

HOUSE BILL NO. ____

AN ACT concerning economic development; relating to the STAR bonds financing act; authorizing the secretary of commerce to enter into agreements with major professional sports franchises to establish up to two STAR bond projects for a major professional sports complex or approve such projects of a city or county as authorized by the legislative coordinating council; expanding bond financing revenue sources and the discretion of the secretary and making other provisions in the STAR bonds financing act for the purpose of facilitating such projects; allowing the secretary to undertake or finance such projects independently or with local revenue when approved by a city or county; limiting the secretary's authority to approve such projects to a period of one year and permitting the legislative coordinating council to extend such authority for an additional year; authorizing the Kansas development finance authority to issue STAR bonds for such projects when approved by the secretary; providing for transfers of certain funds from the state gaming revenues fund to the attracting professional sports to Kansas fund for the fiscal year ending June 30, 2025, and each fiscal year thereafter; amending K.S.A. 12-17,162, 12-17,164, 12-17,168, 12-17,169, 12-17,170, 12-17,174 and 79-4801 and K.S.A. 2023 Supp. 79-4108 and 79-41a03 and repealing the existing sections.

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

New Section 1. (a) (1) Subject to paragraph (3) and subsections (b) and (c), the secretary of commerce is authorized to enter into an agreement with one or more major professional sports franchises for the purpose of establishing a major professional sports franchise STAR bond district and project for a major professional sports complex, as defined in K.S.A. 12-17,162(o), (p), (aa)(2) and (cc)(2), and amendments thereto, and financing such project in accordance with the provisions of the STAR bonds financing act applicable to such a project. Such district and project may be established and financed independently by the secretary or with the participation of a city or county pursuant to the provisions of K.S.A. 12-17,164 and 12-17,169, and amendments thereto, and other applicable provisions of the STAR bonds financing act.

(2) Subject to paragraph (3) and subsections (b) and (e), the secretary of commerce is authorized to approve a STAR bond district and project as described in paragraph (1) of a city or

county.

(3) This authority granted pursuant to paragraphs (1) and (2) shall be limited to not more than two such districts and projects in total. No such STAR bond project district shall be approved or such agreement executed by the secretary after June 30, 2025, unless the secretary's authorization to enter into such an agreement or approve such a district is extended for an additional period of one year by the legislative coordinating council as provided in subsection (b).

(b) The legislative coordinating council may extend the authority of the secretary of commerce to approve a STAR bond project district or execute an agreement as provided by subsection (a) for an additional period of July 1, 2025, through June 30, 2026, at any time on or before July 1, 2025. The council may take such action when the legislature is in session or when not in session. If circumstances are such that the council does not address this matter on or before July 1, 2025, the council may approve such extension at the next meeting of the council held after July 1, 2025, and if approved, such extension shall be effective retroactively. The secretary of commerce may make a written request for such extension to the council and shall provide consultation to the council regarding the matter by written statement or by appearance by the secretary of commerce or the secretary's designee at a meeting of the council. The failure of the secretary to make such request or provide such consultation shall not limit the authority of the council to act on this matter at a meeting of the council.

(c) The secretary shall not enter into any agreement unless reviewed and approved by the affirmative vote of a majority of the members of the legislative coordinating council prior to the finalization of the agreement by the secretary. If the legislative coordinating council does not approve a proposed agreement, the secretary shall not enter into the agreement but may negotiate

further with a major professional sports franchise and submit another proposed agreement for review and approval by the council until an agreement approved by the council is finally executed or the secretary or the major professional sports franchise discontinues negotiations. The council is granted the authority to act on this matter at any time, including when the legislature is in session. The secretary of commerce and any officer or employee of the department of commerce may appear before the council to provide testimony if requested by the council. Notwithstanding the provisions of the open meetings act, in the discretion of the chairperson of the council, any review, testimony or discussion, or portions thereof, regarding a proposed agreement shall not be open to the public. A vote by the council on whether a proposed agreement should be approved shall be made in open session and limited to an up or down decision on the question of whether the proposed agreement should be approved. A proposed agreement and any associated documentation or testimony shall be confidential and shall not be subject to the open records act. After execution of an agreement, the executed agreement and all written documentation provided to the council required by subsection (d) with respect to the proposed agreement that has been approved and executed shall be a public record. The provisions of this paragraph providing for confidentiality of records shall expire on July 1, 2029, unless the legislature acts to reenact such provisions pursuant to K.S.A. 45-229, and amendments thereto, prior to July 1, 2029.

(d) The secretary or secretary's designee shall present the following written documentation to the council for the council's consideration in determining whether to approve a proposed agreement:

- (1) The proposed agreement and any attachments thereto;
- (2) the STAR bond project plan if not wholly included in or attached to the agreement;

and

(3) any additional information requested by the council if such information is consistent with public record information provided by a city or county in the course of meeting the requirements of K.S.A. 12-17,165 and 12-17,166, and amendments thereto, for the establishment of a STAR bond project district or a STAR bond project.

(e) The secretary shall not approve any STAR bond project district, as defined in K.S.A. 12-17,162(cc)(2), and amendments thereto, or STAR bond project, as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, as required by the STAR bonds financing act for the establishment of such district or project by a city or county unless first approved by the legislative coordinating council. The provisions of subsections (c) and (d) regarding the authority of the council to act at any time, submission of written documentation, testimony of the secretary or secretary's designee and the vote of the council shall be applicable. The exceptions to the open meetings act and open records act and the provisions regarding confidentiality and release of written documentation shall be applicable unless the information has already been made public. At the request of the council, a representative of the city or county shall appear and provide testimony.

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

Sec. 2. K.S.A. 12-17,162 is hereby amended to read as follows: 12-17,162. As used in the STAR bonds financing act, unless a different meaning clearly appears from the context:

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

restaurants and retail facilities, not directly related to or necessary to the operation of such facility.

(b) "Commence work" means the manifest commencement of actual operations on the development site, such as, erecting a building, excavating the ground to lay a foundation or a basement or work of like description according to an approved plan of construction, with the intention and purpose to continue work until the project is completed.

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

(d) "Developer" means any person, firm, corporation, partnership or limited liability company other than a city and other than an agency, political subdivision or instrumentality of the state. "Developer" includes the names of the owners, partners, officers or principals of the developer for purposes of inclusion of the name of the developer into any application, document or report pursuant to this act if such application, document or report is a public record.

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

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

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

(h) "Historic theater" means a building constructed prior to 1940 that was constructed for the purpose of staging entertainment, including motion pictures, vaudeville shows or operas,

that is operated by a nonprofit corporation and is designated by the state historic preservation officer as eligible to be on the Kansas register of historic places or is a member of the Kansas historic theatre association.

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

(j) "Major business facility" means a significant business headquarters or office building development designed to draw a substantial number of new visitors to Kansas and that has agreed to provide visitor tracking data to the secretary as requested by the secretary, including, but not limited to, residence zip code information, to be provided or held by the secretary without personally identifiable information. A major business facility shall meet sales tax increment revenue requirements that shall be established by the secretary independent of any associated retail businesses located in the STAR bond project district pursuant to the STAR bond project plan.

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

(l) "Major motorsports complex" means a complex in Shawnee county that is utilized for the hosting of competitions involving motor vehicles, including, but not limited to, automobiles, motorcycles or other self-propelled vehicles other than a motorized bicycle or motorized wheelchair. Such project may include racetracks, all facilities directly related and necessary to the operation of a motorsports complex, including, but not limited to, parking lots,

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

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

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

(o) "Major professional sports complex" means a project, approved or pursuant to an authorized agreement as provided by section 1, and amendments thereto, located within this state including a stadium of not less than 30,000 seats for the purpose of the holding of national football league or major league baseball athletic contests and other events and gatherings or a practice or training facility utilized by a major professional sports franchise and all buildings, improvements, facilities or attractions located within any STAR bond project district as defined in subsection (cc)(2).

(p) "Major professional sports franchise" means any corporation, partnership or other entity that owns a team or franchise that is a member of the national football league or major

[league baseball that is located in any state adjacent to Kansas.](#)

~~(q)~~ "Market study" means a study to determine the ability of the project to gain market share locally, regionally and nationally and the ability of the project to gain sufficient market share to:

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

~~(r)~~ "Market impact study" means a study to measure the impact of the proposed project on similar businesses in the project's market area.

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

~~(t)~~ "Project" means a STAR bond project.

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

- (1) Acquisition of real property within the STAR bond project area;
- (2) payment of relocation assistance pursuant to a relocation assistance plan as provided in K.S.A. 12-17,173, and amendments thereto;
- (3) site preparation including utility relocations;

- (4) sanitary and storm sewers and lift stations;
- (5) drainage conduits, channels, levees and river walk canal facilities;
- (6) street grading, paving, graveling, macadamizing, curbing, guttering and surfacing;
- (7) street light fixtures, connection and facilities;
- (8) underground gas, water, heating and electrical services and connections located within the public right-of-way;
- (9) sidewalks and pedestrian underpasses or overpasses;
- (10) drives and driveway approaches located within the public right-of-way;
- (11) water mains and extensions;
- (12) plazas and arcades;
- (13) parking facilities and multilevel parking structures devoted to parking only;
- (14) landscaping and plantings, fountains, shelters, benches, sculptures, lighting, decorations and similar amenities;
- (15) auto race track facility;
- (16) major multi-sport athletic complex;
- (17) museum facility;
- (18) major motorsports complex;
- (19) rural redevelopment project, including costs incurred in connection with the construction or renovation of buildings or other structures;
- (20) major professional sports complex, including all costs necessary to implement a STAR bond project plan for the development of a major professional sports complex, including, but not limited to, costs incurred for construction or renovation of a stadium and other buildings, improvements, structures, facilities, infrastructure improvements and utilities or any related

expenses to develop and finance such complex;

(21) related expenses to redevelop and finance the project, except that for a STAR bond project financed with special obligation bonds payable from the revenues described in K.S.A. 12-17,169(a)(1) or (a)(2)(A) and (a)(2)(B), and amendments thereto, such expenses shall require prior approval by the secretary of commerce; and

~~(21)~~(22) except as specified in paragraphs (1) through ~~(20)~~ (21) above, "project costs" does not include:

- (A) Costs incurred in connection with the construction of buildings or other structures;
- (B) fees and commissions paid to developers, real estate agents, financial advisors or any other consultants who represent the developers or any other businesses considering locating in or located in a STAR bond project district;
- (C) salaries for local government employees;
- (D) moving expenses for employees of the businesses locating within the STAR bond project district;
- (E) property taxes for businesses that locate in the STAR bond project district;
- (F) lobbying costs;
- (G) any bond origination fee charged by the city or county;
- (H) any personal property as defined in K.S.A. 79-102, and amendments thereto; and
- (I) travel, entertainment and hospitality.

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

~~(w)~~(w) "River walk canal facilities" means a canal and related water features which flow through a major commercial entertainment and tourism area and facilities related or

contiguous thereto, including, but not limited to, pedestrian walkways and promenades, landscaping and parking facilities.

~~(v)~~(x) "Rural redevelopment project" means a project that is in an area outside of a metropolitan area with a population of more than 50,000, that is of regional importance, with capital investment of at least \$3,000,000 and that will enhance the quality of life in the community and region.

~~(w)~~(y) "Sales tax and revenue" are those revenues available to finance the issuance of special obligation bonds as identified in K.S.A. 12-17,168, and amendments thereto.

~~(x)~~(z) "STAR bond" means a sales tax and revenue bond.

~~(y)~~(aa) "STAR bond project" means:

(1) An approved project to implement a project plan for the development of the established STAR bond project district that:

~~(+)~~(A)(i) Has at least a \$75,000,000 capital investment and \$75,000,000 in projected gross annual sales; or

~~(B)~~(ii) for metropolitan areas with a population of between 50,000 and 75,000, has at least a \$40,000,000 capital investment and \$40,000,000 in projected gross annual sales, if the project is deemed of high value by the secretary; or

~~(2)~~(B) for areas outside of metropolitan areas with a population of more than 50,000, the secretary finds the project:

~~(A)~~(i) Is an eligible area as defined in subsection (f); and

~~(B)~~(ii) would be of regional or statewide importance;

~~(3)~~(C) is a major tourism area as defined in subsection (m);

~~(4)~~(D) is a major motorsports complex, as defined in subsection (l); or

~~(S)~~(E) is a rural redevelopment project as defined in subsection ~~(v)~~(x); or

(2) A project approved or pursuant to an authorized agreement as provided by section 1, and amendments thereto, to implement one or more project plans for the development of a major professional sports complex with a combined capital investment of not less than \$1,000,000,000.

~~(z)~~(bb) "STAR bond project area" means the geographic area within the STAR bond project district in which there may be one or more projects.

~~(aa)~~(cc) "STAR bond project district" means:

(1) The specific area declared to be an eligible area as determined by the secretary in which the city or county may develop one or more STAR bond projects. A "STAR bond project district" includes a redevelopment district, as defined in K.S.A. 12-1770a, and amendments thereto, created prior to the effective date of this act for the Wichita Waterwalk project in Wichita, Kansas, provided, the city creating such redevelopment district submits an application for approval for STAR bond financing to the secretary on or before July 31, 2007, and receives a final letter of determination from the secretary approving or disapproving the request for STAR bond financing on or before November 1, 2007. No STAR bond project district shall include real property which has been part of another STAR bond project district unless such STAR bond project and STAR bond project district have been approved by the secretary of commerce pursuant to K.S.A. 12-17,164 and 12-17,165, and amendments thereto, prior to March 1, 2016. A STAR bond project district in a metropolitan area with a population of more than 50,000, shall be a contiguous parcel of real estate and shall be limited to those areas being developed by the STAR bond project and any area of real property reasonably anticipated to directly benefit from the redevelopment project; or

(2) the specific area approved or pursuant to an authorized agreement as provided by

section 1, and amendments thereto, and that is declared to be an eligible area as determined by the secretary in which the city or county, or the secretary independently or with the participation of the city or county, as provided by K.S.A. 12-17,164, and amendments thereto, may develop one or more STAR bond projects as defined in subsection (aa)(2). Such area may include real property that is or has been a part of another STAR bond project district, however, any outstanding STAR bonds issued for such other STAR bond project district shall have priority for repayment. Any STAR bond project district as defined pursuant to this paragraph shall not be required to contain contiguous parcels of real estate or be limited to those areas being developed pursuant to any such STAR bond project.

~~(bb)~~(dd) "STAR bond project district plan" means the preliminary plan that identifies all of the proposed STAR bond project areas and identifies in a general manner all of the buildings, facilities and improvements in each that are proposed to be constructed or improved in each STAR bond project area.

~~(ee)~~(ee) "STAR bond project plan" means the plan adopted by a city or county for the development of a STAR bond project or projects in a STAR bond project district. "STAR bond project plan" includes a plan adopted by the secretary independently, the secretary with the participation of a city or county or a city or county as approved by the secretary, as provided by K.S.A. 12-17,164, and amendments thereto, for the development of a STAR bond project or projects as defined in subsection (aa)(2) in a STAR bond project district as defined in subsection (cc)(2) and approved or pursuant to an authorized agreement as provided by section 1, and amendments thereto.

~~(dd)~~(ff) "Secretary" means the secretary of commerce.

~~(ee)~~(gg) "Substantial change" means, as applicable, a change wherein the proposed plan

or plans differ substantially from the intended purpose for which the STAR bond project district plan was approved.

~~(ff)~~(hh) "Tax increment" means:

(1) Except as provided in paragraph (2), that portion of the revenue derived from state and local sales, use and transient guest tax imposed pursuant to K.S.A. 12-187 et seq., 12-1692 et seq., 79-3601 et seq. and 79-3701 et seq., and amendments thereto, collected from taxpayers doing business within that portion of a STAR bond project district occupied by a project that is in excess of the amount of base year revenue. For purposes of this subsection, the base year shall be the 12-month period immediately prior to the month in which the STAR bond project district is established. The department of revenue shall determine base year revenue by reference to the revenue collected during the base year from taxpayers doing business within the specific area in which a STAR bond project district is subsequently established. The base year of a STAR bond project district, following the addition of area to the STAR bond project district, shall be the base year for the original area, and with respect to the additional area, the base year shall be any 12-month period immediately prior to the month in which additional area is added to the STAR bond project district. For purposes of this subsection, revenue collected from taxpayers doing business within a STAR bond project district, or within a specific area in which a STAR bond project district is subsequently established shall not include local sales and use tax revenue that is sourced to jurisdictions other than those in which the project is located. The secretary of revenue and the secretary of commerce shall certify the appropriate amount of base year revenue for taxpayers relocating from within the state into a STAR bond district.

(2) With respect to any STAR bond project district as defined in subsection (cc)(2), "tax increment" may include all revenue described in paragraph (1) collected from retail sales from

any business within such STAR bond project district. "Tax increment" shall include all revenue derived from the sale of alcoholic liquor as defined in K.S.A. 79-41a01, and amendments thereto, pursuant to K.S.A. 79-4101 and 79-41a02, and amendments thereto, collected from consumers purchasing alcoholic liquor within such STAR bond project district that is in excess of the amount of base year revenue for such taxes. The "tax increment" for any such STAR bond project district that has been independently established by the secretary as provided by K.S.A. 12-17,164, and amendments thereto, shall not include local sales, use or transient guest tax imposed pursuant to K.S.A. 12-187 et seq. and 12-1692 et seq., and amendments thereto, unless approved by a participating city or county as provided by K.S.A. 12-17,164, and amendments thereto. If a STAR bond project district as defined in subsection (cc)(2) includes real property that is or has been part of another previously approved STAR bond project district, the "tax increment" shall also exclude that portion of state and local sales, use or transient guest tax revenue pledged to repayment of any STAR bonds issued for a previously approved STAR bond project within such other district while such bonds are outstanding. The amount of base year revenue for any revenue derived from the sale of alcoholic liquor and any state sales and use taxes shall be set by the secretary in the secretary's sole discretion upon the establishment of a STAR bond project district as defined in K.S.A. 12-17,162(cc)(2), and amendments thereto. If local sales, use or transient guest tax revenue are also pledged by a city or county, whether such city or county is participating with the secretary, or is itself establishing such STAR bond project district, as provided by K.S.A. 12-17,164, and amendments thereto, the amount of base year revenue for such local tax revenues shall be set by the city or county in the city or county's discretion and approved by the secretary. Base year revenue determinations by the secretary or by the city or county as approved by the secretary shall not be required to be based on the

[procedure provided in paragraph \(1\).](#)

~~(gg)~~[\(ii\)](#) "Taxpayer" means a person, corporation, limited liability company, S corporation, partnership, registered limited liability partnership, foundation, association, nonprofit entity, sole proprietorship, business trust, group or other entity that is subject to the Kansas income tax act, K.S.A. 79-3201 et seq., and amendments thereto.

Sec. 3. K.S.A. 12-17,164 is hereby amended to read as follows: 12-17,164. (a) [\(1\) \(A\)](#)
[\(i\)](#) The governing body of a city may establish one or more STAR bond projects in any area within such city or wholly outside the boundaries of such city. A STAR bond project wholly outside the boundaries of such city must be approved by the board of county commissioners by the passage of a county resolution.

[\(ii\)](#) The governing body of a county may establish one or more STAR bond projects in any unincorporated area of the county.

[\(iii\) No STAR bond project as defined by K.S.A. 12-17,162\(aa\)\(2\), and amendments thereto, shall be established by a city or county unless approved pursuant to section 1, and amendments thereto.](#)

[\(B\) The governing body of a city or county may elect to participate in a STAR bond project as defined in K.S.A. 12-17,162\(aa\)\(2\), and amendments thereto, established independently by the secretary pursuant to an agreement authorized by section 1, and amendments thereto, by pledging local sales, use and transient guest tax revenues for the repayment of STAR bonds issued by the Kansas development finance authority pursuant to this section and K.S.A. 12-17,169, and amendments thereto. If the governing body of the city or county elects to participate, the governing body of the city or county shall hold a public hearing and pass an appropriate ordinance or resolution specifying the city or county's pledge of such](#)

local revenues that meet any requirements of the secretary and the Kansas development finance authority. Such ordinance or resolution shall be passed not later than 60 days after the date of approval by the legislative coordinating council of the agreement pursuant to section 1, and amendments thereto, or the secretary may proceed without the city or county's participation to establish the STAR bond project district and undertake the STAR bond project plan without further public notice or hearing, as provided by paragraph (2).

(C) The projects shall be eligible for financing by special obligation bonds payable from revenues described by K.S.A. 12-17,169(a)(1) and (a)(2)(A) and (a)(2)(B), and amendments thereto. Upon approval by the secretary, a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, may be financed by the Kansas development finance authority as provided by K.S.A. 12-17,169, and amendments thereto.

(2) In lieu of the procedure required for a city or county to establish a STAR bond project district and a STAR bond project set forth in K.S.A. 12-17,165 and 12-17,166, and amendments thereto, or to finance a project, the secretary may independently establish a STAR bond project district as defined in K.S.A. 12-17,162(cc)(2), and amendments thereto, undertake a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, or finance such a STAR bond project through special obligation bonds issued by the Kansas development finance authority as provided by K.S.A. 12-17,169(a)(2)(B), and amendments thereto, with or without the participation of the city or county. In such case, except as otherwise provided, in addition to all powers granted to the secretary, the secretary shall have the powers of a city or county as provided by the STAR bonds financing act necessary in the secretary's discretion to establish, undertake or finance the project through the Kansas development finance authority. The notice, procedural and hearing requirements of K.S.A. 12-17,165 and 12-17,166, and

amendments thereto, shall not be applicable to the secretary. Such authority shall include changes to such district as provided by K.S.A. 12-17,171, and amendments thereto, except that no public hearings shall be required. Upon the approval of the secretary, the Kansas development finance authority is authorized to issue special obligation bonds in one or more series to finance such project. No revenue from local sales, use or transient guest taxes imposed pursuant to K.S.A. 12-187 et seq. and 12-1692 et seq., and amendments thereto, shall be pledged as a source of repayment of such special obligation bonds unless approved by the city or county as provided by paragraph (1)(B). Such bonds shall not be a general obligation of the state. Any such bonds and interest thereon shall be an obligation only of the Kansas development finance authority and shall not constitute a debt of the state of Kansas within the meaning of section 6 or 7 of article 11 of the constitution of the state of Kansas and shall not pledge the full faith and credit or the taxing power of the state of Kansas. Such bonds shall be payable, both as to principal and interest, solely from the revenue sources as provided by K.S.A. 12-17,169(a)(2)(B), and amendments thereto.

(3) The secretary's authority to approve STAR bond projects as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, including any such project established by a city or county or established independently by the secretary with or without the participation of the city or county shall be subject to section 1, and amendments thereto.

(b) (1) Each STAR bond project shall first be approved by the secretary, if the secretary determines that the proposed project or complex sufficiently promotes, stimulates and develops the general and economic welfare of the state as described in K.S.A. 12-17,160, and amendments thereto. Except as provided in paragraph (2), 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.

(2) For a STAR bond project as defined in K.S.A 12-17,162(aa)(2), and amendments thereto, the secretary may approve such financing issued by the city or county or by the Kansas development finance authority, as applicable, in an amount not to exceed 75% of the total costs including all project costs and any other costs related to the project.

(c) For a city proposing to finance a major motorsports complex pursuant to K.S.A. 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) Except as provided in paragraph (2), 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. 12-17,160 et seq., and amendments thereto.

(2) The provisions of paragraph (1) shall not apply to a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto.

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

(g) (1) Except as provided in paragraph (2), the maximum maturity of special

obligation bonds payable primarily from revenues described by K.S.A. 12-17,169(a)(1), and amendments thereto, to finance STAR bond projects pursuant to this section shall not exceed 20 years.

(2) Special obligation bonds issued by a city or county or, if applicable, by the Kansas development finance authority to finance a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, shall not exceed 30 years.

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

(i) For the purpose of recovering the costs of the secretary and the department arising from fulfilling administrative, review, approval, oversight and other responsibilities under the STAR bonds financing act and from providing assistance to cities, counties and private businesses in relation to STAR bond projects, the secretary may assess an administrative fee of up to 1%, not to exceed \$200,000, of the amount of the special obligation bonds payable from revenues described by K.S.A. 12-17,169(a)(1) or (a)(2), and amendments thereto, issued or reissued for STAR bond projects. The secretary may also recover any actual costs incurred by the secretary in excess of the fee. The fee, and any actual costs incurred by the secretary in excess of the fee, shall be paid to the secretary from the proceeds of such bonds. All such moneys received by the secretary shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the STAR bond administrative fee fund, which is hereby created in the state treasury. All expenditures from the STAR bond administrative fee fund shall be made in accordance with appropriation acts upon

warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary or a person or persons designated by the secretary.

Sec. 4. K.S.A. 12-17,168 is hereby amended to read as follows: 12-17,168. (a) (1) Any city or county which has received approval for a STAR bond project may request STAR bond issuance authority to issue additional STAR bonds in an amount in excess of the amount previously approved by the secretary. Any city or county requesting such additional STAR bond issuance authority shall make application for approval to the secretary. Such application shall include all information required to be submitted to the secretary for initial approval of a STAR bond project, including, but not limited to, a feasibility study as required by K.S.A. 12-17,166, and amendments thereto.

~~(b)~~(2) Except as provided by paragraph (4), the secretary shall review all of the information submitted by the city or county in the request for additional STAR bond issuance authority and determine whether to approve a request, and, if approved, issue an approval letter for additional STAR bond issuance authority based upon the requirements within this act and rules and regulations developed by the secretary.

~~(c)~~(3) Except as provided in paragraph (4), the secretary may approve such additional STAR bond issuance authority in an amount not to exceed 50% of the total costs of the addition or expansion to the STAR bond project for which the additional STAR bond issuance authority is sought, including all project costs and any other costs related to the project addition or expansion. The proceeds of such additional STAR bond financing may only be used to pay for incurred project costs of such addition or expansion.

(4) The secretary may approve such additional STAR bond issuance authority in an amount not to exceed 75% of the total costs of the addition or expansion of a STAR bond project

as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto. The secretary shall not approve additional STAR bond issuance authority for a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, unless such additional issuance is first approved by the legislative coordinating council. The council may consider and act on such matter at any time, including when the legislature is in session.

(b) Upon the approval of the secretary and the legislative coordinating council as provided in subsection (a)(4), the Kansas development finance authority may issue additional special obligation STAR bonds in an amount in excess of the amount previously approved by the secretary for a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto. Such additional financing for such project shall be limited to not more than 75% of the total project costs of the addition or expansion of such project. The proceeds of such additional STAR bond financing may only be used to pay for incurred project costs of such addition or expansion of the project.

Sec. 5. K.S.A. 12-17,169 is hereby amended to read as follows: 12-17,169. (a) (1) Any city or county shall have the power to issue special obligation bonds in one or more series to finance the undertaking of any STAR bond project in accordance with the provisions of this act. Rural redevelopment projects, as defined in K.S.A. 12-17,162, and amendments thereto, may also be financed without the issuance of special obligation bonds up to an amount not to exceed \$10,000,000 for each project. Such special obligation bonds or rural redevelopment project costs shall be made payable, both as to principal and interest:

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

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

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

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

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

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

any STAR bond project district established and approved by the secretary on or after January 1, 2017, such tax increment shall not include any sales tax revenue from retail automobile dealers, and except that for any STAR bond project district established after July 1, 2021, with existing sales tax revenue at the time the district was established, such pledge shall not exceed 90% of the new tax increment revenue that is in excess of the base existing sales tax revenue received from any state sales taxes;

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

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

(I) by any combination of these methods.

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

(2) (A) Special obligation bonds issued by a city or county to finance a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, that has been approved by the secretary in accordance with section 1, and amendments thereto, shall be made payable, both as to principal and interest, from a pledge of:

(i) Any method or combination of the methods described in paragraph (1), except that tax increment revenue from sales taxes shall include sales tax revenue from all retail sales of any

business located within the district and up to 100% of the new state sales tax increment revenue that is in excess of the base sales tax revenue, as set in the secretary's discretion, received from any state sales taxes. The city or county shall have discretion to set the base sales tax revenue for local sales and use taxes as approved by the secretary;

(ii) tax increment revenue from up to 100% of the taxes imposed on the sale of alcoholic liquor, as defined in K.S.A. 79-41a01, and amendments thereto, collected from sales within the district pursuant to K.S.A. 79-4101 and 79-41a02, and amendments thereto; and

(iii) if approved by the secretary, moneys from the attracting professional sports to Kansas fund of the department of commerce.

(B) As authorized by the secretary, the Kansas development finance authority shall have the power to issue special obligation bonds in one or more series to finance the undertaking of a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, that has been established by a city or county and approved by the secretary of commerce pursuant to section 1, and amendments thereto, or undertaken independently by the secretary pursuant to K.S.A. 12-17,164, and amendments thereto, with or without the participation of the city or county. Such special obligation bonds shall not be general obligations of the state. Any such bonds and interest thereon shall be an obligation only of the Kansas development finance authority and shall not constitute a debt of the state of Kansas within the meaning of section 6 or 7 of article 11 of the constitution of the state of Kansas and shall not pledge the full faith and credit or the taxing power of the state of Kansas. Such special obligation bonds shall be made payable, both as to principal and interest, solely from:

(i) Tax increment revenue as determined in the secretary's discretion, from up to 100% of state sales taxes, including state sales tax revenue from all retail sales of any business located

within the district;

(ii) tax increment revenue from up to 100% of the taxes imposed on the sale of alcoholic liquor as defined in K.S.A. 79-41a01, and amendments thereto, from sales within the district pursuant to K.S.A. 79-4101 and 79-41a02, and amendments thereto;

(iii) if approved by the city or county, revenue from any of the other methods or combination of methods as provided in subparagraph (A)(i); and

(iv) if approved by the secretary, moneys from the attracting professional sports to Kansas fund of the department of commerce.

(C) For purposes of this paragraph, "district" means the STAR bond project district as defined in K.S.A. 12-17,162(cc)(2), and amendments thereto. Revenues may be collected pursuant to this paragraph from noncontiguous parcels of real estate and areas not being developed by a STAR bond project as defined in subsection (aa)(2) within such STAR bond project district.

(D) Any revenues that have been pledged to pay one or more STAR bonds previously issued pursuant to this act shall be used first to satisfy any remaining obligations of such bonds.

~~(2)~~(3) Bonds issued under subsection (a)(1) or (a)(2)(A) shall not be general obligations of the city or the county, nor in any event shall they give rise to a charge against its general credit or taxing powers, or be payable out of any funds or properties other than any of those set forth in subsection (a)(1) or (a)(2)(A) and such bonds shall so state on their face.

~~(3)~~(4) Bonds issued under the provisions of subsection (a)(1) or (a)(2)(A) shall be special obligations of the city or county and are declared to be negotiable instruments. Such bonds shall be executed by the mayor and clerk of the city or the chairperson of the board of county commissioners and the county clerk and sealed with the corporate seal of the city or

county. All details pertaining to the issuance of such special obligation bonds and terms and conditions thereof shall be determined by ordinance of the city or by resolution of the county.

All special obligation bonds issued pursuant to this act and all income or interest therefrom shall be exempt from all state taxes. Such special obligation bonds shall contain none of the recitals set forth in K.S.A. 10-112, and amendments thereto. Such special obligation bonds shall, however, contain the following recitals: (i) The authority under which such special obligation bonds are issued; (ii) such bonds are in conformity with the provisions, restrictions and limitations thereof; and (iii) that such special obligation bonds and the interest thereon are to be paid from the money and revenue received as provided in subsection (a)(1) and (a)(2).

~~(4)~~(5) Any city or county issuing special obligation bonds under the provisions of this act may refund all or part of such issue pursuant to the provisions of K.S.A. 10-116a, and amendments thereto. If and as approved by the secretary of commerce, the Kansas development finance authority may refund all or part of any issue of special obligation bonds issued for a project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, by the Kansas development finance authority under the provisions of this act pursuant to the provisions of K.S.A. 74-8912, and amendments thereto, and this act.

(b) (1) Subject to the provisions of subsection (b)(2), any city shall have the power to issue full faith and credit tax increment bonds to finance the undertaking, establishment or redevelopment of any major motorsports complex, as defined in K.S.A. 12-17,162, and amendments thereto. Such full faith and credit tax increment bonds shall be made payable, both as to principal and interest: (A) From the revenue sources identified in subsection (a)(1) or by any combination of these sources; and (B) subject to the provisions of subsection (b)(2), from a pledge of the city's full faith and credit to use its ad valorem taxing authority for repayment

thereof in the event all other authorized sources of revenue are not sufficient.

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

(3) As an alternative to subsection (b)(2), any city which adopts a STAR bond project plan for a major motorsports complex, but does not state its intent to issue full faith and credit tax increment bonds in the resolution required by K.S.A. 12-17,166(e), and amendments thereto,

and has not acquired property in the STAR bond project area may issue full faith and credit tax increment bonds if the governing body of the city adopts a resolution stating its intent to issue the bonds and the issuance of the bonds is approved by a majority of the voters voting at an election thereon. Such election shall be called and held in the manner provided by the general bond law. The failure of the voters to approve the issuance of full faith and credit tax increment bonds shall not prevent the city from issuing special obligation bonds pursuant to subsection (a) (1). Any project plan adopted by a city prior to the effective date of this act in accordance with K.S.A. 12-1772, and amendments thereto, shall not be invalidated by any requirements of this act.

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

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

(6) Any city issuing full faith and credit tax increment bonds under the provisions of

this subsection may refund all or part of such issue pursuant to the provisions of K.S.A. 10-116a, and amendments thereto.

(c) (1) For each project established by a city or county financed with special obligation bonds payable from the revenues described in subsection (a)(1) and (a)(2), the city or county shall prepare and submit to the secretary by October 1 of each year, a report describing the status of any projects within such STAR bond project area, any expenditures of the proceeds of special obligation bonds that have occurred since the last annual report and any expenditures of the proceeds of such bonds expected to occur in the future, including the amount of sales tax revenue, how such revenue has been spent, the projected amount of such revenue, the anticipated use of such revenue and the names of the owners, partners, officers or principals of any developer and of any associated business partners of any developer that are involved in the STAR bond project. The department of commerce shall compile this information and submit a report annually to the governor and the legislature by February 1 of each year.

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

(i) The gross annual sales, gross annual sales projected pursuant to the STAR bond project plan and feasibility study, gross annual sales required to meet bond debt service requirements and other expenses, amount of sales tax collected and the amount of any "base" sales taxes being allocated to the district;

- (ii) the total amount of bond payments and other expenses incurred;
 - (iii) the total amount of bonds issued and the balance of the bonds, by district and by project in the district;
 - (iv) the remaining cash balance in the project to pay future debt service and other expenses;
 - (v) any new income producing properties being brought into a district and the base revenue going to the state general fund and incremental sales tax increases going to the district with respect to such properties;
 - (vi) the amount of bonds issued to repay private investors in the project with calculations showing the private and state share of indebtedness;
 - (vii) the percentage of local effort sales tax actually committed to the district compared to the state's share of sales tax percentage committed to the district;
 - (viii) the number of out-of-state visitors to a project and description of the data gathered pursuant to the visitor tracking plan, including, but not limited to, residence zip code data, a discussion of the visitor attraction properties of projects in the districts, and a comparison of the number of out-of-state visitors with the number of in-state visitors; and
 - (ix) if any information or data is not available, an explanation as to why it is not available.
- (B) Either the senate commerce committee or the house committee on commerce, labor and economic development may amend the information required in the report with additional requests and clarification on a going forward basis.
- (3) Cities, counties and developers shall provide all information requested by the secretary for the secretary's database as provided by K.S.A. 2023 Supp. 74-50,227, and

amendments thereto. If the city or county has a website, a conspicuous link directly to the information pertaining to the city or county's STAR bond project on the secretary's database shall be placed on the city's or county's website. A separate link shall be provided for each STAR bond project of the city or county.

(d) The reports pursuant to subsection (c)(1) and (2) shall include a description of all state, federal and local tax incentives that apply within the STAR bond district or to any business located in the district.

(e) (1) A city or county may use the proceeds of special obligation bonds or any uncommitted funds derived from sources set forth in this section to pay the bond project costs as defined in K.S.A. 12-17,162, and amendments thereto, to implement the STAR bond project plan.

(2) As authorized by the secretary, the Kansas development finance authority may issue and use the proceeds of special obligation bonds to pay the bond project costs as defined in K.S.A. 12-17,162, and amendments thereto, to implement a STAR bond project plan for a project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto.

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

Sec. 6. K.S.A. 12-17,170 is hereby amended to read as follows: 12-17,170. In the event that the city ~~or~~ county or Kansas development finance authority shall default in the payment of

any STAR bonds payable from revenues described in ~~subsection (a)(1) of~~ K.S.A. 12-17,169 (a)(1) or (a)(2), and amendments thereto, no public funds shall be used to pay the holders thereof except as otherwise specifically authorized in this act.

Sec. 7. K.S.A. 12-17,174 is hereby amended to read as follows: 12-17,174. (a) Notwithstanding any other provisions of law to the contrary, copies of all retailers' sales, use and transient guest tax returns and returns or reports of other revenues, if applicable, filed with the secretary of revenue in connection with a STAR bond project area or STAR bond project, for which sales, use and transient guest tax revenues or other revenues are pledged or otherwise intended to be used in whole or in part for the payment of bonds issued to finance project costs in such STAR bond project area, shall be provided by the secretary of revenue to the bond trustee, escrow agent or paying agent for such bonds upon the written request of the city ~~or~~, county or Kansas development finance authority within 15 days of receipt by the secretary of revenue. The bond trustee, escrow agent or paying agent shall keep such retailers' sales, use and transient guest tax returns or returns or reports of other revenues and the information contained therein confidential, but may use such information for purposes of allocating and depositing such sales, use and transient guest tax revenues or other revenues in connection with the bonds used to finance project costs in such STAR bond project area. Except as otherwise provided herein, the sales, use and transient guest tax returns or returns or reports of other revenues received by the bond trustee, escrow agent or paying agent shall be subject to the provisions of K.S.A. 75-5133 and 79-3614, and amendments thereto.

(b) The secretary of revenue shall determine when the amount of sales tax and other revenues that have been collected and distributed to the bond debt service or reserve fund is sufficient to satisfy all principal and interest costs to the maturity date or dates, of any special

obligation bonds issued by a city ~~or~~, county or Kansas development finance authority to finance a STAR bond project. Thereafter, all sales tax and other revenues shall be collected and distributed in accordance with applicable law.

(c) For purposes of this section, "other revenues" includes, but is not limited to, revenues collected pursuant to K.S.A 79-4108 and 79-41a03, and amendments thereto, for purposes of payment of STAR bonds issued for a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto.

Sec. 8. K.S.A. 2023 Supp. 79-4108 is hereby amended to read as follows: 79-4108. (a) Except as provided in subsection (c), all revenue collected or received by the director of taxation from taxes imposed by K.S.A. 79-4101 through 79-4105, and amendments thereto, shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, except as provided for in subsection (b), the state treasurer shall deposit the entire amount in the state treasury to the credit of the state general fund. The state treasurer shall transfer any moneys remaining in the county and city alcoholic liquor control enforcement fund on the effective date of this act to the state general fund.

(b) For each remittance of the taxes collected upon the gross receipts derived from the sale of alcoholic liquor to consumers while on the Kansas state fairgrounds, 30% shall be credited to the state general fund, and the remainder shall be credited to the state fair capital improvements fund established pursuant to K.S.A. 2-223, and amendments thereto. The provisions of this subsection shall expire and have no effect if the state fair is located outside the city limits of the city of Hutchinson, Kansas.

(c) The secretary of revenue shall remit up to 100% of the taxes collected upon the

gross receipts derived from the sale of alcoholic liquor to consumers within a STAR bond project district as defined in K.S.A. 12-17,162(cc)(2), and amendments thereto, that is included in the tax increment for such district, as defined in K.S.A. 12-17,162, and amendments thereto, as set in the discretion of the secretary of commerce, to the respective bond debt service fund of a city or county that has issued STAR bonds for the undertaking of a STAR bond project, as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, for the purpose of paying the principal and interest of such bonds, in the same manner as the secretary of revenue remits the state sales and use tax increment to the city or county for such project as provided by the STAR bonds financing act. If the Kansas development finance authority has issued STAR bonds for such a project as provided by the STAR bonds financing act, the secretary shall remit up to 100% of such taxes to the designated bond debt service fund of the Kansas development finance authority for the purpose of paying the principal and interest of such bonds.

Sec. 9. K.S.A. 2023 Supp. 79-41a03 is hereby amended to read as follows: 79-41a03.

(a) The tax levied and collected pursuant to K.S.A. 79-41a02, and amendments thereto, shall become due and payable by the club, caterer, drinking establishment, public venue or temporary permit holder monthly, or on or before the 25th day of the month immediately succeeding the month in which it is collected, but any club, caterer, drinking establishment, public venue or temporary permit holder filing an annual or quarterly return under the Kansas retailers' sales tax act, as prescribed in K.S.A. 79-3607, and amendments thereto, shall, upon such conditions as the secretary of revenue may prescribe, pay the tax required by this act on the same basis and at the same time the club, caterer, drinking establishment, public venue or temporary permit holder pays such retailers' sales tax. Each club, caterer, drinking establishment, public venue or temporary permit holder shall make a true report to the department of revenue, on a form

prescribed by the secretary of revenue, providing such information as may be necessary to determine the amounts to which any such tax shall apply for all gross receipts derived from the sale of alcoholic liquor by the club, caterer, drinking establishment, public venue or temporary permit holder for the applicable month or months, which report shall be accompanied by the tax disclosed thereby. Records of gross receipts derived from the sale of alcoholic liquor shall be kept separate and apart from the records of other retail sales made by a club, caterer, drinking establishment, public venue or temporary permit holder in order to facilitate the examination of books and records as provided herein.

(b) The secretary of revenue or the secretary's authorized representative shall have the right at all reasonable times during business hours to make such examination and inspection of the books and records of a club, caterer, drinking establishment, public venue or temporary permit holder as may be necessary to determine the accuracy of such reports required hereunder.

(c) The secretary of revenue is hereby authorized to administer and collect the tax imposed hereunder and to adopt such rules and regulations as may be necessary for the efficient and effective administration and enforcement of the collection thereof. Whenever any club, caterer, drinking establishment, public venue or temporary permit holder liable to pay the tax imposed hereunder refuses or neglects to pay the same, the amount, including any penalty, shall be collected in the manner prescribed for the collection of the retailers' sales tax by K.S.A. 79-3617, and amendments thereto.

(d) (1) (A) Except as provided in paragraph (2), the secretary of revenue shall remit all revenue collected under the provisions of this act to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury.

~~(2)(B)~~ Except as provided ~~for in paragraph (3)~~ subparagraph (C) and subject to the maintenance requirements of the local alcoholic liquor refund fund created under K.S.A. 79-41a09, and amendments thereto, 25% of the remittance shall be credited to the state general fund, 5% shall be credited to the community alcoholism and intoxication programs fund created by K.S.A. 41-1126, and amendments thereto, and the balance shall be credited to the local alcoholic liquor fund created by K.S.A. 79-41a04, and amendments thereto.

~~(3)(C)~~ For each remittance of the taxes collected upon the gross receipts derived from the sale of alcoholic liquor by any temporary permit holder to consumers while on the Kansas state fairgrounds, 30% shall be credited to the state general fund, and the remainder shall be credited to the state fair capital improvements fund established pursuant to K.S.A. 2-223, and amendments thereto. The provisions of this subsection shall expire and have no effect if the state fair is located outside the city limits of the city of Hutchinson, Kansas.

(2) The secretary shall remit up to 100% of the taxes collected pursuant to K.S.A. 79-41a02, and amendments thereto, that are collected from the gross receipts derived from the sale of alcoholic liquor within a STAR bond project district as defined in K.S.A. 12-17,162(cc)(2), and amendments thereto, that is included in the tax increment for such district, as defined in K.S.A. 12-17,162, and amendments thereto, as set in the discretion of the secretary of commerce by a club, caterer, drinking establishment, public venue or temporary permit holder to the respective bond debt service fund of a city or county that has issued STAR bonds for a STAR bond project, as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, in the same manner as the secretary of revenue remits the state sales and use tax increment to such city or county. If the Kansas development finance authority has issued STAR bonds for such a project as provided by the STAR bonds financing act, the secretary shall remit up to 100% of such taxes to

[the designated bond debt service fund of the Kansas development finance authority for the purpose of paying the principal and interest of such bonds.](#)

(e) Whenever, in the judgment of the secretary of revenue, it is necessary, in order to secure the collection of any tax, penalties or interest due, or to become due, under the provisions of this act, the secretary may require any person subject to such tax to file a bond with the director of taxation under conditions established by and in such form and amount as prescribed by rules and regulations adopted by the secretary.

(f) The amount of tax imposed by this act shall be assessed within three years after the return is filed, and no proceedings in court for the collection of such taxes shall be begun after the expiration of such period except in the cases of fraud. In the case of a false or fraudulent return with intent to evade tax, the tax may be assessed or a proceeding in court for collection of such tax may be begun at any time, within two years from the discovery of such fraud. No refund or credit shall be allowed by the director after three years from the date of payment of the tax as provided in this act unless before the expiration of such period a claim therefor is filed by the taxpayer, and no suit or action to recover on any claim for refund shall be commenced until after the expiration of six months from the date of filing a claim therefor with the director. Before the expiration of time prescribed in this section for the assessment of additional tax or the filing of a claim for refund, the director is hereby authorized to enter into an agreement in writing with the taxpayer consenting to the extension of the periods of limitations for the assessment of tax or for the filing of a claim for refund, at any time prior to the expiration of the periods of limitations. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

Sec. 10. K.S.A. 79-4801 is hereby amended to read as follows: 79-4801. There is

hereby created the state gaming revenues fund in the state treasury. All moneys credited to such fund shall be expended or transferred only for the purposes and in the manner provided by ~~this act~~ [law](#) and all expenditures from the state gaming revenues fund shall be made in accordance with appropriation acts. All moneys credited to such fund shall be allocated and credited monthly to the funds and in the amounts specified by ~~this act~~ [law](#) except that the total of the amounts credited to such funds in any one fiscal year pursuant to ~~this act~~ [K.S.A. 79-4803 through 79-4806, and amendments thereto](#), shall not exceed \$50,000,000, ~~except that the total of the amounts credited to such funds for fiscal years 2009 and 2010, pursuant to this act shall not exceed \$48,059,846.~~ All amounts credited to such fund in any one fiscal year ~~which~~ [that](#) are in excess of \$50,000,000 shall be transferred and credited to the state general fund ~~on July 15, 1996, and June 25, 1997, and each year thereafter~~ on June 25, except that:

(a) ~~All amounts credited to the state gaming revenues fund in fiscal year 2009 which are in excess of \$48,059,846 shall be transferred and credited to the state general fund on July 15, 2009, and shall be recorded and accounted for as receipts to the state general fund for fiscal year 2009; (b) all amounts credited to the state gaming revenues fund in fiscal year 2010 which are in excess of \$48,059,846 shall be transferred and credited to the state general fund on June 15, 2010, and shall be recorded and accounted for as receipts to the state general fund for fiscal year 2010; and (c) all amounts credited to the state gaming revenues fund in fiscal year 2011 which are in excess of \$50,000,000 shall be transferred and credited to the state general fund on June 15, 2011, and shall be recorded and accounted for as receipts to the state general fund for fiscal year 2011.~~ [On June 25, 2025, and each June 25 thereafter, the director of the budget, in consultation with the director of legislative research, shall certify, for each such fiscal year, the aggregate of all amounts certified by the executive director of the Kansas lottery that have been](#)

transferred from the lottery operating fund to the state gaming revenues fund as provided by law, but not including sports wagering revenues deposited in the lottery operating fund, that is in excess of, or is less than, \$71,490,000, and shall transmit such certification to the director of accounts and reports.

(b) Upon receipt of such certification for the fiscal year ending June 30, 2025, and each fiscal year thereafter, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer the amount of revenues in excess of \$71,490,000 as certified by the director of the budget for such fiscal year from the state gaming revenues fund to the attracting professional sports to Kansas fund established in K.S.A. 2023 Supp. 74-8793, and amendments thereto. If the amount certified by the director of the budget for such fiscal year is less than \$71,490,000, then no transfer to the attracting professional sports to Kansas fund shall be made.

Sec. 11. K.S.A. 12-17,162, 12-17,164, 12-17,168, 12-17,169, 12-17,170, 12-17,174 and 79-4801 and K.S.A. 2023 Supp. 79-4108 and 79-41a03 are hereby repealed.

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