

HOUSE BILL No. 2086

By Committee on Commerce, Labor and Economic Development

1-24

1 AN ACT concerning economic development financing; relating to eligible
2 project costs for tax increment financing and community improvement
3 districts; bond repayment pledge requirements; amending K.S.A. 2012
4 Supp. 12-6a27, 12-1770a and 12-1774 and repealing the existing
5 sections.

6
7 *Be it enacted by the Legislature of the State of Kansas:*

8 Section 1. K.S.A. 2012 Supp. 12-6a27 is hereby amended to read as
9 follows: 12-6a27. As used in this act, and amendments thereto, the
10 following words and phrases shall have the following meanings unless a
11 different meaning clearly appears from the context:

12 (a) "Act" means the provisions of K.S.A. 2012 Supp. 12-6a26
13 through 12-6a36, and amendments thereto.

14 (b) "Assessments" means special assessments imposed and levied
15 pursuant to the provisions of this act.

16 (c) "Bonds" means special obligation bonds, special obligation notes,
17 full faith and credit bonds or full faith and credit notes payable solely from
18 the sources described in K.S.A. 2012 Supp. 12-6a33, and amendments
19 thereto, issued by a municipality in accordance with the provisions of this
20 act.

21 (d) "Community improvement district sales tax" means the tax
22 authorized by K.S.A. 2012 Supp. 12-6a31, and amendments thereto.

23 (e) "Consultant" means engineers, architects, planners, attorneys,
24 financial advisors and other persons deemed competent to advise and
25 assist in the planning, making and financing of projects.

26 (f) "Cost" means: (1) All costs necessarily incurred for the
27 preparation of preliminary reports, the preparation of plans and
28 specifications, the preparation and publication of notices of hearings,
29 resolutions, ordinances and other proceedings relating to the creation or
30 administration of the district or the issuance of bonds therefore, necessary
31 fees and expenses of consultants, interest accrued on borrowed money
32 during the period of construction and the amount of a reserve fund for the
33 bonds, together with the cost of land, materials, labor, and other lawful
34 expenses incurred in planning and doing any project and may include a
35 charge of not to exceed 5% of the total cost of the project or the cost of
36 work done by the municipality to reimburse the municipality for the

1 services rendered by the municipality in the administration and supervision
2 of such project by its general officers; and (2) in the case of property and
3 projects already owned by the municipality and previously financed by the
4 issuance of bonds, "cost" means costs authorized by K.S.A. 10-116a, and
5 amendments thereto.

6 (g) "District" means a community improvement district created
7 pursuant to this act.

8 (h) "Governing body" means the governing body of a city or the
9 board of county commissioners of a county.

10 (i) "Municipality" means any city or county.

11 (j) "Newspaper" means the official newspaper of the municipality.

12 (k) "Owner" means the owner or owners of record, whether resident
13 or not, of real property within the district.

14 (l) "Pay-as-you-go financing" means a method of financing in which
15 the costs of a project are financed without notes or bonds, and the costs of
16 such project are thereafter reimbursed as moneys are deposited in the
17 district fund described in K.S.A. 2012 Supp. 12-6a34, and amendments
18 thereto.

19 (m) "Project" means:

20 (1) Any project within the district to acquire, improve, construct,
21 demolish, remove, renovate, reconstruct, rehabilitate, maintain, restore,
22 replace, renew, repair, install, relocate, furnish, equip or extend:

23 (A) Buildings, structures and facilities;

24 (B) sidewalks, streets, roads, interchanges, highway access roads,
25 intersections, alleys, parking lots, bridges, ramps, tunnels, overpasses and
26 underpasses, traffic signs and signals, utilities, pedestrian amenities,
27 abandoned cemeteries, drainage systems, water systems, storm systems,
28 sewer systems, lift stations, underground gas, heating and electrical
29 services and connections located within or without the public right-of-way,
30 water mains and extensions and other site improvements;

31 (C) parking garages;

32 (D) streetscape, lighting, street light fixtures, street light connections,
33 street light facilities, benches or other seating furniture, trash receptacles,
34 marquees, awnings, canopies, walls and barriers;

35 (E) parks, lawns, trees and other landscape;

36 (F) communication and information booths, bus stops and other
37 shelters, stations, terminals, hangers, restrooms and kiosks;

38 (G) paintings, murals, display cases, sculptures, fountains and other
39 cultural amenities;

40 (H) airports, railroads, light rail and other mass transit facilities; and

41 (I) lakes, dams, docks, wharfs, lakes or river ports, channels and
42 levies, waterways and drainage conduits.

43 (2) Within the district, to operate or to contract for the provision of

1 music, news, child-care, or parking lots or garages, and buses, minibuses
2 or other modes of transportation;

3 (3) Within the district, to provide or contract for the provision of
4 security personnel, equipment or facilities for the protection of property
5 and persons;

6 (4) Within the district, to provide or contract for cleaning,
7 maintenance and other services to public or private property;

8 (5) Within the district, to produce and promote any tourism,
9 recreational or cultural activity or special event, including, but not limited to,
10 advertising, decoration of any public place in the district, promotion of
11 such activity and special events and furnishing music in any public place;

12 (6) Within the district, to support business activity and economic
13 development, including, but not limited to, the promotion of business
14 activity, development and retention and the recruitment of developers and
15 business;

16 (7) Within the district, to provide or support training programs for
17 employees of businesses; ~~and~~

18 (8) To contract for or conduct economic impact, planning, marketing
19 or other studies; *and*

20 (9) *Within or without the district, costs for infrastructure located*
21 *outside the district but contiguous to any portion of the district.*

22 Sec. 2. K.S.A. 2012 Supp. 12-1770a is hereby amended to read as
23 follows: 12-1770a. As used in this act, and amendments thereto, the
24 following words and phrases shall have the following meanings unless a
25 different meaning clearly appears from the content:

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

33 (b) "Base year assessed valuation" means the assessed valuation of all
34 real property within the boundaries of a redevelopment district on the date
35 the redevelopment district was established.

36 (c) "Blighted area" means an area which:

37 (1) Because of the presence of a majority of the following factors,
38 substantially impairs or arrests the development and growth of the
39 municipality or constitutes an economic or social liability or is a menace to
40 the public health, safety, morals or welfare in its present condition and use:

41 (A) A substantial number of deteriorated or deteriorating structures;

42 (B) predominance of defective or inadequate street layout;

43 (C) unsanitary or unsafe conditions;

- 1 (D) deterioration of site improvements;
- 2 (E) tax or special assessment delinquency exceeding the fair market
3 value of the real property;
- 4 (F) defective or unusual conditions of title including but not limited
5 to cloudy or defective titles, multiple or unknown ownership interests to
6 the property;
- 7 (G) improper subdivision or obsolete platting or land uses;
- 8 (H) the existence of conditions which endanger life or property by
9 fire or other causes; or
- 10 (I) conditions which create economic obsolescence; or
- 11 (2) has been identified by any state or federal environmental agency
12 as being environmentally contaminated to an extent that requires a
13 remedial investigation; feasibility study and remediation or other similar
14 state or federal action; or
- 15 (3) a majority of the property is a 100-year floodplain area; or
- 16 (4) previously was found by resolution of the governing body to be a
17 slum or a blighted area under K.S.A. 17-4742 et seq., and amendments
18 thereto.
- 19 (d) "Conservation area" means any improved area comprising 15% or
20 less of the land area within the corporate limits of a city in which 50% or
21 more of the structures in the area have an age of 35 years or more, which
22 area is not yet blighted, but may become a blighted area due to the
23 existence of a combination of two or more of the following factors:
- 24 (1) Dilapidation, obsolescence or deterioration of the structures;
- 25 (2) illegal use of individual structures;
- 26 (3) the presence of structures below minimum code standards;
- 27 (4) building abandonment;
- 28 (5) excessive vacancies;
- 29 (6) overcrowding of structures and community facilities; or
- 30 (7) inadequate utilities and infrastructure.
- 31 (e) "De minimus" means an amount less than 15% of the land area
32 within a redevelopment district.
- 33 (f) "Developer" means any person, firm, corporation, partnership or
34 limited liability company, other than a city and other than an agency,
35 political subdivision or instrumentality of the state or a county when
36 relating to a bioscience development district.
- 37 (g) "Eligible area" means a blighted area, conservation area,
38 enterprise zone, intermodal transportation area, major tourism area or a
39 major commercial entertainment and tourism area or bioscience
40 development area.
- 41 (h) "Enterprise zone" means an area within a city that was designated
42 as an enterprise zone prior to July 1, 1992, pursuant to K.S.A. 12-17,107
43 through 12-17,113, and amendments thereto, prior to its repeal and the

1 conservation, development or redevelopment of the area is necessary to
2 promote the general and economic welfare of such city.

3 (i) "Environmental increment" means the increment determined
4 pursuant to subsection (b) of K.S.A. 12-1771a, and amendments thereto.

5 (j) "Environmentally contaminated area" means an area of land
6 having contaminated groundwater or soil which is deemed
7 environmentally contaminated by the department of health and
8 environment or the United States environmental protection agency.

9 (k) (1) "Feasibility study" means:

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

15 (B) the effect, if any, the redevelopment project costs or bioscience
16 development project will have on any outstanding special obligation bonds
17 payable from the revenues described in subsection (a)(1)(D) of K.S.A. 12-
18 1774, and amendments thereto.

19 (2) For a redevelopment project or bioscience project financed by
20 bonds payable from revenues described in subsection (a)(1)(D) of K.S.A.
21 12-1774, and amendments thereto, the feasibility study must also include:

22 (A) A statement of how the taxes obtained from the project will
23 contribute significantly to the economic development of the jurisdiction in
24 which the project is located;

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

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

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

33 (C) an anticipated principal and interest payment schedule on the
34 bonds;

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

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

1 (l) "Major tourism area" means an area for which the secretary has
2 made a finding the capital improvements costing not less than
3 \$100,000,000 will be built in the state to construct an auto race track
4 facility.

5 (m) "Real property taxes" means all taxes levied on an ad valorem
6 basis upon land and improvements thereon, except that when relating to a
7 bioscience development district, as defined in this section, "real property
8 taxes" does not include property taxes levied for schools, pursuant to
9 K.S.A. 72-6431, and amendments thereto.

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

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

- 17 (A) Acquisition of property within the redevelopment project area;
- 18 (B) payment of relocation assistance pursuant to a relocation
19 assistance plan as provided in K.S.A. 12-1777, and amendments thereto;
- 20 (C) site preparation including utility relocations;
- 21 (D) sanitary and storm sewers and lift stations;
- 22 (E) drainage conduits, channels, levees and river walk canal facilities;
- 23 (F) street grading, paving, graveling, macadamizing, curbing,
24 guttering and surfacing;
- 25 (G) street light fixtures, connection and facilities;
- 26 (H) underground gas, water, heating and electrical services and
27 connections located within the public right-of-way;
- 28 (I) sidewalks and pedestrian underpasses or overpasses;
- 29 (J) drives and driveway approaches located within the public right-of-
30 way;
- 31 (K) water mains and extensions;
- 32 (L) plazas and arcades;
- 33 (M) major multi-sport athletic complex;
- 34 (N) museum facility;
- 35 (O) parking facilities including multilevel parking facilities;
- 36 (P) landscaping and plantings, fountains, shelters, benches,
37 sculptures, lighting, decorations and similar amenities;
- 38 (Q) related expenses to redevelop and finance the redevelopment
39 project;
- 40 (R) for purposes of an incubator project, such costs shall also include
41 wet lab equipment including hoods, lab tables, heavy water equipment and
42 all such other equipment found to be necessary or appropriate for a
43 commercial incubator wet lab facility by the city in its resolution

1 establishing such redevelopment district or a bioscience development
2 district; ~~and~~

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

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

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

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

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

25 (ii) salaries for local government employees;

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

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

30 (v) lobbying costs;

31 (vi) a bond origination fee charged by the city pursuant to K.S.A. 12-
32 1742, and amendments thereto;

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

35 (viii) travel, entertainment and hospitality.

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

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

1 established for an intermodal transportation area, in or outside of the
2 redevelopment district.

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

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

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

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

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

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

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

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

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

- 1 (aa) "Bioscience development area" means an area that:
2 (1) Is or shall be owned, operated, or leased by, or otherwise under
3 the control of the Kansas bioscience authority;
4 (2) is or shall be used and maintained by a bioscience company; or
5 (3) includes a bioscience facility.
- 6 (bb) "Bioscience development district" means the specific area,
7 created under K.S.A. 12-1771, and amendments thereto, where one or
8 more bioscience development projects may be undertaken.
- 9 (cc) "Bioscience development project" means an approved project to
10 implement a project plan in a bioscience development district.
- 11 (dd) "Bioscience development project plan" means the plan adopted
12 by the authority for a bioscience development project pursuant to K.S.A.
13 12-1772, and amendments thereto, in a bioscience development district.
- 14 (ee) "Bioscience facility" means real property and all improvements
15 thereof used to conduct bioscience research, including, without limitation,
16 laboratory space, incubator space, office space and any and all facilities
17 directly related and necessary to the operation of a bioscience facility.
- 18 (ff) "Bioscience project area" means an area designated by the
19 authority within a bioscience development district.
- 20 (gg) "Biotechnology" means those fields focusing on technological
21 developments in such areas as molecular biology, genetic engineering,
22 genomics, proteomics, physiomics, nanotechnology, biodefense,
23 biocomputing, bioinformatics and future developments associated with
24 biotechnology.
- 25 (hh) "Board" means the board of directors of the Kansas bioscience
26 authority.
- 27 (ii) "Life sciences" means the areas of medical sciences,
28 pharmaceutical sciences, biological sciences, zoology, botany, horticulture,
29 ecology, toxicology, organic chemistry, physical chemistry, physiology and
30 any future advances associated with life sciences.
- 31 (jj) "Revenue increase" means that amount of real property taxes
32 collected from real property located within the bioscience development
33 district that is in excess of the amount of real property taxes which is
34 collected from the base year assessed valuation.
- 35 (kk) "Taxpayer" means a person, corporation, limited liability
36 company, S corporation, partnership, registered limited liability
37 partnership, foundation, association, nonprofit entity, sole proprietorship,
38 business trust, group or other entity that is subject to the Kansas income
39 tax act, K.S.A. 79-3201 et seq., and amendments thereto.
- 40 (ll) "Floodplain increment" means the increment determined pursuant
41 to subsection (b) of K.S.A. 2012 Supp. 12-1771e, and amendments
42 thereto.
- 43 (mm) "100-year floodplain area" means an area of land existing in a

1 100-year floodplain as determined by either an engineering study of a
2 Kansas certified engineer or by the United States federal emergency
3 management agency.

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

15 (oo) "Intermodal transportation area" means an area of not less than
16 800 acres to be developed primarily to handle the transfer, storage and
17 distribution of freight through railway and trucking operations.

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

28 Sec. 3. K.S.A. 2012 Supp. 12-1774 is hereby amended to read as
29 follows: 12-1774.(a) (1) Any city shall have the power to issue special
30 obligation bonds in one or more series and/or execute and deliver a loan
31 from the Kansas transportation revolving fund pursuant to K.S.A. 2012
32 Supp. 75-5063 et seq., and amendments thereto, to finance the undertaking
33 of any redevelopment project or bioscience development project in
34 accordance with the provisions of this act. Such special obligation bonds
35 or loans shall be made payable, both as to principal and interest:

36 (A) From tax increments allocated to, and paid into a special fund of
37 the city under the provisions of K.S.A. 12-1775, and amendments thereto;

38 (B) from revenues of the city derived from or held in connection with
39 the undertaking and carrying out of any redevelopment project or projects
40 or bioscience development project or projects under this act including
41 environmental increments;

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

1 (D) from a pledge of *a portion or* all of the revenue received by the
2 city from any transient guest and local sales and use taxes which are
3 collected from taxpayers doing business within that portion of the city's
4 redevelopment district or bioscience development district established
5 pursuant to K.S.A. 12-1771, and amendments thereto, occupied by a
6 redevelopment project or bioscience development project. A city proposing
7 to finance a major motorsports complex pursuant to this paragraph shall
8 prepare a project plan which shall include:

9 (i) A summary of the feasibility study done, as defined in K.S.A. 12-
10 1770a, and amendments thereto, which will be an open record;

11 (ii) a reference to the district plan established under K.S.A. 12-1771,
12 and amendments thereto, that identifies the project area that is set forth in
13 the project plan that is being considered;

14 (iii) a description and map of the location of the facility that is the
15 subject of the special bond project or major motorsports complex;

16 (iv) the relocation assistance plan required by K.S.A. 12-1777, and
17 amendments thereto;

18 (v) a detailed description of the buildings and facilities proposed to be
19 constructed or improved; and

20 (vi) any other information the governing body deems necessary to
21 advise the public of the intent of the special bond project or major
22 motorsports complex plan.

23 The project plan shall be prepared in consultation with the planning
24 commission of the city. Such project plan shall also be prepared in
25 consultation with the planning commission of the county, if any, if a major
26 motorsports complex is located wholly outside the boundaries of the city;

27 (E) from a pledge of a portion or all increased revenue received by
28 the city from: (i) Franchise fees collected from utilities and other
29 businesses using public right-of-way within the redevelopment district; (ii)
30 from a pledge of all or a portion of the revenue received by the city from
31 sales taxes; or (iii) both of the above;

32 (F) with the approval of the county, from a pledge of all of the
33 revenues received by the county from any transient guest, local sales and
34 use taxes which are collected from taxpayers doing business within that
35 portion of the redevelopment district established pursuant to K.S.A. 12-
36 1771, and amendments thereto;

37 (G) if a project is financed in whole or in part with the proceeds of a
38 loan to the municipality from the Kansas transportation revolving fund,
39 such loan shall also be payable from amounts available pursuant to K.S.A.
40 2012 Supp. 75-5063 et seq., and amendments thereto;

41 (H) by any combination of these methods.

42 The city may pledge such revenue to the repayment of such special
43 obligation bonds prior to, simultaneously with, or subsequent to the

1 issuance of such special obligation bonds.

2 (2) Bonds issued under paragraph (1) of subsection (a) shall not be
3 general obligations of the city, nor in any event shall they give rise to a
4 charge against its general credit or taxing powers, or be payable out of any
5 funds or properties other than any of those set forth in paragraph (1) of this
6 subsection and such bonds shall so state on their face. This paragraph shall
7 not apply to loans from the Kansas transportation revolving fund pursuant
8 to K.S.A. 2012 Supp. 75-5063 et seq., and amendments thereto.

9 (3) Bonds issued under the provisions of paragraph (1) of this
10 subsection shall be special obligations of the city and are declared to be
11 negotiable instruments. They shall be executed by the mayor and clerk of
12 the city and sealed with the corporate seal of the city. All details pertaining
13 to the issuance of such special obligation bonds and terms and conditions
14 thereof shall be determined by ordinance of the city. All special obligation
15 bonds issued pursuant to this act and all income or interest therefrom shall
16 be exempt from all state taxes. Such special obligation bonds shall contain
17 none of the recitals set forth in K.S.A. 10-112, and amendments thereto.
18 Such special obligation bonds shall, however, contain the following
19 recitals, viz., the authority under which such special obligation bonds are
20 issued, they are in conformity with the provisions, restrictions and
21 limitations thereof, and that such special obligation bonds and the interest
22 thereon are to be paid from the money and revenue received as provided in
23 paragraph (1) of this subsection.

24 (b) (1) Subject to the provisions of paragraph (2) of this subsection,
25 any city shall have the power to issue full faith and credit tax increment
26 bonds to finance the undertaking of any redevelopment project in
27 accordance with the provisions of K.S.A. 12-1770 et seq., and
28 amendments thereto, other than a project that will create a major tourism
29 area. Such full faith and credit tax increment bonds shall be made payable,
30 both as to principal and interest: (A) From the revenue sources identified
31 in paragraph (1) of subsection (a) or by any combination of these sources;
32 and (B) subject to the provisions of paragraph (2) of this subsection, from
33 a pledge of the city's full faith and credit to use its ad valorem taxing
34 authority for repayment thereof in the event all other authorized sources of
35 revenue are not sufficient.

36 (2) Except as provided in paragraph (3) of this subsection, before the
37 governing body of any city proposes to issue full faith and credit tax
38 increment bonds as authorized by this subsection, the feasibility study
39 required by K.S.A. 12-1772, and amendments thereto, shall demonstrate
40 that the benefits derived from the project will exceed the cost and that the
41 income therefrom will be sufficient to pay the costs of the project. No full
42 faith and credit tax increment bonds shall be issued unless the governing
43 body states in the resolution required by K.S.A. 12-1772, and amendments

1 thereto, that it may issue such bonds to finance the proposed
2 redevelopment project.

3 The governing body may issue the bonds unless within 60 days
4 following the date of the public hearing on the proposed project plan a
5 protest petition signed by 3% of the qualified voters of the city is filed
6 with the city clerk in accordance with the provisions of K.S.A. 25-3601 et
7 seq., and amendments thereto. If a sufficient petition is filed, no full faith
8 and credit tax increment bonds shall be issued until the issuance of the
9 bonds is approved by a majority of the voters voting at an election thereon.
10 Such election shall be called and held in the manner provided by the
11 general bond law.

12 The failure of the voters to approve the issuance of full faith and credit
13 tax increment bonds shall not prevent the city from issuing special
14 obligation bonds in accordance with this section.

15 No such election shall be held in the event the board of county
16 commissioners or the board of education determines, as provided in
17 K.S.A. 12-1771, and amendments thereto, that the proposed
18 redevelopment district will have an adverse effect on the county or school
19 district.

20 (3) As an alternative to paragraph (2) of this subsection, any city
21 which adopts a redevelopment project plan but does not state its intent to
22 issue full faith and credit tax increment bonds in the resolution required by
23 K.S.A. 12-1772, and amendments thereto, and has not acquired property in
24 the redevelopment project area may issue full faith and credit tax
25 increment bonds if the governing body of the city adopts a resolution
26 stating its intent to issue the bonds and the issuance of the bonds is
27 approved by a majority of the voters voting at an election thereon. Such
28 election shall be called and held in the manner provided by the general
29 bond law.

30 The failure of the voters to approve the issuance of full faith and credit
31 tax increment bonds shall not prevent the city from issuing special
32 obligation bonds pursuant to paragraph (1) of subsection (a). Any project
33 plan adopted by a city prior to the effective date of this act in accordance
34 with K.S.A. 12-1772, and amendments thereto, shall not be invalidated by
35 any requirements of this act.

36 (4) During the progress of any redevelopment project in which the
37 redevelopment project costs will be financed, in whole or in part, with the
38 proceeds of full faith and credit tax increment bonds, the city may issue
39 temporary notes in the manner provided in K.S.A. 10-123, and
40 amendments thereto, to pay the redevelopment project costs for the
41 project. Such temporary notes shall not be issued and the city shall not
42 acquire property in the redevelopment project area until the requirements
43 of paragraph (2) or (3) of this subsection, whichever is applicable, have

1 been met.

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

10 (6) Any city issuing special obligation bonds or full faith and credit
11 tax increment bonds under the provisions of this act may refund all or part
12 of such issue pursuant to the provisions of K.S.A. 10-116a, and
13 amendments thereto.

14 (c) Any increment in ad valorem property taxes resulting from a
15 redevelopment project in the established redevelopment district undertaken
16 in accordance with the provisions of this act, shall be apportioned to a
17 special fund for the payment of the redevelopment project costs, including
18 the payment of principal and interest on any special obligation bonds or
19 full faith and credit tax increment bonds issued to finance such project
20 pursuant to this act and may be pledged to the payment of principal and
21 interest on such bonds.

22 (d) A city may use the proceeds of special obligation bonds or full
23 faith and credit tax increment bonds, or proceeds of a loan from the
24 Kansas transportation revolving fund pursuant to K.S.A. 2012 Supp. 75-
25 5063 et seq., and amendments thereto, or any uncommitted funds derived
26 from sources set forth in this section to pay the redevelopment project
27 costs as defined in K.S.A. 12-1770a, and amendments thereto, to
28 implement the redevelopment project plan.

29 Sec. 4. K.S.A. 2012 Supp. 12-6a27, 12-1770a and 12-1774 are hereby
30 repealed.

31 Sec. 5. This act shall take effect and be in force from and after its
32 publication in the statute book.