

HOUSE BILL No. 2402

By Committee on Taxation

3-5

1 AN ACT concerning STAR bonds; relating to definitions, STAR bond
2 projects; bonds, pledge of tax increment revenue; tax abatements or
3 revenues, limitations; distribution of sales tax revenues from within
4 STAR bond district; creating the department of commerce STAR bond
5 administration fund and the department of revenue STAR bond
6 administration fund; amending K.S.A. 2014 Supp. 12-17,162, 12-
7 17,169, 12-17,177 and 79-3620 and repealing the existing sections.
8

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

10 Section 1. K.S.A. 2014 Supp. 12-17,162 is hereby amended to read as
11 follows: 12-17,162. As used in this act, and amendments thereto, the
12 following words and phrases shall have the following meanings unless a
13 different meaning clearly appears from the context:

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

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

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

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

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

34 (f) "Eligible area" means a historic theater, major tourism area, major
35 motorsports complex, auto race track facility, river walk canal facility,
36 major multi-sport athletic complex, or a major commercial entertainment

1 and tourism area as determined by the secretary.

2 (g) "Feasibility study" means a feasibility study as defined in
3 ~~subsection (b)~~ of K.S.A. 2014 Supp. 12-17,166(b), and amendments
4 thereto.

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

11 (i) "Historic theater sales tax increment" means the amount of state
12 and local sales tax revenue imposed pursuant to K.S.A. 12-187 et seq., 79-
13 3601 et seq. and 79-3701 et seq., and amendments thereto, collected from
14 taxpayers doing business within the historic theater that is in excess of the
15 amount of such taxes collected prior to the designation of the building as a
16 historic theater for purposes of this act.

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

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

31 (l) "Major tourism area" means an area for which the secretary has
32 made a finding the capital improvements costing not less than
33 \$100,000,000 will be built in the state to construct an auto race track
34 facility.

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

43 (n) "Market study" means a study to determine the ability of the

- 1 project to gain market share locally, regionally and nationally and the
 2 ability of the project to gain sufficient market share to:
- 3 (1) Remain profitable past the term of repayment; and
 - 4 (2) maintain status as a significant factor for travel decisions.
- 5 (o) "Market impact study" means a study to measure the impact of the
 6 proposed project on similar businesses in the project's market area.
- 7 (p) "Museum facility" means a separate newly-constructed museum
 8 building and facilities directly related and necessary to the operation
 9 thereof, including gift shops and restaurant facilities, but excluding hotels,
 10 motels, restaurants and retail facilities not directly related to or necessary
 11 to the operation of such facility. The museum facility shall be owned by
 12 the state, a city, county, other political subdivision of the state or a non-
 13 profit corporation, shall be managed by the state, a city, county, other
 14 political subdivision of the state or a non-profit corporation and may not
 15 be leased to any developer and shall not be located within any retail or
 16 commercial building.
- 17 (q) "Project" means a STAR bond project.
- 18 (r) "Project costs" means those costs necessary to implement a STAR
 19 bond project plan, including costs incurred for:
- 20 (1) Acquisition of real property within the STAR bond project area;
 - 21 (2) payment of relocation assistance pursuant to a relocation
 22 assistance plan as provided in K.S.A. 2014 Supp. 12-17,173, and
 23 amendments thereto;
 - 24 (3) site preparation including utility relocations;
 - 25 (4) sanitary and storm sewers and lift stations;
 - 26 (5) drainage conduits, channels, levees and river walk canal facilities;
 - 27 (6) street grading, paving, graveling, macadamizing, curbing,
 28 guttering and surfacing;
 - 29 (7) street light fixtures, connection and facilities;
 - 30 (8) underground gas, water, heating and electrical services and
 31 connections located within the public right-of-way;
 - 32 (9) sidewalks and pedestrian underpasses or overpasses;
 - 33 (10) drives and driveway approaches located within the public right-
 34 of-way;
 - 35 (11) water mains and extensions;
 - 36 (12) plazas and arcades;
 - 37 (13) parking facilities and multilevel parking structures devoted to
 38 parking only;
 - 39 (14) landscaping and plantings, fountains, shelters, benches,
 40 sculptures, lighting, decorations and similar amenities;
 - 41 (15) auto race track facility;
 - 42 (16) major multi-sport athletic complex;
 - 43 (17) museum facility;

1 (18) major motorsports complex;

2 (19) related expenses to redevelop and finance the project, except that
3 for a STAR bond project financed with special obligation bonds payable
4 from the revenues described in ~~subsection (a)(1)~~ of K.S.A. 2014 Supp. 12-
5 17,169(a)(1), and amendments thereto, such expenses shall require prior
6 approval by the secretary of commerce; and

7 (20) except as specified in subsections (1) through (19) above, project
8 costs shall not include:

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

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

15 (C) salaries for local government employees;

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

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

20 (F) lobbying costs;

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

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

24 (I) travel, entertainment and hospitality.

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

28 (t) "River walk canal facilities" means a canal and related water
29 features which flow through a major commercial entertainment and
30 tourism area and facilities related or contiguous thereto, including, but not
31 limited to, pedestrian walkways and promenades, landscaping and parking
32 facilities.

33 (u) "Sales tax and revenue" are those revenues available to finance
34 the issuance of special obligation bonds as identified in K.S.A. 2014 Supp.
35 12-17,168, and amendments thereto.

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

37 (w) "STAR bond project" means an approved project to implement a
38 project plan for the development of the established STAR bond project
39 district with:

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

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

- 1 (A) The project is an eligible area as defined in subsection (f), ~~and~~
2 ~~amendments thereto~~; and
- 3 (B) would be of regional or statewide importance; or
- 4 (3) is a major tourism area as defined in subsection (l), ~~and~~
5 ~~amendments thereto~~; or
- 6 (4) is a major motorsports complex, as defined in subsection (k), ~~and~~
7 ~~amendments thereto~~; or
- 8 (5) *for areas in metropolitan statistical areas which are "blighted*
9 *areas" as defined by K.S.A. 12-1770b, and amendments thereto, with at*
10 *least a \$25,000,000 capital investment and \$25,000,000 in projected gross*
11 *annual sales and which the secretary finds the project meets the*
12 *requirements in K.S.A. 12-17,162(w)(2)(A) and (B), and amendments*
13 *thereto.*
- 14 (x) "STAR bond project area" means the geographic area within the
15 STAR bond project district in which there may be one or more projects.
- 16 (y) "STAR bond project district" means the specific area declared to
17 be an eligible area as determined by the secretary in which the city or
18 county may develop one or more STAR bond projects. A STAR bond
19 project district includes a redevelopment district, as defined in K.S.A. 12-
20 1770a, and amendments thereto, created prior to the effective date of this
21 act for the Wichita Waterwalk project in Wichita, Kansas, provided, the
22 city creating such redevelopment district submits an application for
23 approval for STAR bond financing to the secretary on or before July 31,
24 2007, and receives a final letter of determination from the secretary
25 approving or disapproving the request for STAR bond financing on or
26 before November 1, 2007.
- 27 (z) "STAR bond project district plan" means the preliminary plan that
28 identifies all of the proposed STAR bond project areas and identifies in a
29 general manner all of the buildings, facilities and improvements in each
30 that are proposed to be constructed or improved in each STAR bond
31 project area.
- 32 (aa) "STAR bond project plan" means the plan adopted by a city or
33 county for the development of a STAR bond project or projects in a STAR
34 bond project district.
- 35 (bb) "Secretary" means the secretary of commerce.
- 36 (cc) "Substantial change" means, as applicable, a change wherein the
37 proposed plan or plans differ substantially from the intended purpose for
38 which the STAR bond project district plan was approved.
- 39 (dd) "Tax increment" means that portion of the revenue derived from
40 state and local sales, use and transient guest tax imposed pursuant to
41 K.S.A. 12-187 et seq., 12-1692 et seq., 79-3601 et seq. and 79-3701 et
42 seq., and amendments thereto, collected from taxpayers doing business
43 within that portion of a STAR bond project district occupied by a project

1 that is in excess of the amount of base year revenue. For purposes of this
 2 subsection, the base year shall be the 12-month period immediately prior
 3 to the month in which the STAR bond project district is established. The
 4 department of revenue shall determine base year revenue by reference to
 5 the revenue collected during the base year from taxpayers doing business
 6 within the specific area in which a STAR bond project district is
 7 subsequently established. For purposes of this subsection, revenue
 8 collected from taxpayers doing business within a STAR bond project
 9 district, or within a specific area in which a STAR bond project district is
 10 subsequently established shall not include local sales and use tax revenue
 11 that is sourced to jurisdictions other than those in which the project is
 12 located.

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

18 Sec. 2. K.S.A. 2014 Supp. 12-17,169 is hereby amended to read as
 19 follows: 12-17,169. (a) (1) Any city or county shall have the power to
 20 issue special obligation bonds in one or more series to finance the
 21 undertaking of any STAR bond project in accordance with the provisions
 22 of this act. Such special obligation bonds shall be made payable, both as to
 23 principal and interest:

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

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

30 (C) from a pledge of 100% of the tax increment revenue received by
 31 the city from any local sales and use taxes, including the city's share of any
 32 county sales tax, which are collected from taxpayers doing business within
 33 that portion of the city's STAR bond project district established pursuant to
 34 K.S.A. 2014 Supp. 12-17,165, and amendments thereto, occupied by a
 35 STAR bond project, except for amounts committed to other uses by
 36 election of voters or pledged to bond repayment prior to the approval of
 37 the STAR bond project;

38 (D) at the option of the county in a city STAR bond project district,
 39 from a pledge of all of the tax increment revenues received by the county
 40 from any local sales and use taxes which are collected from taxpayers
 41 doing business within that portion of the city's STAR bond project district
 42 established pursuant to K.S.A. 2014 Supp. 12-17,165, and amendments
 43 thereto, except for amounts committed to other uses by election of voters

1 or pledged to bond repayment prior to the approval of a STAR bond
2 project;

3 (E) in a county STAR bond project district, from a pledge of 100% of
4 the tax increment revenue received by the county from any county sales
5 and use tax, but excluding any portions of such taxes that are allocated to
6 the cities in such county pursuant to K.S.A. 12-192, and amendments
7 thereto, which are collected from taxpayers doing business within that
8 portion of the county's STAR bond project district established pursuant to
9 K.S.A. 2014 Supp. 12-17,165, and amendments thereto, occupied by a
10 STAR bond project;

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

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

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

25 (I) by any combination of these methods.

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

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

35 (3) Bonds issued under the provisions of ~~paragraph (1) of this~~
36 subsection (a)(1) shall be special obligations of the city or county and are
37 declared to be negotiable instruments. Such bonds shall be executed by the
38 mayor and clerk of the city or the chairperson of the board of county
39 commissioners and the county clerk and sealed with the corporate seal of
40 the city or county. All details pertaining to the issuance of such special
41 obligation bonds and terms and conditions thereof shall be determined by
42 ordinance of the city or by resolution of the county.

43 All special obligation bonds issued pursuant to this act and all income

1 or interest therefrom shall be exempt from all state taxes. Such special
2 obligation bonds shall contain none of the recitals set forth in K.S.A. 10-
3 112, and amendments thereto. Such special obligation bonds shall,
4 however, contain the following recitals: (i) The authority under which such
5 special obligation bonds are issued; (ii) such bonds are in conformity with
6 the provisions, restrictions and limitations thereof; and (iii) that such
7 special obligation bonds and the interest thereon are to be paid from the
8 money and revenue received as provided in ~~paragraph (1) of this~~
9 subsection (a)(1).

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

13 (b) (1) Subject to the provisions of ~~paragraph (2) of this~~ subsection (b)
14 (2), any city shall have the power to issue full faith and credit tax
15 increment bonds to finance the undertaking, establishment or
16 redevelopment of any major motorsports complex, as defined in
17 ~~subsection (k) of~~ K.S.A. 2014 Supp. 12-17,162(k), and amendments
18 thereto. Such full faith and credit tax increment bonds shall be made
19 payable, both as to principal and interest: (A) From the revenue sources
20 identified in ~~paragraph (1) of~~ subsection (a)(1) or by any combination of
21 these sources; and (B) subject to the provisions of ~~paragraph (2) of this~~
22 subsection (b)(2), from a pledge of the city's full faith and credit to use its
23 ad valorem taxing authority for repayment thereof in the event all other
24 authorized sources of revenue are not sufficient.

25 (2) Except as provided in ~~paragraph (3) of this~~ subsection (b)(3),
26 before the governing body of any city proposes to issue full faith and
27 credit tax increment bonds as authorized by this subsection, the feasibility
28 study required by ~~subsection (b) of~~ K.S.A. 2014 Supp. 12-17,166(b), and
29 amendments thereto, shall demonstrate that the benefits derived from the
30 project will exceed the cost and that the income therefrom will be
31 sufficient to pay the costs of the project. No full faith and credit tax
32 increment bonds shall be issued unless the governing body states in the
33 resolution required by ~~subsection (e) of~~ K.S.A. 2014 Supp. 12-17,166(e),
34 and amendments thereto, that it may issue such bonds to finance the
35 proposed STAR bond project. The governing body may issue the bonds
36 unless within 60 days following the conclusion of the public hearing on
37 the proposed STAR bond project plan a protest petition signed by 3% of
38 the qualified voters of the city is filed with the city clerk in accordance
39 with the provisions of K.S.A. 25-3601 et seq., and amendments thereto. If
40 a sufficient petition is filed, no full faith and credit tax increment bonds
41 shall be issued until the issuance of the bonds is approved by a majority of
42 the voters voting at an election thereon. Such election shall be called and
43 held in the manner provided by the general bond law. The failure of the

1 voters to approve the issuance of full faith and credit tax increment bonds
2 shall not prevent the city from issuing special obligation bonds in
3 accordance with this section. No such election shall be held in the event
4 the board of county commissioners or the board of education determines,
5 as provided in K.S.A. 2014 Supp. 12-17,165, and amendments thereto, that
6 the proposed STAR bond project district will have an adverse effect on the
7 county or school district.

8 (3) As an alternative to ~~paragraph (2) of this subsection~~(b)(2), any
9 city which adopts a STAR bond project plan for a major motorsports
10 complex, but does not state its intent to issue full faith and credit tax
11 increment bonds in the resolution required by ~~subsection (e) of K.S.A.~~
12 2014 Supp. 12-17,166(e), and amendments thereto, and has not acquired
13 property in the STAR bond project area may issue full faith and credit tax
14 increment bonds if the governing body of the city adopts a resolution
15 stating its intent to issue the bonds and the issuance of the bonds is
16 approved by a majority of the voters voting at an election thereon. Such
17 election shall be called and held in the manner provided by the general
18 bond law. The failure of the voters to approve the issuance of full faith and
19 credit tax increment bonds shall not prevent the city from issuing special
20 obligation bonds pursuant to ~~paragraph (1) of subsection (a)(1)~~. Any
21 project plan adopted by a city prior to the effective date of this act in
22 accordance with K.S.A. 12-1772, and amendments thereto, shall not be
23 invalidated by any requirements of this act.

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

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

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

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

12 (d) A city or county may use the proceeds of special obligation bonds
13 or any uncommitted funds derived from sources set forth in this section to
14 pay the bond project costs as defined in K.S.A. 2014 Supp. 12-17,162, and
15 amendments thereto, to implement the STAR bond project plan.

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

24 Sec. 3. K.S.A. 2014 Supp. 12-17,177 is hereby amended to read as
25 follows: 12-17,177. (a) The boundaries of any STAR bond project district
26 in a major tourism area including an auto race track facility located in
27 Wyandotte county, shall, without regard to that portion of the district
28 pertaining to the auto race track facility, be as follows: Beginning at the
29 intersection of Interstate 70 and Interstate 435; West along Interstate 70 to
30 118th Street; North along 118th Street to State Avenue; Northeasterly along
31 proposed relocated State Avenue to 110th Street; North along 110th Street to
32 Parallel Parkway; East along Parallel Parkway to Interstate 435; South
33 along Interstate 435 to Interstate 70.

34 (b) Any major tourism area may include an additional area not
35 exceeding 400 acres of additional property, excluding roads and highways,
36 in addition to the property necessary for the auto race track facility upon a
37 finding by the governor that the development plan and each project within
38 such additional 400 acre area will enhance the major tourism area. For the
39 development of each project within such additional 400 acre area the city
40 shall select qualified developers pursuant to a request for proposals in
41 accordance with written official procedures approved by the governing
42 body of the city.

43 (c) ~~Any project within such additional 400 acre area that is financed~~

1 ~~in whole or in part by special obligation bonds payable from revenues~~
2 ~~derived from subsection (a)(1)(C), (a)(1)(F) or (a)(1)(G) of K.S.A. 2014~~
3 ~~Supp. 12-17,169, and amendments thereto, shall not be entitled to any real~~
4 ~~property tax abatements or the revenues described in K.S.A. 12-1775, and~~
5 ~~amendments thereto.~~

6 ~~(d)~~—Any project within such additional 400 acre area must be
7 approved by the governor and construction must be commenced by July 1,
8 2002.

9 ~~(e)~~(d) The maximum principal amount of special obligation bonds
10 issued to fund STAR bond projects within a major tourism area, including
11 any such additional 400 acre area, shall not exceed \$308,000,000, unless
12 the city has secured prior approval from the secretary of commerce and the
13 secretary of revenue. Any special obligation bonds issued for the following
14 purposes shall not be counted toward such limit on the principal amount:

15 (1) Special obligation bonds issued solely for the purpose of
16 refunding such bonds, either at maturity or in advance of maturity,
17 pursuant to the provisions of K.S.A. 10-116a, and amendments thereto;
18 and

19 (2) special obligation bonds issued solely to fund reserve funds for
20 such refunding bonds.

21 ~~(f)~~ (e) Prior to issuing any special obligation bonds for any purpose,
22 the city or county must have the approval of the secretary and the secretary
23 of revenue.

24 ~~(g)~~ (f) The city or county shall prepare and submit annually to the
25 secretary by October 1 of each year, a report describing the status of any
26 projects within a major tourism area and all other STAR bond projects,
27 including any such additional 400 acre area, any expenditures of the
28 proceeds of special obligation bonds that have occurred since the last
29 annual report and any expenditures of the proceeds of such bonds expected
30 to occur in the future, including the amount of sales tax revenue, how it
31 has been spent, the projected amount of such revenue and the anticipated
32 use of such revenue. The department of commerce shall compile this
33 information and submit a report annually to the governor and the
34 legislature by February 1 of each year.

35 ~~(h)~~ (g) Any business located in Kansas within 50 miles of a major
36 tourism area that relocates into a major tourism area, including such
37 additional 400 acre area, shall not receive any of the benefits of K.S.A.
38 2014 Supp. 12-17,160 et seq., and amendments thereto.

39 ~~(i)~~ (h) If a city determines that revenues from sources other than
40 property taxes will be sufficient to pay any special obligation bonds issued
41 to finance a STAR bond project for an auto race track facility as described
42 in K.S.A. 2014 Supp. 12-17,162, and amendments thereto, and the
43 secretary makes a finding that such project will create a major tourism area

1 as defined in K.S.A. 2014 Supp. 12-17,162, and amendments thereto, all
 2 real and personal property, constituting an auto race track facility
 3 described in K.S.A. 2014 Supp. 12-17,162, and amendments thereto, in
 4 such STAR bond project district shall be exempt from property taxation
 5 for a period ending on the earlier of:

6 (1) The date which is 30 years after the date of the finding by the
 7 secretary with respect to such major tourism area; or

8 (2) the date on which no such special obligation bonds issued to
 9 finance such auto race track facility in a major tourism area remain
 10 outstanding.

11 ~~(j)~~ (i) The city which is authorized to issue bonds pursuant to the
 12 provisions of K.S.A. 2014 Supp. 12-17,160 et seq., and amendments
 13 thereto, in order to finance a STAR bond project in a major tourism area as
 14 defined by K.S.A. 2014 Supp. 12-17,162, and amendments thereto, shall
 15 obtain underwriting services required by the city for the issuance of such
 16 bonds pursuant to written proposals received in accordance with this
 17 section.

18 Each city which is authorized to issue such bonds shall establish
 19 written official procedures for obtaining underwriting services required for
 20 the issuance of such bonds, including specifications for requests for
 21 proposals and criteria for evaluation of proposals on a competitive basis.
 22 The proposal evaluation criteria shall include factors based on cost,
 23 capacity to provide the required services, qualifications and experience.

24 Prior to the issuance of any such bond to finance a STAR bond project
 25 in a major tourism area, the city shall publish notice of a request for
 26 proposals to provide the underwriting services that are required by the city
 27 with regard to the proposed bond issuance and shall mail requests for
 28 proposals to qualified interested parties upon request for such notice. The
 29 city shall award contracts for such underwriting services from the
 30 proposals received in accordance with the procedures and evaluation
 31 criteria adopted by the city for such purpose. A city shall publish such
 32 notice in the official newspaper of the city.

33 ~~(k)~~ (j) A STAR bond project in a major tourism area for an auto race
 34 track facility, shall be completed within 30 years from the date the
 35 secretary makes the finding that the STAR bond project will create a major
 36 tourism area pursuant to ~~subsection (j)~~ of K.S.A. 2014 Supp. 12-17,162(l),
 37 and amendments thereto.

38 ~~(l)~~ (k) The maximum maturity on bonds issued to finance projects
 39 pursuant to this act shall not exceed 20 years as provided in K.S.A. 2014
 40 Supp. 12-17,166, and amendments thereto, except that:

41 (1) Such maximum period of special obligation bonds not payable
 42 from revenues described by ~~subsections (a)(1)(C), (a)(1)(F) and (a)(1)(G)~~
 43 of K.S.A. 2014 Supp. 12-17,169(a)(1)(C), (a)(1)(F) and (a)(1)(G), and

1 amendments thereto, issued to finance an auto race track facility shall not
2 exceed 30 years; and

3 (2) such maximum period, if the governor determines and makes and
4 submits a finding to the speaker of the house of representatives and the
5 president of the senate that a maturity greater than 20 years, but in no
6 event exceeding 30 years, is necessary for the economic feasibility of the
7 financing of an auto race track facility with special obligation bonds
8 payable primarily from revenues described by ~~subsections (a)(1)(C), (a)(1)~~
9 ~~(F) and (a)(1)(G)~~ of K.S.A. 2014 Supp. 12-17,169(a)(1)(C), (a)(1)(F) and
10 (a)(1)(G), and amendments thereto, may be extended in accordance with
11 such determination and finding.

12 ~~(m)~~ (l) The secretary of revenue shall determine when the amount of
13 sales tax and other revenues that have been collected and distributed to the
14 bond debt service or reserve fund is sufficient to satisfy all principal and
15 interest costs to the maturity date or dates, of any special obligation bonds
16 issued by a city or county to finance a STAR bond project in a major
17 tourism area. Thereafter, all sales tax and other revenues shall be collected
18 and distributed in accordance with applicable law.

19 Sec. 4. K.S.A. 2014 Supp. 79-3620 is hereby amended to read as
20 follows: 79-3620. (a) All revenue collected or received by the director of
21 taxation from the taxes imposed by this act shall be remitted to the state
22 treasurer in accordance with the provisions of K.S.A. 75-4215, and
23 amendments thereto. Upon receipt of each such remittance, the state
24 treasurer shall deposit the entire amount in the state treasury, less amounts
25 withheld as provided in subsection (b) and amounts credited as provided in
26 subsections (c), (d) and (e), to the credit of the state general fund.

27 (b) A refund fund, designated as "sales tax refund fund" not to exceed
28 \$100,000 shall be set apart and maintained by the director from sales tax
29 collections and estimated tax collections and held by the state treasurer for
30 prompt payment of all sales tax refunds. Such fund shall be in such
31 amount, within the limit set by this section, as the director shall determine
32 is necessary to meet current refunding requirements under this act. In the
33 event such fund as established by this section is, at any time, insufficient to
34 provide for the payment of refunds due claimants thereof, the director shall
35 certify the amount of additional funds required to the director of accounts
36 and reports who shall promptly transfer the required amount from the state
37 general fund to the sales tax refund fund, and notify the state treasurer,
38 who shall make proper entry in the records.

39 (c) (1) The state treasurer shall credit ⁵/₉₈ of the revenue collected or
40 received from the tax imposed by K.S.A. 79-3603, and amendments
41 thereto, at the rate of 4.9%, and deposited as provided in subsection (a),
42 exclusive of amounts credited pursuant to subsection (d), in the state
43 highway fund.

1 (2) The state treasurer shall credit $\frac{5}{106}$ of the revenue collected or
2 received from the tax imposed by K.S.A. 79-3603, and amendments
3 thereto, at the rate of 5.3%, and deposited as provided in subsection (a),
4 exclusive of amounts credited pursuant to subsection (d), in the state
5 highway fund.

6 (3) On July 1, 2006, the state treasurer shall credit $\frac{19}{265}$ of the revenue
7 collected and received from the tax imposed by K.S.A. 79-3603, and
8 amendments thereto, at the rate of 5.3%, and deposited as provided by
9 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
10 the state highway fund.

11 (4) On July 1, 2007, the state treasurer shall credit $\frac{13}{106}$ of the revenue
12 collected and received from the tax imposed by K.S.A. 79-3603, and
13 amendments thereto, at the rate of 5.3%, and deposited as provided by
14 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
15 the state highway fund.

16 (5) On July 1, 2010, the state treasurer shall credit 11.427% of the
17 revenue collected and received from the tax imposed by K.S.A. 79-3603,
18 and amendments thereto, at the rate of 6.3%, and deposited as provided by
19 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
20 the state highway fund.

21 (6) On July 1, 2011, the state treasurer shall credit 11.26% of the
22 revenue collected and received from the tax imposed by K.S.A. 79-3603,
23 and amendments thereto, at the rate of 6.3%, and deposited as provided by
24 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
25 the state highway fund.

26 (7) On July 1, 2012, the state treasurer shall credit 11.233% of the
27 revenue collected and received from the tax imposed by K.S.A. 79-3603,
28 and amendments thereto, at the rate of 6.3%, and deposited as provided by
29 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
30 the state highway fund.

31 (8) On July 1, 2013, and thereafter, the state treasurer shall credit
32 17.073% of the revenue collected and received from the tax imposed by
33 K.S.A. 79-3603, and amendments thereto, at the rate of 6.15%, and
34 deposited as provided by subsection (a), exclusive of amounts credited
35 pursuant to subsection (d), in the state highway fund.

36 (d) *Except as provided in subsection (f)(1) and (2)*, the state treasurer
37 shall credit all revenue collected or received from the tax imposed by
38 K.S.A. 79-3603, and amendments thereto, as certified by the director, from
39 taxpayers doing business within that portion of a STAR bond project
40 district occupied by a STAR bond project or taxpayers doing business with
41 such entity financed by a STAR bond project as defined in K.S.A. 2014
42 Supp. 12-17,162, and amendments thereto, that was determined by the
43 secretary of commerce to be of statewide as well as local importance or

1 will create a major tourism area for the state or the project was designated
2 as a STAR bond project as defined in K.S.A. 2014 Supp. 12-17,162, and
3 amendments thereto, to the city bond finance fund, which fund is hereby
4 created. The provisions of this subsection shall expire when the total of all
5 amounts credited hereunder and under ~~subsection (d)~~ of K.S.A. 79-
6 3710(d), and amendments thereto, is sufficient to retire the special
7 obligation bonds issued for the purpose of financing all or a portion of the
8 costs of such STAR bond project.

9 (e) All revenue certified by the director of taxation as having been
10 collected or received from the tax imposed by ~~subsection (e)~~ of K.S.A. 79-
11 3603(c), and amendments thereto, on the sale or furnishing of gas, water,
12 electricity and heat for use or consumption within the intermodal facility
13 district described in this subsection, shall be credited by the state treasurer
14 to the state highway fund. Such revenue may be transferred by the
15 secretary of transportation to the rail service improvement fund pursuant to
16 law. The provisions of this subsection shall take effect upon certification
17 by the secretary of transportation that a notice to proceed has been
18 received for the construction of the improvements within the intermodal
19 facility district, but not later than December 31, 2010, and shall expire
20 when the secretary of revenue determines that the total of all amounts
21 credited hereunder and pursuant to ~~subsection (e)~~ of K.S.A. 79-3710(e),
22 and amendments thereto, is equal to \$53,300,000, but not later than
23 December 31, 2045. Thereafter, all revenues shall be collected and
24 distributed in accordance with applicable law. For all tax reporting periods
25 during which the provisions of this subsection are in effect, none of the
26 exemptions contained in K.S.A. 79-3601 et seq., and amendments thereto,
27 shall apply to the sale or furnishing of any gas, water, electricity and heat
28 for use or consumption within the intermodal facility district. As used in
29 this subsection, "intermodal facility district" shall consist of an intermodal
30 transportation area as defined by ~~subsection (oo)~~ of K.S.A. 12-1770a(oo),
31 and amendments thereto, located in Johnson county within the polygonal-
32 shaped area having Waverly Road as the eastern boundary, 191st Street as
33 the southern boundary, Four Corners Road as the western boundary, and
34 Highway 56 as the northern boundary, and the polygonal-shaped area
35 having Poplar Road as the eastern boundary, 183rd Street as the southern
36 boundary, Waverly Road as the western boundary, and the BNSF mainline
37 track as the northern boundary, that includes capital investment in an
38 amount exceeding \$150 million for the construction of an intermodal
39 facility to handle the transfer, storage and distribution of freight through
40 railway and trucking operations.

41 (f) (1) *The state treasurer shall credit 0.05% of all revenue collected*
42 *or received from the tax imposed by K.S.A. 79-3603, and amendments*
43 *thereto, as certified by the director, from taxpayers as described in*

1 subsection (d), to the department of commerce STAR bond administration
2 fund, which is hereby created in the state treasury. All expenditures from
3 such fund shall be made in accordance with appropriation acts upon
4 warrants of the director of accounts and reports issued pursuant to
5 vouchers approved by the secretary of commerce or a person designated
6 by the secretary.

7 (2) The state treasurer shall credit 0.05% of all revenue collected or
8 received from the tax imposed by K.S.A. 79-3603, and amendments
9 thereto, as certified by the director, from taxpayers as described in
10 subsection (d), to the department of revenue STAR bond administration
11 fund, which is hereby created in the state treasury. All expenditures from
12 such fund shall be made in accordance with appropriation acts upon
13 warrants of the director of accounts and reports issued pursuant to
14 vouchers approved by the secretary of revenue or a person designated by
15 the secretary.

16 Sec. 5. K.S.A. 2014 Supp. 12-17,162, 12-17,169, 12-17,177 and 79-
17 3620 are hereby repealed.

18 Sec. 6. This act shall take effect and be in force from and after its
19 publication in the statute book.