified. A member may not serve more than two consecutive terms.  
31 Whenever a vacancy occurs in the commission, a successor shall be  
32 appointed by the person holding the office that originally appointed the  
33 membership that is vacant.

34 (c) The commission shall evaluate and approve or deny applications  
35 for STAR bond projects and shall provide the secretary of commerce and  
36 the applying city or county with a written decision including the reasons

1 for the decision. The commission shall limit its analysis and decision to the  
2 financial viability of the proposed project. The decision of the commission  
3 to deny an application shall be final, however the city or county may  
4 reapply, or when permitted by the commission, provide additional  
5 information or make modifications to the project plan for the commission's  
6 consideration. The secretary of commerce shall, upon receipt by the  
7 secretary, immediately provide the commission with applications,  
8 feasibility studies and all relevant information with respect to project  
9 financial viability in support of an application provided by the city or  
10 county and the developer to the secretary. For purposes of determining the  
11 financial viability of the proposed project, the secretary of commerce and  
12 the secretary of revenue shall provide additional information to the  
13 commission upon request, as consistent with state and federal  
14 confidentiality requirements, and the commission may request additional  
15 information from the city or county or the developer and may deny an  
16 application for failure of the city or county or the developer to provide the  
17 requested information. If the commission approves a project application,  
18 the secretary of commerce shall consider and approve or deny the project  
19 application pursuant to the provisions of the STAR bond financing act and  
20 the rules and regulations of the secretary. If the commission denies a  
21 project application, the project application shall not be considered by the  
22 secretary of commerce.

23 (d) The commission annually shall organize by electing one of its  
24 members as chairperson. Meetings of the commission shall be held upon  
25 call of the chairperson, or at the request of a majority of the commission,  
26 except that the commission shall not meet for more than a total of 21 days  
27 during any calendar year.

28 (e) Members of the commission attending a meeting of the  
29 commission shall be paid amounts provided in K.S.A. 75-3223(e), and  
30 amendments thereto.

31 (f) The commission shall fix and collect a fee from a county or city  
32 that submits a STAR bond project application for review by the  
33 commission. The fee shall be fixed in an amount that is sufficient to pay  
34 the cost of administering the provisions of this section by the commission,  
35 but not to exceed \$300. Upon approval by the commission chairperson, the  
36 secretary of commerce may collect the fee for the commission and remit  
37 the fee to the state treasurer as provided in section 2, and amendments  
38 thereto. The secretary of commerce shall provide staff and office  
39 equipment and facilities support to the commission as requested by the  
40 commission chairperson. Costs incurred by the secretary from providing  
41 support to the commission shall be recovered by the secretary pursuant to  
42 the provisions of K.S.A. 2017 Supp. 12-17,164(i), and amendments  
43 thereto.

1 (g) This section shall be a part of and supplemental to the STAR bond  
2 financing act.

3 New Sec. 2. (a) There is hereby established in the state treasury the  
4 STAR bond underwriting commission fee fund to be administered by the  
5 chairperson of the commission or the chairperson's designee. All moneys  
6 received by or for the STAR bond underwriting commission from fees  
7 shall be remitted to the state treasurer in accordance with the provisions of  
8 K.S.A. 75-4215, and amendments thereto, who shall deposit the entire  
9 amount thereof in the state treasury to the credit of the STAR bond  
10 underwriting commission fee fund. All expenditures from the fund shall be  
11 made in accordance with appropriation acts upon warrants of the director  
12 of accounts and reports issued pursuant to vouchers approved by the  
13 chairperson of the commission or the chairperson's designee. All moneys  
14 credited to the STAR bond underwriting commission fund shall be  
15 expended for the administration of the powers, duties, functions and  
16 operating expenses of the commission.

17 (b) On or before the 10<sup>th</sup> of each month, the director of accounts and  
18 reports shall transfer from the state general fund to the STAR bond  
19 underwriting commission fund established in subsection (a) interest  
20 earnings based on:

21 (1) The average daily balance of money in the STAR bond  
22 underwriting commission fee fund for the preceding month; and

23 (2) the net earnings rate of the pooled money investment fund  
24 portfolio for the preceding month.

25 (c) This section shall be a part of and supplemental to the STAR bond  
26 financing act.

27 New Sec. 3. (a) The secretary shall implement, maintain and update,  
28 on at least a monthly basis, a STAR bond program report page on the  
29 website of the department of commerce. The information shall be  
30 displayed in a spreadsheet format. The STAR bond program report page  
31 shall be immediately accessible to a website visitor by the website visitor  
32 selecting a link that is prominently identified and placed on the homepage  
33 of the website.

34 (b) The secretary of commerce may publicly disclose and shall  
35 provide the following information on the STAR bond program report page,  
36 except as provided in subsection (d)(1) or (2), for each completed and  
37 active STAR bond project approved by the secretary and as the  
38 information is available to the secretary:

39 (1) The applicant city or county, the location of each project, a  
40 general description of each project, and the city or county office or official  
41 administering the project;

42 (2) the names of the STAR bond project developer or developers and  
43 the names of the principals and officers of each developer if the developer

1 is a business entity;

2 (3) the names of all individuals holding more than a 10% ownership  
3 interest in the developer and in any subsidiaries of the developer engaged  
4 in the project;

5 (4) the name of the consultant that prepared the feasibility study, and  
6 studies included within the feasibility study, including, but not limited to,  
7 the market impact study;

8 (5) the estimated total project costs, including:

9 (A) A breakdown by hard costs, with categories including, but not  
10 limited to, land acquisition, infrastructure, hard construction, architecture  
11 and engineering and total hard costs; and

12 (B) a breakdown by soft costs, with categories including, but not  
13 limited to, third-party professional costs, sales, miscellaneous soft costs  
14 and total soft costs;

15 (6) the estimated total STAR bond eligible costs, including a  
16 breakdown by total hard and soft costs and by the categories including, but  
17 not limited to, the categories required by paragraphs 2(A) and (B);

18 (7) the STAR bond budget approved by the secretary of commerce,  
19 including a breakdown of expenditures of STAR bond proceeds by the  
20 categories utilized by the secretary of commerce with an explanation, if  
21 necessary, reconciling expenditure categories to the cost categories  
22 required by paragraphs 2(A) and (B) and paragraph (3), and changes to the  
23 STAR bond budget, if any, approved by the secretary;

24 (8) the estimated project completion date;

25 (9) the total amount of STAR bonds authorized to be issued by the  
26 secretary, the total amount of STAR bonds issued, the name of the STAR  
27 bond issuer, the date of issuance, the length of the term and the annual debt  
28 service payment made to service the STAR bonds issued;

29 (10) the STAR bond CUSIP, if available, STAR bond interest rate,  
30 cumulative interest repaid to the most current month, cumulative principal  
31 received to the most current month, and the current principal balance;

32 (11) whether the STAR bonds have been paid or refinanced, and  
33 summary details of any refinancing bond issuance;

34 (12) the estimated total gross STAR bond revenues, including, but not  
35 limited to, estimated total revenues from retail sales with a separate  
36 breakdown for estimated state sales taxes and estimated local sales taxes,  
37 to be produced over the term of the bonds issued;

38 (13) the total annual amount of STAR bond revenues received and  
39 used for the payment of STAR bonds issued for the project, with a  
40 breakdown by the total annual amount of local sales taxes or other local  
41 revenue contributions and by the total annual amount of state sales taxes;

42 (14) the respective percentage of state and local tax revenues going to  
43 payment of the bonds;

1 (15) the information provided in the report required by K.S.A. 2017  
2 Supp. 12-17,169(c)(1), and amendments thereto. This information shall be  
3 provided to the secretary by the city or county;

4 (16) the information provided in the report required by K.S.A. 2017  
5 Supp. 12-17,169(c)(2), and amendments thereto, at the time the report is  
6 provided to the legislative committees;

7 (17) summarized explanations provided by the secretary of commerce  
8 describing:

9 (A) The purpose of STAR bond funding in general and specifically to  
10 the project; and

11 (B) the criteria used by the secretary in approving the project, with  
12 citations to the governing statutes and rules and regulations; and

13 (18) the projected economic development benefits and outcomes of  
14 the project as described in the secretary's letter approving the project to the  
15 city or county and, if available, the method, metrics or measurements to  
16 determine the outcomes used by the secretary to measure the success of  
17 the project and annual updates on progress toward the projected outcomes.

18 (c) Except as provided by subsection (d)(1), cities, counties,  
19 developers, businesses and other recipients of STAR bond proceeds or  
20 financing with respect to approved STAR bond project costs shall provide  
21 information to the secretary of commerce as requested by the secretary to  
22 fulfill the requirements of this section. The secretary shall require as a  
23 condition of approval of a project and authorization for the issuance of  
24 STAR bonds that a city or county provide the information and  
25 contractually require any developer and any successor in the interest in the  
26 project of a developer to provide the information. The requirement to  
27 provide information shall be a continuing obligation. Ownership of a  
28 project shall not be transferred by a developer without the consent of the  
29 secretary. Except if prohibited by federal law, the department of revenue is  
30 authorized to provide and shall provide any information to the secretary of  
31 commerce as necessary to fulfill the information disclosure requirements  
32 of this section.

33 (d) (1) The information required by subsection (b) shall not be  
34 provided to the secretary of commerce, or information required by  
35 subsection (b) shall not be disclosed by the secretary of commerce, if  
36 providing the information to the secretary or disclosure by the secretary,  
37 respectively, would violate any federal law or confidentiality provisions of  
38 any agreements executed before July 1, 2018, between a city, county, the  
39 secretary, developer, business or other recipient of STAR bond proceeds or  
40 financing. The secretary and cities, counties and developers shall require  
41 developers and businesses or other recipients of STAR bond proceeds or  
42 financing that may be required to disclose information to the secretary  
43 pursuant to subsection (c) to waive confidentiality with respect to the

1 information required by subsection (b) in any agreements executed after  
2 July 1, 2018.

3 (2) Information specific to a developer or a business shall not be  
4 disclosed by the secretary prior to the developer or business locating or  
5 relocating in the STAR bond project district if, in the discretion of the  
6 secretary, the disclosure would be detrimental to the development of the  
7 STAR bond project.

8 (e) The secretary's costs arising from compliance with this section  
9 shall be recovered by the secretary pursuant to the provisions of K.S.A.  
10 2017 Supp. 12-17,164(i), and amendments thereto.

11 (f) This section shall be a part of and supplemental to the STAR  
12 bonds financing act.

13 Sec. 4. K.S.A. 2017 Supp. 12-17,162 is hereby amended to read as  
14 follows: 12-17,162. As used in the STAR bond financing act, the following  
15 words and phrases shall have the following meanings unless a different  
16 meaning clearly appears from the context:

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

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

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

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

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

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

41 (g) "Feasibility study" means a feasibility study as defined in K.S.A.  
42 2017 Supp. 12-17,166(b), and amendments thereto.

43 (h) "Historic theater" means a building constructed prior to 1940

1 which was constructed for the purpose of staging entertainment, including  
2 motion pictures, vaudeville shows or operas, that is operated by a  
3 nonprofit corporation and is designated by the state historic preservation  
4 officer as eligible to be on the Kansas register of historic places or is a  
5 member of the Kansas historic theatre association.

6 (i) "Historic theater sales tax increment" means the amount of state  
7 and local sales tax revenue imposed pursuant to K.S.A. 12-187 et seq., 79-  
8 3601 et seq. and 79-3701 et seq., and amendments thereto, collected from  
9 taxpayers doing business within the historic theater that is in excess of the  
10 amount of such taxes collected prior to the designation of the building as a  
11 historic theater for purposes of this act.

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

15 (k) "Major motorsports complex" means a complex in Shawnee  
16 county that is utilized for the hosting of competitions involving motor  
17 vehicles, including, but not limited to, automobiles, motorcycles or other  
18 self-propelled vehicles other than a motorized bicycle or motorized  
19 wheelchair. Such project may include racetracks, all facilities directly  
20 related and necessary to the operation of a motorsports complex,  
21 including, but not limited to, parking lots, grandstands, suites and viewing  
22 areas, concessions, souvenir facilities, catering facilities, visitor and retail  
23 centers, signage and temporary hospitality facilities, but excluding hotels,  
24 motels, restaurants and retail facilities not directly related to or necessary  
25 to the operation of such facility.

26 (l) "Major tourism area" means an area for which the secretary has  
27 made a finding the capital improvements costing not less than  
28 \$100,000,000 will be built in the state to construct an auto race track  
29 facility.

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

38 (n) "Market study" means a study to determine the ability of the  
39 project to gain market share locally, regionally and nationally and the  
40 ability of the project to gain sufficient market share to:

- 41 (1) Remain profitable past the term of repayment; and
- 42 (2) maintain status as a significant factor for travel decisions.

43 (o) "Market impact study" means a study to measure the impact of the

1 proposed project on similar businesses in the project's market area.

2 (p) "Museum facility" means a separate newly-constructed museum  
3 building and facilities directly related and necessary to the operation  
4 thereof, including gift shops and restaurant facilities, but excluding hotels,  
5 motels, restaurants and retail facilities not directly related to or necessary  
6 to the operation of such facility. The museum facility shall be owned by  
7 the state, a city, county, other political subdivision of the state or a non-  
8 profit corporation, shall be managed by the state, a city, county, other  
9 political subdivision of the state or a non-profit corporation and may not  
10 be leased to any developer and shall not be located within any retail or  
11 commercial building.

12 (q) "Project" means a STAR bond project.

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

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

16 (2) payment of relocation assistance pursuant to a relocation  
17 assistance plan as provided in K.S.A. 2017 Supp. 12-17,173, and  
18 amendments thereto;

19 (3) site preparation including utility relocations;

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

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

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

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

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

27 (9) sidewalks and pedestrian underpasses or overpasses;

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

30 (11) water mains and extensions;

31 (12) plazas and arcades;

32 (13) parking facilities and multilevel parking structures devoted to  
33 parking only;

34 ~~(14) landscaping and plantings, fountains, shelters, benches,~~  
35 ~~sculptures, lighting, decorations and similar amenities;~~

36 ~~(15) (14) auto race track facility;~~

37 ~~(16) (15) major multi-sport athletic complex;~~

38 ~~(17) (16) museum facility;~~

39 ~~(18) (17) major motorsports complex;~~

40 ~~(19) (18) related expenses to redevelop and finance the project,~~  
41 except that for a STAR bond project financed with special obligation  
42 bonds payable from the revenues described in K.S.A. 2017 Supp. 12-  
43 17,169(a)(1), and amendments thereto, such expenses shall require prior



1 approval by the secretary of commerce; and

2 ~~(20)~~ (19) except as specified in paragraphs (1) through (18) above,  
3 project costs shall not include:

4 (A) Costs incurred in connection with the construction of buildings or  
5 other structures;

6 (B) fees and commissions paid to developers, real estate agents,  
7 financial advisors or any other consultants who represent the developers or  
8 any other businesses considering locating in or located in a STAR bond  
9 project district;

10 (C) salaries for local government employees;

11 (D) moving expenses for employees of the businesses locating within  
12 the STAR bond project district;

13 (E) property taxes for businesses that locate in the STAR bond project  
14 district;

15 (F) lobbying costs;

16 (G) any bond origination fee charged by the city or county;

17 (H) any personal property as defined in K.S.A. 79-102, and  
18 amendments thereto; and

19 (I) travel, entertainment and hospitality.

20 (s) "Projected market area" means any area within the state in which  
21 the project is projected to have a substantial fiscal or market impact upon  
22 businesses in such area.

23 (t) "River walk canal facilities" means a canal and related water  
24 features which flow through a major commercial entertainment and  
25 tourism area and facilities related or contiguous thereto, including, but not  
26 limited to, pedestrian walkways and promenades, landscaping and parking  
27 facilities.

28 (u) "Sales tax and revenue" are those revenues available to finance  
29 the issuance of special obligation bonds as identified in K.S.A. 2017 Supp.  
30 12-17,168, and amendments thereto.

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

32 (w) "STAR bond project" means an approved project to implement a  
33 project plan for the development of the established STAR bond project  
34 district with:

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

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

39 (A) The project is an eligible area as defined in subsection (f), and  
40 amendments thereto; and

41 (B) would be of regional or statewide importance; or

42 (3) is a major tourism area as defined in subsection (l), and  
43 amendments thereto; or

1 (4) is a major motorsports complex, as defined in subsection (k).

2 (x) "STAR bond project area" means the geographic area within the  
3 STAR bond project district in which there may be one or more projects.

4 (y) "STAR bond project district" means the specific area declared to  
5 be an eligible area as determined by the secretary in which the city or  
6 county may develop one or more STAR bond projects. A STAR bond  
7 project district includes a redevelopment district, as defined in K.S.A. 12-  
8 1770a, and amendments thereto, created prior to the effective date of this  
9 act for the Wichita Waterwalk project in Wichita, Kansas, provided, the  
10 city creating such redevelopment district submits an application for  
11 approval for STAR bond financing to the secretary on or before July 31,  
12 2007, and receives a final letter of determination from the secretary  
13 approving or disapproving the request for STAR bond financing on or  
14 before November 1, 2007. No STAR bond project district shall include  
15 real property which has been part of another STAR bond project district  
16 unless such STAR bond project and STAR bond project district have been  
17 approved by the secretary of commerce pursuant to K.S.A. 2017 Supp. 12-  
18 17,164 and 12-17,165, and amendments thereto, prior to March 1, 2016. A  
19 STAR bond project district shall be limited to those areas being developed  
20 by the STAR bond project and any area of real property reasonably  
21 anticipated to directly benefit from the redevelopment project.

22 (z) "STAR bond project district plan" means the preliminary plan that  
23 identifies all of the proposed STAR bond project areas and identifies in a  
24 general manner all of the buildings, facilities and improvements in each  
25 that are proposed to be constructed or improved in each STAR bond  
26 project area.

27 (aa) "STAR bond project plan" means the plan adopted by a city or  
28 county for the development of a STAR bond project or projects in a STAR  
29 bond project district.

30 (bb) "Secretary" means the secretary of commerce.

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

34 (dd) "Tax increment" means that portion of the revenue derived from  
35 state and local sales, use and transient guest tax imposed pursuant to  
36 K.S.A. 12-187 et seq., 12-1692 et seq., 79-3601 et seq. and 79-3701 et  
37 seq., and amendments thereto, collected from taxpayers doing business  
38 within that portion of a STAR bond project district occupied by a project  
39 that is in excess of the amount of base year revenue. For purposes of this  
40 subsection, the base year shall be the 12-month period immediately prior  
41 to the month in which the STAR bond project district is established. The  
42 department of revenue shall determine base year revenue by reference to  
43 the revenue collected during the base year from taxpayers doing business

1 within the specific area in which a STAR bond project district is  
2 subsequently established. The base year of a STAR bond project district,  
3 following the addition of area to the STAR bond project district, shall be  
4 the base year for the original area, and with respect to the additional area,  
5 the base year shall be any 12-month period immediately prior to the month  
6 in which additional area is added to the STAR bond project district. For  
7 purposes of this subsection, revenue collected from taxpayers doing  
8 business within a STAR bond project district, or within a specific area in  
9 which a STAR bond project district is subsequently established shall not  
10 include local sales and use tax revenue that is sourced to jurisdictions other  
11 than those in which the project is located. The secretary of revenue and the  
12 secretary of commerce shall certify the appropriate amount of base year  
13 revenue for taxpayers relocating from within the state into a STAR bond  
14 district.

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

20 Sec. 5. K.S.A. 2017 Supp. 12-17,164 is hereby amended to read as  
21 follows: 12-17,164. (a) The governing body of a city may establish one or  
22 more STAR bond projects in any area within such city or wholly outside  
23 the boundaries of such city. A STAR bond project wholly outside the  
24 boundaries of such city must be approved by the board of county  
25 commissioners by the passage of a county resolution.

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

28 The projects shall be eligible for financing by special obligation bonds  
29 payable from revenues described by K.S.A. 2017 Supp. 12-17,169(a)(1),  
30 and amendments thereto.

31 (b) (1) Each STAR bond project shall first be approved *by the STAR*  
32 *bond underwriting commission pursuant to the provisions of section 1, and*  
33 *amendments thereto, and* by the secretary, if the secretary determines that  
34 the proposed project or complex sufficiently promotes, stimulates and  
35 develops the general and economic welfare of the state as described in  
36 K.S.A. 2017 Supp. 12-17,160, and amendments thereto, *and that the*  
37 *project will result in a positive return on investment, as provided in*  
38 *subsection (b)(2). The secretary shall not approve any STAR bond project*  
39 *not approved by the STAR bond underwriting commission pursuant to the*  
40 *provisions of section 1, and amendments thereto. The secretary shall not*  
41 *approve any STAR bond project proposed by a city or county that has not*  
42 *submitted all reports and information to the secretary as required by this*  
43 *act and the rules and regulations of the secretary with respect to a new*

1 *application for a STAR bond project or with respect to a previously*  
2 *approved STAR bond project.*

3 (2) *The secretary shall develop a net return on investment analysis*  
4 *and standards to apply to applications for STAR bond projects. The*  
5 *secretary shall not approve a project that the secretary's analysis indicates*  
6 *will not result in a positive net return on investment to the state.*

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

12 (c) For a city proposing to finance a major motorsports complex  
13 pursuant to K.S.A. 2017 Supp. 12-17,169(a)(1)(C) or (a)(1)(E), and  
14 amendments thereto, the secretary, upon approving the project, may  
15 approve such financing in an amount not to exceed 50% of the STAR bond  
16 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 county,  
21 for the purpose of consideration for a STAR bond project provided by  
22 K.S.A. 2017 Supp. 12-17,160 et seq., and amendments thereto.

23 (f) A project shall not be approved by the secretary if the market  
24 study required by K.S.A. 2017 Supp. 12-17,166, and amendments thereto,  
25 indicates a substantial negative impact upon businesses in the project or  
26 complex market area or the granting of such project or complex would  
27 cause a default in the payment of any outstanding special obligation bond  
28 payable from revenues authorized pursuant to K.S.A. 2017 Supp. 12-  
29 17,169(a)(1), and amendments thereto.

30 (g) *A city or county shall not submit, and a project application shall*  
31 *not be accepted by the secretary, if a previously approved STAR bond*  
32 *project of the city or county has failed within five years prior to the date of*  
33 *any new project application of the city or county. For purposes of this*  
34 *subsection, "failure" means actual sales and compensating use tax*  
35 *revenues pledged for the payment of STAR bonds issued for the project, as*  
36 *provided by K.S.A. 2017 Supp. 12-17,169(a)(1)(C), (D), (E) or (F), and*  
37 *amendments thereto, are less than 50% of the projected sales and*  
38 *compensating use tax revenues or the city or county has defaulted on any*  
39 *STAR bonds associated with the project.*

40 (h) *A city or county shall not submit, and a project application shall*  
41 *not be accepted by the secretary, if any portion of the proposed STAR bond*  
42 *project district or any property located within ¼ mile of the boundaries of*  
43 *the proposed STAR bond project district was part of a tax increment*

1 *financing district established pursuant to K.S.A. 12-1770 et seq., and*  
2 *amendments thereto, that failed. For purposes of this subsection, "failure "*  
3 *means cumulative city property tax increment revenues received by the city*  
4 *for the purpose of financing the tax increment financing district project*  
5 *were 50% less than the projected revenues.*

6 *(i) A project shall not be approved by the secretary if any principal*  
7 *involved with the project has a conviction for a felony in Kansas or a*  
8 *conviction for any crime in any other jurisdiction that would constitute a*  
9 *felony under Kansas law. The secretary may require the submission of*  
10 *photographs and fingerprint records, provided to the specifications of the*  
11 *secretary, and a fee sufficient to cover the expense of a security*  
12 *background check, from any principal for the purpose of conducting a*  
13 *security background check of the principal. For purposes of this*  
14 *subsection, "principal " means any individual owner or partner of a*  
15 *developer if the individual or partner directly or indirectly owns or*  
16 *controls more than 10% of the equity in the proposed STAR bond project.*

17 ~~(g)~~ *(j) The maximum maturity of special obligation bonds payable*  
18 *primarily from revenues described by K.S.A. 2017 Supp. 12-17,169(a)(1),*  
19 *and amendments thereto, to finance STAR bond projects pursuant to this*  
20 *section shall not exceed 20 years.*

21 ~~(h)~~ *(k) The secretary shall not approve any application for STAR*  
22 *bond project financing which is submitted by a city or county more than*  
23 *one year after the STAR bond project district in which the STAR bond*  
24 *project is located has been established.*

25 ~~(i)~~ *(l) For the purpose of recovering the costs of the secretary and the*  
26 *department arising from fulfilling administrative, review, approval,*  
27 *oversight and other responsibilities under the STAR bonds financing act*  
28 *and from providing assistance to cities, counties and private businesses in*  
29 *relation to STAR bond projects, the secretary may assess an administrative*  
30 *fee of up to 1%, not to exceed \$200,000, of the amount of the special*  
31 *obligation bonds payable from revenues described by K.S.A. 2017 Supp.*  
32 *12-17,169(a)(1), and amendments thereto, issued or reissued for STAR*  
33 *bond projects. The secretary may also recover any actual costs incurred by*  
34 *the secretary in excess of the fee. The fee, and any actual costs incurred by*  
35 *the secretary in excess of the fee, shall be paid to the secretary from the*  
36 *proceeds of such bonds. All such moneys received by the secretary shall be*  
37 *remitted to the state treasurer in accordance with the provisions of K.S.A.*  
38 *75-4215, and amendments thereto. Upon receipt of each such remittance,*  
39 *the state treasurer shall deposit the entire amount in the state treasury to*  
40 *the credit of the STAR bond administrative fee fund, which is hereby*  
41 *created in the state treasury. All expenditures from the STAR bond*  
42 *administrative fee fund shall be made in accordance with appropriation*  
43 *acts upon warrants of the director of accounts and reports issued pursuant*

1 to vouchers approved by the secretary or a person or persons designated by  
2 the secretary.

3 Sec. 6. K.S.A. 2017 Supp. 12-17,166 is hereby amended to read as  
4 follows: 12-17,166. (a) One or more projects may be undertaken by a city  
5 or county within an established STAR bond project district. Any city or  
6 county proposing to undertake a STAR bond project, shall prepare a STAR  
7 bond project plan in consultation with the planning commission of the city,  
8 and in consultation with the planning commission of the county, if any, if  
9 such project is located wholly outside the boundaries of the city. Any such  
10 project plan may be implemented in separate development stages.

11 (b) Any city or county proposing to undertake a STAR bond project  
12 within a STAR bond project district established pursuant to K.S.A. 2017  
13 Supp. 12-17,165, and amendments thereto, shall prepare a feasibility  
14 study. The feasibility study shall contain the following:

15 (1) Whether a STAR bond project's revenue and tax increment  
16 revenue and other available revenues under K.S.A. 2017 Supp. 12-17,169,  
17 and amendments thereto, are expected to exceed or be sufficient to pay for  
18 the project costs;

19 (2) the effect, if any, a STAR bond project will have on any  
20 outstanding special obligation bonds payable from the revenues described  
21 in K.S.A. 2017 Supp. 12-17,169, and amendments thereto;

22 (3) a statement of how the jobs and taxes obtained from the STAR  
23 bond project will contribute significantly to the economic development of  
24 the state and region;

25 (4) visitation expectations;

26 (5) the unique quality of the project;

27 (6) economic impact study;

28 (7) market study;

29 (8) market impact study;

30 (9) integration and collaboration with other resources or businesses;

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

33 (11) project accountability, measured according to best industry  
34 practices;

35 (12) the expected return on state and local investment that the project  
36 is anticipated to produce;

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

41 (A) The percentage of city and county sales and use taxes collected  
42 that are so committed; and

43 (B) the date or dates on which the city and county sales and use taxes

1 pledged to other uses can be pledged for repayment of bonds; ~~and~~

2 (14) an anticipated principal and interest payment schedule on the  
3 bond issue;

4 (15) *a total project capitalization analysis;*

5 (16) *evidence of comparable project viability, to include*  
6 *demonstrated financial viability of at least three currently operating*  
7 *projects comparable to the proposed project in scope and in project type*  
8 *that are located in the United States. For purposes of a comparable*  
9 *project viability analysis, "demonstrated financial viability" means*  
10 *financial statements showing the project maintained positive net income,*  
11 *as defined by generally accepted accounting principles, for the most*  
12 *recent fiscal year and the two next preceding fiscal years; and*

13 (17) *any other evidence of financial viability of the proposed project*  
14 *as may be required by the secretary.*

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

18 (c) If the city or county determines the project is feasible, the project  
19 plan shall include:

20 (1) A summary of the feasibility study done as defined in subsection  
21 ~~(b) of this section, and amendments thereto;~~

22 (2) a reference to the district plan established under K.S.A. 2017  
23 Supp. 12-17,165, and amendments thereto, that identifies the project area  
24 that is set forth in the project plan that is being considered;

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

26 (4) the relocation assistance plan as described in K.S.A. 2017 Supp.  
27 12-17,172, and amendments thereto;

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

30 (6) any other information the governing body of the city or county  
31 deems necessary to advise the public of the intent of the project plan.

32 (d) A copy of the STAR bond project plan prepared by a city shall be  
33 delivered to the board of county commissioners of the county and the  
34 board of education of any school district levying taxes on property within  
35 the STAR bond project area. A copy of the STAR bond project plan  
36 prepared by a county shall be delivered to the board of education of any  
37 school district levying taxes on property within the STAR bond project  
38 area.

39 (e) Upon a finding by the planning commission that the STAR bond  
40 project plan is consistent with the intent of the comprehensive plan for the  
41 development of the city, and a finding by the planning commission of the  
42 county, if any, with respect to a STAR bond project located wholly outside  
43 the boundaries of the city, that the STAR bond project plan is consistent

1 with the intent of the comprehensive plan for the development of the  
2 county, the governing body of the city or county shall adopt a resolution  
3 stating that the city or county is considering the adoption of the STAR  
4 bond project plan. Such resolution shall:

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

8 (2) describe the boundaries of the STAR bond project district within  
9 which the STAR bond project will be located and the date of establishment  
10 of such district;

11 (3) describe the boundaries of the area proposed to be included within  
12 the STAR bond project area; and

13 (4) state that the STAR bond project plan, including a summary of the  
14 feasibility study, market study, relocation assistance plan and financial  
15 guarantees of the prospective developer and a description and map of the  
16 area to be redeveloped or developed are available for inspection during  
17 regular office hours in the office of the city clerk or county clerk,  
18 respectively.

19 (f) (1) The date fixed for the public hearing to consider the adoption  
20 of the STAR bond project plan shall be not less than 30 nor more than 70  
21 days following the date of the adoption of the resolution fixing the date of  
22 the hearing.

23 (2) A copy of the city or county resolution providing for the public  
24 hearing shall be by certified mail, return receipt requested, sent by the city  
25 to the board of county commissioners of the county and by the city or  
26 county to the board of education of any school district levying taxes on  
27 property within the proposed STAR bond project area. Copies also shall be  
28 sent by certified mail, return receipt requested to each owner and occupant  
29 of land within the proposed STAR bond project area not more than 10 days  
30 following the date of the adoption of the resolution. The resolution shall be  
31 published once in the official city or county newspaper not less than one  
32 week nor more than two weeks preceding the date fixed for the public  
33 hearing. A sketch clearly delineating the area in sufficient detail to advise  
34 the reader of the particular land proposed to be included within the STAR  
35 bond project area shall be published with the resolution.

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

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



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

4 (i) After the adoption by the city or county governing body of a  
5 STAR bond project plan, the clerk of the city or county shall transmit a  
6 copy of the description of the land within the STAR bond project district, a  
7 copy of the ordinance or resolution adopting the plan and a map or plat  
8 indicating the boundaries of the district to the clerk, appraiser and treasurer  
9 of the county in which the district is located and to the governing bodies of  
10 the county and school district which levy taxes upon any property in the  
11 district. Such documents shall be transmitted following the adoption or  
12 modification of the plan or a revision of the plan on or before January 1 of  
13 the year in which the increment is first allocated to the taxing subdivision.

14 (j) If the STAR bond project plan is approved, the feasibility study  
15 shall be supplemented to include a copy of the minutes of the governing  
16 body meetings of any city or county whose bonding authority will be  
17 utilized in the STAR bond project, evidencing that a STAR bond project  
18 plan has been created, discussed and adopted by the city or county in a  
19 regularly scheduled open public meeting.

20 (k) Any substantial changes as defined in K.S.A. 2017 Supp. 12-  
21 17,162, and amendments thereto, to the STAR bond project plan as  
22 adopted shall be subject to a public hearing following publication of notice  
23 thereof at least twice in the official city or county newspaper.

24 (l) Any STAR bond project shall be completed within 20 years from  
25 the date of the approval of the STAR bond project plan. The maximum  
26 maturity on bonds issued to finance projects pursuant to this act shall not  
27 exceed 20 years.

28 (m) Kansas resident employees shall be given priority consideration  
29 for employment in construction projects located in a STAR bond project  
30 area.

31 (n) Any developer of a STAR bond project shall commence work on  
32 the project within two years from the date of adoption of the STAR bond  
33 project plan. Should the developer fail to commence work on the STAR  
34 bond project within the two-year period, funding for such project shall  
35 cease and the developer of such project or complex shall have one year to  
36 appeal to the secretary for reapproval of such project and the funding for  
37 it. Should the project be reapproved, the two-year period for  
38 commencement shall apply.

39 (o) *The feasibility study, including the economic impact, market and*  
40 *market impact studies required by subsection (b)(6), (7) and (8), shall be*  
41 *conducted by one or more economic consultants selected and approved by*  
42 *the secretary, and the costs shall be paid by the developer or the city or*  
43 *county. The secretary shall have control and oversight authority over the*

1 *scope and conduct of the studies. The secretary may establish a list of*  
2 *preapproved economic consultants and approved study parameters and*  
3 *methods.*

4 Sec. 7. K.S.A. 2017 Supp. 12-17,169 is hereby amended to read as  
5 follows: 12-17,169. (a) (1) Any city or county shall have the power to  
6 issue special obligation bonds in one or more series to finance the  
7 undertaking of any STAR bond project in accordance with the provisions  
8 of this act. Such special obligation bonds shall be made payable, both as to  
9 principal and interest:

10 (A) From revenues of the city or county derived from or held in  
11 connection with the undertaking and carrying out of any STAR bond  
12 project or projects under this act including historic theater sales tax  
13 increments;

14 (B) from any private sources, contributions or other financial  
15 assistance from the state or federal government;

16 (C) from a pledge of 100% of the tax increment revenue received by  
17 the city from any local sales and use taxes, including the city's share of any  
18 county sales tax, which are collected from taxpayers doing business within  
19 that portion of the city's STAR bond project district established pursuant to  
20 K.S.A. 2017 Supp. 12-17,165, and amendments thereto, occupied by a  
21 STAR bond project, except for amounts committed to other uses by  
22 election of voters or pledged to bond repayment prior to the approval of  
23 the STAR bond project;

24 (D) at the option of the county in a city STAR bond project district,  
25 from a pledge of all of the tax increment revenues received by the county  
26 from any local sales and use taxes which are collected from taxpayers  
27 doing business within that portion of the city's STAR bond project district  
28 established pursuant to K.S.A. 2017 Supp. 12-17,165, and amendments  
29 thereto, except for amounts committed to other uses by election of voters  
30 or pledged to bond repayment prior to the approval of a STAR bond  
31 project;

32 (E) in a county STAR bond project district, from a pledge of 100% of  
33 the tax increment revenue received by the county from any county sales  
34 and use tax, but excluding any portions of such taxes that are allocated to  
35 the cities in such county pursuant to K.S.A. 12-192, and amendments  
36 thereto, which are collected from taxpayers doing business within that  
37 portion of the county's STAR bond project district established pursuant to  
38 K.S.A. 2017 Supp. 12-17,165, and amendments thereto, occupied by a  
39 STAR bond project;

40 (F) from a pledge of all or a portion of the tax increment revenue  
41 received from any state sales taxes which are collected from taxpayers  
42 doing business within that portion of the city's or county's STAR bond  
43 project district occupied by a STAR bond project, except that for any

1 STAR bond project district established and approved by the secretary on or  
2 after January 1, 2017, such tax increment shall not include any sales tax  
3 revenue from retail automobile dealers;

4 (G) at the option of the city or county and with approval of the  
5 secretary, from all or a portion of the transient guest tax of such city or  
6 county;

7 (H) at the option of the city or county and with approval of the  
8 secretary: (i) From a pledge of all or a portion of increased revenue  
9 received by the city or county from franchise fees collected from utilities  
10 and other businesses using public right-of-way within the STAR bond  
11 project district; or (ii) from a pledge of all or a portion of the revenue  
12 received by a city or county from local sales taxes or local transient guest  
13 and local use taxes; or

14 (I) by any combination of these methods.

15 The city or county may pledge such revenue to the repayment of such  
16 special obligation bonds prior to, simultaneously with, or subsequent to the  
17 issuance of such special obligation bonds.

18 (2) Bonds issued under subsection (a)(1) shall not be general  
19 obligations of the city or the county, nor in any event shall they give rise to  
20 a charge against its general credit or taxing powers, or be payable out of  
21 any funds or properties other than any of those set forth in subsection (a)  
22 (1) and such bonds shall so state on their face.

23 (3) Bonds issued under the provisions of subsection (a)(1) shall be  
24 special obligations of the city or county and are declared to be negotiable  
25 instruments. Such bonds shall be executed by the mayor and clerk of the  
26 city or the chairperson of the board of county commissioners and the  
27 county clerk and sealed with the corporate seal of the city or county. All  
28 details pertaining to the issuance of such special obligation bonds and  
29 terms and conditions thereof shall be determined by ordinance of the city  
30 or by resolution of the county.

31 All special obligation bonds issued pursuant to this act and all income  
32 or interest therefrom shall be exempt from all state taxes. Such special  
33 obligation bonds shall contain none of the recitals set forth in K.S.A. 10-  
34 112, and amendments thereto. Such special obligation bonds shall,  
35 however, contain the following recitals: (i) The authority under which such  
36 special obligation bonds are issued; (ii) such bonds are in conformity with  
37 the provisions, restrictions and limitations thereof; and (iii) that such  
38 special obligation bonds and the interest thereon are to be paid from the  
39 money and revenue received as provided in subsection (a)(1).

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

43 (b) (1) Subject to the provisions of subsection (b)(2), any city shall

1 have the power to issue full faith and credit tax increment bonds to finance  
2 the undertaking, establishment or redevelopment of any major motorsports  
3 complex, as defined in K.S.A. 2017 Supp. 12-17,162(k), and amendments  
4 thereto. Such full faith and credit tax increment bonds shall be made  
5 payable, both as to principal and interest: (A) From the revenue sources  
6 identified in subsection (a)(1) or by any combination of these sources; and  
7 (B) subject to the provisions of subsection (b)(2), from a pledge of the  
8 city's full faith and credit to use its ad valorem taxing authority for  
9 repayment thereof in the event all other authorized sources of revenue are  
10 not sufficient.

11 (2) Except as provided in subsection (b)(3), before the governing  
12 body of any city proposes to issue full faith and credit tax increment bonds  
13 as authorized by this subsection, the feasibility study required by K.S.A.  
14 2017 Supp. 12-17,166(b), and amendments thereto, shall demonstrate that  
15 the benefits derived from the project will exceed the cost and that the  
16 income therefrom will be sufficient to pay the costs of the project. No full  
17 faith and credit tax increment bonds shall be issued unless the governing  
18 body states in the resolution required by K.S.A. 2017 Supp. 12-17,166(e),  
19 and amendments thereto, that it may issue such bonds to finance the  
20 proposed STAR bond project. The governing body may issue the bonds  
21 unless within 60 days following the conclusion of the public hearing on  
22 the proposed STAR bond project plan a protest petition signed by 3% of  
23 the qualified voters of the city is filed with the city clerk in accordance  
24 with the provisions of K.S.A. 25-3601 et seq., and amendments thereto. If  
25 a sufficient petition is filed, no full faith and credit tax increment bonds  
26 shall be issued until the issuance of the bonds is approved by a majority of  
27 the voters voting at an election thereon. Such election shall be called and  
28 held in the manner provided by the general bond law. The failure of the  
29 voters to approve the issuance of full faith and credit tax increment bonds  
30 shall not prevent the city from issuing special obligation bonds in  
31 accordance with this section. No such election shall be held in the event  
32 the board of county commissioners or the board of education determines,  
33 as provided in K.S.A. 2017 Supp. 12-17,165, and amendments thereto, that  
34 the proposed STAR bond project district will have an adverse effect on the  
35 county or school district.

36 (3) As an alternative to subsection (b)(2), any city which adopts a  
37 STAR bond project plan for a major motorsports complex, but does not  
38 state its intent to issue full faith and credit tax increment bonds in the  
39 resolution required by K.S.A. 2017 Supp. 12-17,166(e), and amendments  
40 thereto, and has not acquired property in the STAR bond project area may  
41 issue full faith and credit tax increment bonds if the governing body of the  
42 city adopts a resolution stating its intent to issue the bonds and the  
43 issuance of the bonds is approved by a majority of the voters voting at an

1 election thereon. Such election shall be called and held in the manner  
2 provided by the general bond law. The failure of the voters to approve the  
3 issuance of full faith and credit tax increment bonds shall not prevent the  
4 city from issuing special obligation bonds pursuant to subsection (a)(1).  
5 Any project plan adopted by a city prior to the effective date of this act in  
6 accordance with K.S.A. 12-1772, and amendments thereto, shall not be  
7 invalidated by any requirements of this act.

8 (4) During the progress of any major motorsports complex project in  
9 which the project costs will be financed, in whole or in part, with the  
10 proceeds of full faith and credit tax increment bonds, the city may issue  
11 temporary notes in the manner provided in K.S.A. 10-123, and  
12 amendments thereto, to pay the project costs for the major motorsports  
13 complex project. Such temporary notes shall not be issued and the city  
14 shall not acquire property in the STAR bond project area until the  
15 requirements of subsection (b)(2) or (b)(3), whichever is applicable, have  
16 been met.

17 (5) Full faith and credit tax increment bonds issued under this  
18 subsection shall be general obligations of the city and are declared to be  
19 negotiable instruments. Such bonds shall be issued in accordance with the  
20 general bond law. All such bonds and all income or interest therefrom shall  
21 be exempt from all state taxes. The amount of the full faith and credit tax  
22 increment bonds issued and outstanding which exceeds 3% of the assessed  
23 valuation of the city shall be within the bonded debt limit applicable to  
24 such city.

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

28 (c) (1) For each project financed with special obligation bonds  
29 payable from the revenues described in subsection (a)(1), the city or  
30 county shall prepare, *as directed by the secretary*, and submit to the  
31 secretary by October 1 of each year, a report ~~describing~~ *that shall include*  
32 *the complete audit results and all addendums or schedules of the audit*  
33 *required by K.S.A. 2017 Supp. 12-17,176, and amendments thereto, and*  
34 *that shall describe* the status of any projects within such STAR bond  
35 project area, any expenditures of the proceeds of special obligation bonds  
36 that have occurred since the last annual report and any expenditures of the  
37 proceeds of such bonds expected to occur in the future, including the  
38 amount of sales tax revenue, how such revenue has been spent, the  
39 projected amount of such revenue and the anticipated use of such revenue.  
40 The department of commerce shall compile this information and submit a  
41 report annually to the governor, *the senate commerce committee, the house*  
42 *commerce, labor and economic development committee* and the legislature  
43 by ~~February 1~~ *January 31* of each year.

1 (2) (A) In addition to the report referenced in paragraph (1), the  
2 department of commerce, in cooperation with the department of revenue,  
3 shall submit a report to the senate commerce committee and the house  
4 commerce, labor and economic development committee by January 31 of  
5 each session. The report shall include the following information for the last  
6 three calendar years and the most current year-to-date information  
7 available with respect to each STAR bond district:

8 (i) The amount of sales tax collected, and the amount of any "base"  
9 sales taxes being allocated to the district;

10 (ii) the total amount of bond payments and other expenses incurred;

11 (iii) the total amount of bonds issued and the balance of the bonds, by  
12 district and by project in the district;

13 (iv) the remaining cash balance in the project to pay future debt  
14 service and other expenses;

15 (v) any new income producing properties being brought into a district  
16 and the base revenue going to the state general fund and incremental sales  
17 tax increases going to the district with respect to such properties;

18 (vi) the amount of bonds issued to repay private investors in the  
19 project with calculations showing the private and state share of  
20 indebtedness;

21 (vii) the percentage of local effort sales tax actually committed to the  
22 district compared to the state's share of sales tax percentage committed to  
23 the district;

24 (viii) the number of out-of-state visitors to a project, a discussion of  
25 the visitor attraction properties of projects in the districts, and a  
26 comparison of the number of out-of-state visitors with the number of in-  
27 state visitors; ~~and~~

28 (ix) *the feasibility study consultants that are approved by the*  
29 *secretary and the consultants who have conducted any part of a feasibility*  
30 *study during the year; and*

31 (x) if any information or data is not available, an explanation as to  
32 why it is not available.

33 (B) Either the senate commerce committee or the house committee on  
34 commerce, labor and economic development may amend the information  
35 required in the report with additional requests and clarification on a going  
36 forward basis.

37 (C) *The secretary shall prepare three-year and five-year progress*  
38 *reports on all STAR bond projects with outstanding bonds financed by*  
39 *state sales tax revenues pursuant to subsection (a)(1)(F). The progress*  
40 *reports shall include compilation and analysis of the information required*  
41 *by subparagraphs (A) and (B). The first progress report shall be due by*  
42 *January 31, 2019, and shall include all projects of a duration of three*  
43 *years or of five years or more than five years with outstanding bonds. The*

1 reports shall be submitted to the senate commerce committee and the  
2 house commerce, labor and economic development committee by January  
3 31 of each session when required by this subparagraph.

4 (d) A city or county may use the proceeds of special obligation bonds  
5 or any uncommitted funds derived from sources set forth in this section to  
6 pay the bond project costs as defined in K.S.A. 2017 Supp. 12-17,162, and  
7 amendments thereto, to implement the STAR bond project plan.

8 (e) With respect to a STAR bond project district established prior to  
9 January 1, 2003, for which, prior to January 1, 2003, the secretary made a  
10 finding as provided in subsection (a) that a STAR bond project would  
11 create a major tourism area for the state, such special obligation bonds  
12 shall be payable both as to principal and interest, from a pledge of all of  
13 the revenue from any transient guest, state and local sales and use taxes  
14 collected from taxpayers as provided in subsection (a) whether or not  
15 revenues from such taxes are received by the city.

16 Sec. 8. K.S.A. 2017 Supp. 12-17,176 is hereby amended to read as  
17 follows: 12-17,176. (a) STAR bond projects using state sales tax financing  
18 pursuant to K.S.A. 2017 Supp. 12-17,169, and amendments thereto, shall  
19 be audited *annually* by an independent certified public accountant ~~annually~~  
20 *approved by the secretary* at the expense of the city or county. The audit  
21 report shall supplement the annual report required pursuant to K.S.A. 2017  
22 Supp. 12-17,169, and amendments thereto. *The secretary shall have*  
23 *control and oversight authority over the audit. Any preliminary audit*  
24 *report or findings and the completed audit report including all addendums*  
25 *or schedules shall be submitted by the independent certified public*  
26 *accountant to the secretary when directed by the secretary or at the same*  
27 *time as any preliminary report or findings or the completed report and all*  
28 *addendums or schedules are submitted to the city or county.*

29 (b) Such audits shall determine whether bond financing obtained  
30 under K.S.A. 2017 Supp. 12-17,169, and amendments thereto, is being  
31 used only for authorized purposes. Audit results shall be reported to the  
32 house commerce, labor and economic development committee, the senate  
33 commerce committee, or successor committees, the governor and the  
34 secretaries of commerce and revenue during the legislative session  
35 immediately following the audit.

36 (c) If audit findings indicate that Bond funds have been used for  
37 unauthorized or ineligible purposes, the city or county shall repay to the  
38 bond fund all such unauthorized or ineligible expenditures. Such city or  
39 county shall enter into a repayment agreement with the secretary of  
40 revenue specifying the terms of such repayment obligation.

41 Sec. 9. K.S.A. 2017 Supp. 12-17,162, 12-17,164, 12-17,166, 12-  
42 17,169 and 12-17,176 are hereby repealed.

43 Sec. 10. This act shall take effect and be in force from and after its

- 1 publication in the statute book.