

HOUSE BILL No. 2184

By Committee on Commerce, Labor and Economic Development

1-26

1 AN ACT concerning economic development; relating to the STAR bonds
2 financing act; historic theater project costs; establishment of district;
3 adverse effects on county or school district; certain notices; approval
4 for transient guest tax funding; sunset date of the act; amending K.S.A.
5 2016 Supp. 12-17,162, 12-17,165, 12-17,166, 12-17,169, 12-17,171,
6 12-17,177 and 12-17,179 and repealing the existing sections.
7

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

9 Section 1. K.S.A. 2016 Supp. 12-17,162 is hereby amended to read as
10 follows: 12-17,162. As used in the STAR bond financing act, the following
11 words and phrases shall have the following meanings unless a different
12 meaning clearly appears from the context:

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

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

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

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

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

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

1 (g) "Feasibility study" means a feasibility study as defined in K.S.A.
2 2016 Supp. 12-17,166(b), and amendments thereto.

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

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

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

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

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

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

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

- 1 (1) Remain profitable past the term of repayment; and
- 2 (2) maintain status as a significant factor for travel decisions.
- 3 (o) "Market impact study" means a study to measure the impact of the
- 4 proposed project on similar businesses in the project's market area.
- 5 (p) "Museum facility" means a separate newly-constructed museum
- 6 building and facilities directly related and necessary to the operation
- 7 thereof, including gift shops and restaurant facilities, but excluding hotels,
- 8 motels, restaurants and retail facilities not directly related to or necessary
- 9 to the operation of such facility. The museum facility shall be owned by
- 10 the state, a city, county, other political subdivision of the state or a non-
- 11 profit corporation, shall be managed by the state, a city, county, other
- 12 political subdivision of the state or a non-profit corporation and may not
- 13 be leased to any developer and shall not be located within any retail or
- 14 commercial building.
- 15 (q) "Project" means a STAR bond project.
- 16 (r) "Project costs" means those costs necessary to implement a STAR
- 17 bond project plan, including costs incurred for:
 - 18 (1) Acquisition of real property within the STAR bond project area;
 - 19 (2) payment of relocation assistance pursuant to a relocation
 - 20 assistance plan as provided in K.S.A. 2016 Supp. 12-17,173, and
 - 21 amendments thereto;
 - 22 (3) site preparation including utility relocations;
 - 23 (4) sanitary and storm sewers and lift stations;
 - 24 (5) drainage conduits, channels, levees and river walk canal facilities;
 - 25 (6) street grading, paving, graveling, macadamizing, curbing,
 - 26 guttering and surfacing;
 - 27 (7) street light fixtures, connection and facilities;
 - 28 (8) underground gas, water, heating and electrical services and
 - 29 connections located within the public right-of-way;
 - 30 (9) sidewalks and pedestrian underpasses or overpasses;
 - 31 (10) drives and driveway approaches located within the public right-
 - 32 of-way;
 - 33 (11) water mains and extensions;
 - 34 (12) plazas and arcades;
 - 35 (13) parking facilities and multilevel parking structures devoted to
 - 36 parking only;
 - 37 (14) landscaping and plantings, fountains, shelters, benches,
 - 38 sculptures, lighting, decorations and similar amenities;
 - 39 (15) auto race track facility;
 - 40 (16) major multi-sport athletic complex;
 - 41 (17) museum facility;
 - 42 (18) major motorsports complex;
 - 43 (19) *renovation and expansion costs of an historic theater;*

1 (20) related expenses to redevelop and finance the project, except that
2 for a STAR bond project financed with special obligation bonds payable
3 from the revenues described in K.S.A. 2016 Supp. 12-17,169(a)(1), and
4 amendments thereto, such expenses shall require prior approval by the
5 secretary of commerce; and

6 ~~(20)~~ (21) except as specified in paragraphs (1) through (20) above,
7 project costs shall not include:

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

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

14 (C) salaries for local government employees;

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

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

19 (F) lobbying costs;

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

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

23 (I) travel, entertainment and hospitality.

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

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

32 (u) "Sales tax and revenue" are those revenues available to finance
33 the issuance of special obligation bonds as identified in K.S.A. 2016 Supp.
34 12-17,168, and amendments thereto.

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

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

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

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

43 (A) The project is an eligible area as defined in subsection (f), and

1 amendments thereto; and

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

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

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

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

8 (y) "STAR bond project district" means the specific area declared to
9 be an eligible area as determined by the secretary in which the city or
10 county may develop one or more STAR bond projects. A STAR bond
11 project district includes a redevelopment district, as defined in K.S.A. 12-
12 1770a, and amendments thereto, created prior to the effective date of this
13 act for the Wichita Waterwalk project in Wichita, Kansas, provided, the
14 city creating such redevelopment district submits an application for
15 approval for STAR bond financing to the secretary on or before July 31,
16 2007, and receives a final letter of determination from the secretary
17 approving or disapproving the request for STAR bond financing on or
18 before November 1, 2007. No STAR bond project district shall include
19 real property which has been part of another STAR bond project district
20 unless such STAR bond project and STAR bond project district have been
21 approved by the secretary of commerce pursuant to K.S.A. 2016 Supp. 12-
22 17,164 and 12-17,165, and amendments thereto, prior to March 1, 2016. A
23 STAR bond project district shall be limited to those areas being developed
24 by the STAR bond project and any area of real property reasonably
25 anticipated to directly benefit from the redevelopment project.

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

31 (aa) "STAR bond project plan" means the plan adopted by a city or
32 county for the development of a STAR bond project or projects in a STAR
33 bond project district.

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

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

38 (dd) "Tax increment" means that portion of the revenue derived from
39 state and local sales, use and transient guest tax imposed pursuant to
40 K.S.A. 12-187 et seq., 12-1692 et seq., 79-3601 et seq. and 79-3701 et
41 seq., and amendments thereto, collected from taxpayers doing business
42 within that portion of a STAR bond project district occupied by a project
43 that is in excess of the amount of base year revenue. For purposes of this

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

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

24 Sec. 2. K.S.A. 2016 Supp. 12-17,165 is hereby amended to read as
25 follows: 12-17,165. (a) When a city or county proposes to establish a
26 STAR bond project district, within an eligible area, the city or county shall
27 adopt a resolution stating that the city or county is considering the
28 establishment of a STAR bond project district. Such resolution shall:

29 (1) Give notice that a public hearing will be held to consider the
30 establishment of a STAR bond project district and fix the date, hour and
31 place of such public hearing;

32 (2) describe the proposed boundaries of the STAR bond project
33 district;

34 (3) describe the STAR bond project district plan;

35 (4) state that a description and map of the proposed STAR bond
36 project district are available for inspection at a time and place designated;
37 and

38 (5) state that the governing body will consider findings necessary for
39 the establishment of a STAR bond project district.

40 Notice shall be given as prescribed in ~~subsection (f)(2)~~ of K.S.A. 2016
41 Supp. 12-17,166(f)(2), and amendments thereto.

42 (b) The city or county shall submit the proposed STAR bond project
43 district to the secretary for a determination that the district is an eligible

1 area as defined in K.S.A. 2016 Supp. 12-17,162, and amendments thereto.

2 (c) Upon the conclusion of the public hearing, and a finding by the
3 secretary that the proposed project district is an eligible area, the
4 governing body of the municipality ~~shall~~ *may* pass an ordinance or
5 resolution.

6 (1) An ordinance or resolution for a STAR bond project district shall:

7 (A) Make findings that the STAR bond project district proposed to be
8 developed is an historic theater, or a STAR bond project as defined in
9 K.S.A. 2016 Supp. 12-17,162, and amendments thereto;

10 (B) contain a STAR bond project district plan that identifies all of the
11 proposed STAR bond project areas and identifies in a general manner all
12 of the buildings and facilities that are proposed to be constructed or
13 improved in each STAR bond project area. The boundaries of such STAR
14 bond project district shall not include any area not designated in the notice
15 required by subsection (a); and

16 (C) contain the legal description of the STAR bond project district
17 and may establish the STAR bond project district.

18 (2) If no ordinance or resolution is passed by the city or county within
19 30 days from the conclusion of the public hearing, then such STAR bond
20 project district shall not be established.

21 (d) The governing body of a city or county may establish a STAR
22 bond project district within that city or such city may establish a district
23 inclusive of land outside the boundaries of the city or wholly outside the
24 boundaries of such city upon written consent of the board of county
25 commissioners. Prior to providing written consent, the board of county
26 commissioners must provide notice and hold a hearing as is required of a
27 city pursuant to subsection (a) for the establishment of a STAR bond
28 project district.

29 The governing body of a county may establish a STAR bond project
30 district within the unincorporated area of the county.

31 (e) One or more STAR bond projects may be undertaken by a city or
32 county within a STAR bond project district after such STAR bond project
33 district has been established in the manner provided by this section.

34 ~~(f) No privately owned property subject to ad valorem taxes shall be
35 acquired and redeveloped under the provisions of K.S.A. 2016 Supp. 12-
36 17,160 et seq., and amendments thereto, if the board of county
37 commissioners or the board of education levying taxes on such property
38 determines by resolution adopted within 30 days following the conclusion
39 of the hearing for the establishment of the STAR bond project district
40 required by subsection (a) that the proposed STAR bond project district
41 will have an adverse effect on such county or school district. The board of
42 county commissioners or board of education shall deliver a copy of such
43 resolution to the city or county. The city or county shall within 30 days of~~

~~1 receipt of such resolution pass an ordinance or resolution dissolving the
 2 STAR bond project district. The provisions of this subsection shall not
 3 apply if the STAR bond project plan provides that ad valorem property tax
 4 revenues of the county or the school district levying taxes on such property
 5 will not be adversely impacted.~~

6 (g) A STAR bond project shall not include a project for a gambling
 7 casino.

8 Sec. 3. K.S.A. 2016 Supp. 12-17,166 is hereby amended to read as
 9 follows: 12-17,166. (a) One or more projects may be undertaken by a city
 10 or county within an established STAR bond project district. Any city or
 11 county proposing to undertake a STAR bond project, shall prepare a STAR
 12 bond project plan in consultation with the planning commission of the city,
 13 and in consultation with the planning commission of the county, if any, if
 14 such project is located wholly outside the boundaries of the city. Any such
 15 project plan may be implemented in separate development stages.

16 (b) Any city or county proposing to undertake a STAR bond project
 17 within a STAR bond project district established pursuant to K.S.A. 2016
 18 Supp. 12-17,165, and amendments thereto, shall prepare a feasibility
 19 study. The feasibility study shall contain the following:

20 (1) Whether a STAR bond project's revenue and tax increment
 21 revenue and other available revenues under K.S.A. 2016 Supp. 12-17,169,
 22 and amendments thereto, are expected to exceed or be sufficient to pay for
 23 the project costs;

24 (2) the effect, if any, a STAR bond project will have on any
 25 outstanding special obligation bonds payable from the revenues described
 26 in K.S.A. 2016 Supp. 12-17,169, and amendments thereto;

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

30 (4) visitation expectations;

31 (5) the unique quality of the project;

32 (6) economic impact study;

33 (7) market study;

34 (8) market impact study;

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

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

38 (11) project accountability, measured according to best industry
 39 practices;

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

42 (13) a statement concerning whether a portion of the local sales and
 43 use taxes are pledged to other uses and are unavailable as revenue for the

1 STAR bond project. If a portion of local sales and use taxes is so
2 committed, the applicant shall describe the following:

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

5 (B) the date or dates on which the city and county sales and use taxes
6 pledged to other uses can be pledged for repayment of bonds; and

7 (14) an anticipated principal and interest payment schedule on the
8 bond issue.

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

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

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

16 (2) a reference to the district plan established under K.S.A. 2016
17 Supp. 12-17,165, and amendments thereto, that identifies the project area
18 that is set forth in the project plan that is being considered;

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

20 (4) the relocation assistance plan as described in K.S.A. 2016 Supp.
21 12-17,172, and amendments thereto;

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

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

26 (d) A copy of the STAR bond project plan prepared by a city shall be
27 delivered to the board of county commissioners of the county and the
28 board of education of any school district levying taxes on property within
29 the STAR bond project area. A copy of the STAR bond project plan
30 prepared by a county shall be delivered to the board of education of any
31 school district levying taxes on property within the STAR bond project
32 area.

33 (e) Upon a finding by the planning commission that the STAR bond
34 project plan is consistent with the intent of the comprehensive plan for the
35 development of the city, and a finding by the planning commission of the
36 county, if any, with respect to a STAR bond project located wholly outside
37 the boundaries of the city, that the STAR bond project plan is consistent
38 with the intent of the comprehensive plan for the development of the
39 county, the governing body of the city or county shall adopt a resolution
40 stating that the city or county is considering the adoption of the STAR
41 bond project plan. Such resolution shall:

42 (1) Give notice that a public hearing will be held to consider the
43 adoption of the STAR bond project plan and fix the date, hour and place of

1 such public hearing;

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

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

7 (4) state that the STAR bond project plan, including a summary of the
 8 feasibility study, market study, relocation assistance plan and financial
 9 guarantees of the prospective developer and a description and map of the
 10 area to be redeveloped or developed are available for inspection during
 11 regular office hours in the office of the city clerk or county clerk,
 12 respectively.

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

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

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

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

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

41 ~~(i) After the adoption by the city or county governing body of a~~
 42 ~~STAR bond project plan, the clerk of the city or county shall transmit a~~
 43 ~~copy of the description of the land within the STAR bond project district, a~~

1 ~~copy of the ordinance or resolution adopting the plan and a map or plat~~
 2 ~~indicating the boundaries of the district to the clerk, appraiser and treasurer~~
 3 ~~of the county in which the district is located and to the governing bodies of~~
 4 ~~the county and school district which levy taxes upon any property in the~~
 5 ~~district. Such documents shall be transmitted following the adoption or~~
 6 ~~modification of the plan or a revision of the plan on or before January 1 of~~
 7 ~~the year in which the increment is first allocated to the taxing subdivision.~~

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

14 ~~(j)~~ (j) Any substantial changes as defined in K.S.A. 2016 Supp. 12-
 15 17,162, and amendments thereto, to the STAR bond project plan as
 16 adopted shall be subject to a public hearing following publication of notice
 17 thereof at least twice in the official city or county newspaper.

18 (k) Any STAR bond project shall be completed within 20 years
 19 from the date of the approval of the STAR bond project plan. The
 20 maximum maturity on bonds issued to finance projects pursuant to this act
 21 shall not exceed 20 years.

22 ~~(l)~~ (l) Kansas resident employees shall be given priority
 23 consideration for employment in construction projects located in a STAR
 24 bond project area.

25 ~~(m)~~ (m) Any developer of a STAR bond project shall commence work
 26 on the project within two years from the date of adoption of the STAR
 27 bond project plan. Should the developer fail to commence work on the
 28 STAR bond project within the two-year period, funding for such project
 29 shall cease and the developer of such project or complex shall have one
 30 year to appeal to the secretary for reapproval of such project and the
 31 funding for it. Should the project be reapproved, the two-year period for
 32 commencement shall apply.

33 Sec. 4. K.S.A. 2016 Supp. 12-17,169 is hereby amended to read as
 34 follows: 12-17,169. (a) (1) Any city or county shall have the power to
 35 issue special obligation bonds in one or more series to finance the
 36 undertaking of any STAR bond project in accordance with the provisions
 37 of this act. Such special obligation bonds shall be made payable, both as to
 38 principal and interest:

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

43 (B) from any private sources, contributions or other financial

1 assistance from the state or federal government;

2 (C) from a pledge of 100% of the tax increment revenue received by
3 the city from any local sales and use taxes, including the city's share of any
4 county sales tax, which are collected from taxpayers doing business within
5 that portion of the city's STAR bond project district established pursuant to
6 K.S.A. 2016 Supp. 12-17,165, and amendments thereto, occupied by a
7 STAR bond project, except for amounts committed to other uses by
8 election of voters or pledged to bond repayment prior to the approval of
9 the STAR bond project;

10 (D) at the option of the county in a city STAR bond project district,
11 from a pledge of all of the tax increment revenues received by the county
12 from any local sales and use taxes which are collected from taxpayers
13 doing business within that portion of the city's STAR bond project district
14 established pursuant to K.S.A. 2016 Supp. 12-17,165, and amendments
15 thereto, except for amounts committed to other uses by election of voters
16 or pledged to bond repayment prior to the approval of a STAR bond
17 project;

18 (E) in a county STAR bond project district, from a pledge of 100% of
19 the tax increment revenue received by the county from any county sales
20 and use tax, but excluding any portions of such taxes that are allocated to
21 the cities in such county pursuant to K.S.A. 12-192, and amendments
22 thereto, which are collected from taxpayers doing business within that
23 portion of the county's STAR bond project district established pursuant to
24 K.S.A. 2016 Supp. 12-17,165, and amendments thereto, occupied by a
25 STAR bond project;

26 (F) from a pledge of all or a portion of the tax increment revenue
27 received from any state sales taxes which are collected from taxpayers
28 doing business within that portion of the city's or county's STAR bond
29 project district occupied by a STAR bond project, except that for any
30 STAR bond project district established and approved by the secretary on or
31 after January 1, 2017, such tax increment shall not include any sales tax
32 revenue from retail automobile dealers;

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

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

43 (I) by any combination of these methods.

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

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

9 (3) Bonds issued under the provisions of subsection (a)(1) shall be
10 special obligations of the city or county and are declared to be negotiable
11 instruments. Such bonds shall be executed by the mayor and clerk of the
12 city or the chairperson of the board of county commissioners and the
13 county clerk and sealed with the corporate seal of the city or county. All
14 details pertaining to the issuance of such special obligation bonds and
15 terms and conditions thereof shall be determined by ordinance of the city
16 or by resolution of the county.

17 All special obligation bonds issued pursuant to this act and all income
18 or interest therefrom shall be exempt from all state taxes. Such special
19 obligation bonds shall contain none of the recitals set forth in K.S.A. 10-
20 112, and amendments thereto. Such special obligation bonds shall,
21 however, contain the following recitals: (i) The authority under which such
22 special obligation bonds are issued; (ii) such bonds are in conformity with
23 the provisions, restrictions and limitations thereof; and (iii) that such
24 special obligation bonds and the interest thereon are to be paid from the
25 money and revenue received as provided in subsection (a)(1).

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

29 (b) (1) Subject to the provisions of subsection (b)(2), any city shall
30 have the power to issue full faith and credit tax increment bonds to finance
31 the undertaking, establishment or redevelopment of any major motorsports
32 complex, as defined in K.S.A. 2016 Supp. 12-17,162(k), and amendments
33 thereto. Such full faith and credit tax increment bonds shall be made
34 payable, both as to principal and interest: (A) From the revenue sources
35 identified in subsection (a)(1) or by any combination of these sources; and
36 (B) subject to the provisions of subsection (b)(2), from a pledge of the
37 city's full faith and credit to use its ad valorem taxing authority for
38 repayment thereof in the event all other authorized sources of revenue are
39 not sufficient.

40 (2) Except as provided in subsection (b)(3), before the governing
41 body of any city proposes to issue full faith and credit tax increment bonds
42 as authorized by this subsection, the feasibility study required by K.S.A.
43 2016 Supp. 12-17,166(b), and amendments thereto, shall demonstrate that

1 the benefits derived from the project will exceed the cost and that the
2 income therefrom will be sufficient to pay the costs of the project. No full
3 faith and credit tax increment bonds shall be issued unless the governing
4 body states in the resolution required by K.S.A. 2016 Supp. 12-17,166(e),
5 and amendments thereto, that it may issue such bonds to finance the
6 proposed STAR bond project. The governing body may issue the bonds
7 unless within 60 days following the conclusion of the public hearing on
8 the proposed STAR bond project plan a protest petition signed by 3% of
9 the qualified voters of the city is filed with the city clerk in accordance
10 with the provisions of K.S.A. 25-3601 et seq., and amendments thereto. If
11 a sufficient petition is filed, no full faith and credit tax increment bonds
12 shall be issued until the issuance of the bonds is approved by a majority of
13 the voters voting at an election thereon. Such election shall be called and
14 held in the manner provided by the general bond law. The failure of the
15 voters to approve the issuance of full faith and credit tax increment bonds
16 shall not prevent the city from issuing special obligation bonds in
17 accordance with this section. No such election shall be held in the event
18 the board of county commissioners or the board of education determines,
19 as provided in K.S.A. 2016 Supp. 12-17,165, and amendments thereto, that
20 the proposed STAR bond project district will have an adverse effect on the
21 county or school district.

22 (3) As an alternative to subsection (b)(2), any city which adopts a
23 STAR bond project plan for a major motorsports complex, but does not
24 state its intent to issue full faith and credit tax increment bonds in the
25 resolution required by K.S.A. 2016 Supp. 12-17,166(e), and amendments
26 thereto, and has not acquired property in the STAR bond project area may
27 issue full faith and credit tax increment bonds if the governing body of the
28 city adopts a resolution stating its intent to issue the bonds and the
29 issuance of the bonds is approved by a majority of the voters voting at an
30 election thereon. Such election shall be called and held in the manner
31 provided by the general bond law. The failure of the voters to approve the
32 issuance of full faith and credit tax increment bonds shall not prevent the
33 city from issuing special obligation bonds pursuant to subsection (a)(1).
34 Any project plan adopted by a city prior to the effective date of this act in
35 accordance with K.S.A. 12-1772, and amendments thereto, shall not be
36 invalidated by any requirements of this act.

37 (4) During the progress of any major motorsports complex project in
38 which the project costs will be financed, in whole or in part, with the
39 proceeds of full faith and credit tax increment bonds, the city may issue
40 temporary notes in the manner provided in K.S.A. 10-123, and
41 amendments thereto, to pay the project costs for the major motorsports
42 complex project. Such temporary notes shall not be issued and the city
43 shall not acquire property in the STAR bond project area until the

1 requirements of subsection (b)(2) or (b)(3), whichever is applicable, have
2 been met.

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

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

14 (c) (1) For each project financed with special obligation bonds
15 payable from the revenues described in subsection (a)(1), the city or
16 county shall prepare and submit to the secretary by October 1 of each year,
17 a report describing the status of any projects within such STAR bond
18 project area, any expenditures of the proceeds of special obligation bonds
19 that have occurred since the last annual report and any expenditures of the
20 proceeds of such bonds expected to occur in the future, including the
21 amount of sales tax revenue, how such revenue has been spent, the
22 projected amount of such revenue and the anticipated use of such revenue.
23 The department of commerce shall compile this information and submit a
24 report annually to the governor and the legislature by February 1 of each
25 year.

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

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

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

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

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

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

43 (vi) the amount of bonds issued to repay private investors in the

1 project with calculations showing the private and state share of
2 indebtedness;

3 (vii) the percentage of local effort sales tax actually committed to the
4 district compared to the state's share of sales tax percentage committed to
5 the district;

6 (viii) the number of out-of-state visitors to a project, a discussion of
7 the visitor attraction properties of projects in the districts, and a
8 comparison of the number of out-of-state visitors with the number of in-
9 state visitors; and

10 (ix) if any information or data is not available, an explanation as to
11 why it is not available.

12 (B) Either the senate commerce committee or the house committee on
13 commerce, labor and economic development may amend the information
14 required in the report with additional requests and clarification on a going
15 forward basis.

16 (d) A city or county may use the proceeds of special obligation bonds
17 or any uncommitted funds derived from sources set forth in this section to
18 pay the bond project costs as defined in K.S.A. 2016 Supp. 12-17,162, and
19 amendments thereto, to implement the STAR bond project plan.

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

28 Sec. 5. K.S.A. 2016 Supp. 12-17,171 is hereby amended to read as
29 follows: 12-17,171. (a) Any addition of area to the STAR bond project
30 district, or any substantial change as defined in K.S.A. 2016 Supp. 12-
31 17,162, and amendments thereto, to the STAR bond project district plan
32 shall be subject to the same procedure for public notice and hearing as is
33 required for the establishment of the STAR bond project district. Any such
34 addition of area shall be limited to real property which has not been part of
35 another STAR bond project district. The base year of a STAR bond project
36 district, following the addition of area to the STAR bond project district,
37 shall be the base year for the original area, and with respect to the
38 additional area, the base year shall be any 12-month period immediately
39 prior to the month in which additional area is added to the STAR bond
40 project district.

41 (b) A city or county may remove real property from a STAR bond
42 project district by an ordinance or resolution of the governing body
43 respectively.

1 (c) A city or county may divide the real property in a STAR bond
2 project district, including real property in different project areas within a
3 STAR bond project district, into separate STAR bond project districts. Any
4 division of real property within a STAR bond project district into more
5 than one STAR bond project district shall be subject to the same procedure
6 of public notice and hearing as is required for the establishment of the
7 STAR bond project district.

8 (d) Subject to the provisions of subsection (a), if a city or county has
9 undertaken a STAR bond project within a STAR bond project district, and
10 either the city or county wishes to subsequently remove more than a de
11 minimus amount of real property from the STAR bond project district, or
12 the city or county wishes to subsequently divide the real property in the
13 STAR bond project district into more than one STAR bond project district,
14 then prior to any such removal or division the city or county must provide
15 a feasibility study which shows that the tax revenue from the resulting
16 STAR bond project district within which the STAR bond project is located
17 is expected to be sufficient to pay the project costs.

18 (e) Removal of real property from one STAR bond project district
19 and addition of all or a portion of that real property to another STAR bond
20 project district may be accomplished by the adoption of an ordinance or
21 resolution, ~~and in such event the determination of the existence or~~
22 ~~nonexistence of an adverse effect on the county or school district under~~
23 ~~K.S.A. 2016 Supp. 12-17,165(f), and amendments thereto, shall apply to~~
24 ~~both such removal and such addition of real property to a STAR bond~~
25 ~~project district and approval of the secretary.~~

26 Sec. 6. K.S.A. 2016 Supp. 12-17,177 is hereby amended to read as
27 follows: 12-17,177. (a) ~~The boundaries of any STAR bond project district~~
28 ~~in a major tourism area including an auto race track facility located in~~
29 ~~Wyandotte county, shall, without regard to that portion of the district~~
30 ~~pertaining to the auto race track facility, be as follows: Beginning at the~~
31 ~~intersection of Interstate 70 and Interstate 435; West along Interstate 70 to~~
32 ~~118th Street; North along 118th Street to State Avenue; Northeasterly along~~
33 ~~proposed relocated State Avenue to 110th Street; North along 110th Street to~~
34 ~~Parallel Parkway; East along Parallel Parkway to Interstate 435; South~~
35 ~~along Interstate 435 to Interstate 70.~~

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

1 body of the city.

2 ~~(e) Any project within such additional 400 acre area that is financed~~
3 ~~in whole or in part by special obligation bonds payable from revenues~~
4 ~~derived from subsection (a)(1)(C), (a)(1)(F) or (a)(1)(G) of K.S.A. 2016~~
5 ~~Supp. 12-17,169, and amendments thereto, shall not be entitled to any real~~
6 ~~property tax abatements or the revenues described in K.S.A. 12-1775, and~~
7 ~~amendments thereto.~~

8 ~~(d) Any project within such additional 400 acre area must be~~
9 ~~approved by the governor and construction must be commenced by July 1,~~
10 ~~2002.~~

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

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

21 ~~(2) special obligation bonds issued solely to fund reserve funds for~~
22 ~~such refunding bonds.~~

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

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

37 ~~(h) Any business located in Kansas within 50 miles of a major~~
38 ~~tourism area that relocates into a major tourism area, including such~~
39 ~~additional 400 acre area, shall not receive any of the benefits of K.S.A.~~
40 ~~2016 Supp. 12-17,160 et seq., and amendments thereto.~~

41 ~~(i) If a city determines that revenues from sources other than property~~
42 ~~taxes will be sufficient to pay any special obligation bonds issued to~~
43 ~~finance a STAR bond project for an auto race track facility as described in~~

1 K.S.A. 2016 Supp. 12-17,162, and amendments thereto, and the secretary
2 makes a finding that such project will create a major tourism area as
3 defined in K.S.A. 2016 Supp. 12-17,162, and amendments thereto, all real
4 and personal property, constituting an auto race track facility described in
5 K.S.A. 2016 Supp. 12-17,162, and amendments thereto, in such STAR
6 bond project district shall be exempt from property taxation for a period
7 ending on the earlier of:

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

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

13 ~~(j) The city which is authorized to issue bonds pursuant to the~~
14 ~~provisions of K.S.A. 2016 Supp. 12-17,160 et seq., and amendments~~
15 ~~thereto, in order to finance a STAR bond project in a major tourism area as~~
16 ~~defined by K.S.A. 2016 Supp. 12-17,162, and amendments thereto, shall~~
17 ~~obtain underwriting services required by the city for the issuance of such~~
18 ~~bonds pursuant to written proposals received in accordance with this~~
19 ~~section.~~

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

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

35 ~~(k) A STAR bond project in a major tourism area for an auto race~~
36 ~~track facility, shall be completed within 30 years from the date the~~
37 ~~secretary makes the finding that the STAR bond project will create a major~~
38 ~~tourism area pursuant to subsection (l) of K.S.A. 2016 Supp. 12-17,162,~~
39 ~~and amendments thereto.~~

40 ~~(l) (b) The maximum maturity on bonds issued to finance projects~~
41 ~~pursuant to this act shall not exceed 20 years as provided in K.S.A. 2016~~
42 ~~Supp. 12-17,166, and amendments thereto, except that:~~

43 (1) Such maximum period of special obligation bonds not payable

1 from revenues described by ~~subsections (a)(1)(C), (a)(1)(F) and (a)(1)(G)~~
2 of K.S.A. 2016 Supp. 12-17,169(a)(1)(C), (a)(1)(F) and (a)(1)(G), and
3 amendments thereto, issued to finance an auto race track facility shall not
4 exceed 30 years; and

5 (2) such maximum period, if the governor determines and makes and
6 submits a finding to the speaker of the house of representatives and the
7 president of the senate that a maturity greater than 20 years, but in no
8 event exceeding 30 years, is necessary for the economic feasibility of the
9 financing of an auto race track facility with special obligation bonds
10 payable primarily from revenues described by ~~subsections (a)(1)(C), (a)(1)~~
11 ~~(F) and (a)(1)(G)~~ of K.S.A. 2016 Supp. 12-17,169(a)(1)(C), (a)(1)(F) and
12 (a)(1)(G), and amendments thereto, may be extended in accordance with
13 such determination and finding.

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

21 Sec. 7. K.S.A. 2016 Supp. 12-17,179 is hereby amended to read as
22 follows: 12-17,179. (a) A city that created a redevelopment district in an
23 eligible area that was approved for STAR bonds prior to the effective date
24 of this act for the city of Manhattan Discovery Center on December 28,
25 2006, and the Schlitterbahn project in Wyandotte county on December 23,
26 2005, may by ordinance elect to have the provisions of this act applicable
27 to such redevelopment district.

28 (b) The provisions of this act regarding STAR bond projects shall
29 expire on and after July 1, ~~2017~~ 2022.

30 Sec. 8. K.S.A. 2016 Supp. 12-17,162, 12-17,165, 12-17,166, 12-
31 17,169, 12-17,171, 12-17,177 and 12-17,179 are hereby repealed.

32 Sec. 9. This act shall take effect and be in force from and after its
33 publication in the statute book.