

HOUSE BILL No. 2221

By Committee on Commerce, Labor and Economic Development

2-3

1 AN ACT concerning STAR bonds; relating to the financing of STAR bond
2 projects and rural redevelopment projects; eligible areas; major
3 business facility; real estate transfers; plan for tracking the number of
4 visitors; feasibility study requirements; capital investment and annual
5 sales requirements; STAR bond districts; contiguity; project costs;
6 sunset date; amending K.S.A. 2020 Supp. 12-17,162, 12-17,166, 12-
7 17,169, 12-17,171 and 12-17,179 and repealing the existing sections.

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

10 Section 1. K.S.A. 2020 Supp. 12-17,162 is hereby amended to read as
11 follows: 12-17,162. As used in the STAR bond financing act, the following
12 words and phrases shall have the following meanings unless a different
13 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~~ *that* 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, *major business facility* or a major

1 commercial entertainment and tourism area as determined by the secretary.

2 (g) "Feasibility study" means a feasibility study as defined in K.S.A.
3 2020 Supp. 12-17,166(b), and amendments thereto.

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

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

16 (j) *"Major business facility" means a significant business*
17 *headquarters or office building development designed to draw a*
18 *substantial number of new visitors to Kansas.*

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

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

33 ~~(k)(m)~~ "Major tourism area" means an area for which the secretary has
34 made a finding the capital improvements costing not less than
35 \$100,000,000 will be built in the state to construct an auto race track
36 facility.

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

1 directly related to or necessary to the operation of such facility.

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

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

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

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

19 ~~(q)~~(r) "Project" means a STAR bond project.

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

- 22 (1) Acquisition of real property within the STAR bond project area;
- 23 (2) payment of relocation assistance pursuant to a relocation
 24 assistance plan as provided in K.S.A. 2020 Supp. 12-17,173, and
 25 amendments thereto;
- 26 (3) site preparation including utility relocations;
- 27 (4) sanitary and storm sewers and lift stations;
- 28 (5) drainage conduits, channels, levees and river walk canal facilities;
- 29 (6) street grading, paving, graveling, macadamizing, curbing,
 30 guttering and surfacing;
- 31 (7) street light fixtures, connection and facilities;
- 32 (8) underground gas, water, heating and electrical services and
 33 connections located within the public right-of-way;
- 34 (9) sidewalks and pedestrian underpasses or overpasses;
- 35 (10) drives and driveway approaches located within the public right-
 36 of-way;
- 37 (11) water mains and extensions;
- 38 (12) plazas and arcades;
- 39 (13) parking facilities and multilevel parking structures devoted to
 40 parking only;
- 41 (14) landscaping and plantings, fountains, shelters, benches,
 42 sculptures, lighting, decorations and similar amenities;
- 43 (15) auto race track facility;

- 1 (16) major multi-sport athletic complex;
- 2 (17) museum facility;
- 3 (18) major motorsports complex;
- 4 (19) *rural redevelopment project, including costs incurred in*
- 5 *connection with the construction or renovation of buildings or other*
- 6 *structures;*
- 7 (20) related expenses to redevelop and finance the project, except that
- 8 for a STAR bond project financed with special obligation bonds payable
- 9 from the revenues described in K.S.A. 2020 Supp. 12-17,169(a)(1), and
- 10 amendments thereto, such expenses shall require prior approval by the
- 11 secretary of commerce; and
- 12 ~~(20)~~(21) except as specified in paragraphs (1) through ~~(19)~~ (20)
- 13 above, project costs shall not include:
- 14 (A) Costs incurred in connection with the construction of buildings or
- 15 other structures;
- 16 (B) fees and commissions paid to developers, real estate agents,
- 17 financial advisors or any other consultants who represent the developers or
- 18 any other businesses considering locating in or located in a STAR bond
- 19 project district;
- 20 (C) salaries for local government employees;
- 21 (D) moving expenses for employees of the businesses locating within
- 22 the STAR bond project district;
- 23 (E) property taxes for businesses that locate in the STAR bond project
- 24 district;
- 25 (F) lobbying costs;
- 26 (G) any bond origination fee charged by the city or county;
- 27 (H) any personal property as defined in K.S.A. 79-102, and
- 28 amendments thereto; and
- 29 (I) travel, entertainment and hospitality.
- 30 ~~(s)~~(t) "Projected market area" means any area within the state in
- 31 which the project is projected to have a substantial fiscal or market impact
- 32 upon businesses in such area.
- 33 (u) *"Rural redevelopment project" means a project that is in an area*
- 34 *outside of a metropolitan statistical area, as defined by the federal office*
- 35 *of management and budget, that is of regional importance, with capital*
- 36 *investment of at least \$3,000,000 and that will enhance the quality of life*
- 37 *in the community and region.*
- 38 ~~(t)~~(v) "River walk canal facilities" means a canal and related water
- 39 features which flow through a major commercial entertainment and
- 40 tourism area and facilities related or contiguous thereto, including, but not
- 41 limited to, pedestrian walkways and promenades, landscaping and parking
- 42 facilities.
- 43 ~~(u)~~(w) "Sales tax and revenue" are those revenues available to finance

1 the issuance of special obligation bonds as identified in K.S.A. 2020 Supp.
2 12-17,168, and amendments thereto.

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

4 ~~(w)~~(y) "STAR bond project" means an approved project to implement
5 a project plan for the development of the established STAR bond project
6 district ~~with that~~:

7 (1) ~~Has~~ at least a ~~\$50,000,000~~ \$75,000,000 capital investment and
8 ~~\$50,000,000~~ \$75,000,000 in projected gross annual sales; or

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

11 (A) ~~The project~~ is an eligible area as defined in subsection (f), ~~and~~
12 ~~amendments thereto~~; and

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

14 (3) is a major tourism area as defined in subsection ~~(l)~~, ~~and~~
15 ~~amendments thereto~~ (m); ~~or~~

16 (4) is a major motorsports complex, as defined in subsection ~~(k)~~ (l);
17 *or*

18 (5) *is a rural redevelopment project as defined in subsection (u).*

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

22 ~~(y)~~(aa) "STAR bond project district" means the specific area declared
23 to be an eligible area as determined by the secretary in which the city or
24 county may develop one or more STAR bond projects. A "STAR bond
25 project district" includes a redevelopment district, as defined in K.S.A. 12-
26 1770a, and amendments thereto, created prior to the effective date of this
27 act for the Wichita Waterwalk project in Wichita, Kansas, provided, the
28 city creating such redevelopment district submits an application for
29 approval for STAR bond financing to the secretary on or before July 31,
30 2007, and receives a final letter of determination from the secretary
31 approving or disapproving the request for STAR bond financing on or
32 before November 1, 2007. No STAR bond project district shall include
33 real property which has been part of another STAR bond project district
34 unless such STAR bond project and STAR bond project district have been
35 approved by the secretary of commerce pursuant to K.S.A. 2020 Supp. 12-
36 17,164 and 12-17,165, and amendments thereto, prior to March 1, 2016. A
37 STAR bond project district *in a metropolitan statistical area, as defined by*
38 *the federal office of management and budget, shall be a contiguous parcel*
39 *of real estate and shall be limited to those areas being developed by the*
40 *STAR bond project and any area of real property reasonably anticipated to*
41 *directly benefit from the redevelopment project.*

42 ~~(z)~~(bb) "STAR bond project district plan" means the preliminary plan
43 that identifies all of the proposed STAR bond project areas and identifies

1 in a general manner all of the buildings, facilities and improvements in
2 each that are proposed to be constructed or improved in each STAR bond
3 project area.

4 ~~(aa)~~(cc) "STAR bond project plan" means the plan adopted by a city
5 or county for the development of a STAR bond project or projects in a
6 STAR bond project district.

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

8 ~~(ee)~~(ee) "Substantial change" means, as applicable, a change wherein
9 the proposed plan or plans differ substantially from the intended purpose
10 for which the STAR bond project district plan was approved.

11 ~~(dd)~~(ff) "Tax increment" means that portion of the revenue derived
12 from state and local sales, use and transient guest tax imposed pursuant to
13 K.S.A. 12-187 et seq., 12-1692 et seq., 79-3601 et seq. and 79-3701 et
14 seq., and amendments thereto, collected from taxpayers doing business
15 within that portion of a STAR bond project district occupied by a project
16 that is in excess of the amount of base year revenue. For purposes of this
17 subsection, the base year shall be the 12-month period immediately prior
18 to the month in which the STAR bond project district is established. The
19 department of revenue shall determine base year revenue by reference to
20 the revenue collected during the base year from taxpayers doing business
21 within the specific area in which a STAR bond project district is
22 subsequently established. The base year of a STAR bond project district,
23 following the addition of area to the STAR bond project district, shall be
24 the base year for the original area, and with respect to the additional area,
25 the base year shall be any 12-month period immediately prior to the month
26 in which additional area is added to the STAR bond project district. For
27 purposes of this subsection, revenue collected from taxpayers doing
28 business within a STAR bond project district, or within a specific area in
29 which a STAR bond project district is subsequently established shall not
30 include local sales and use tax revenue that is sourced to jurisdictions other
31 than those in which the project is located. The secretary of revenue and the
32 secretary of commerce shall certify the appropriate amount of base year
33 revenue for taxpayers relocating from within the state into a STAR bond
34 district.

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

40 Sec. 2. K.S.A. 2020 Supp. 12-17,166 is hereby amended to read as
41 follows: 12-17,166. (a) One or more projects may be undertaken by a city
42 or county within an established STAR bond project district. Any city or
43 county proposing to undertake a STAR bond project; shall prepare a STAR

1 bond project plan in consultation with the planning commission of the city,
2 and in consultation with the planning commission of the county, if any, if
3 such project is located wholly outside the boundaries of the city. Any such
4 project plan may be implemented in separate development stages.

5 (b) Any city or county proposing to undertake a STAR bond project
6 within a STAR bond project district established pursuant to K.S.A. 2019
7 Supp. 12-17,165, and amendments thereto, shall prepare a feasibility study
8 *to be conducted by one or more consultants selected and approved by the*
9 *secretary, and the costs shall be paid by the developer or the city or*
10 *county. The secretary shall have control and oversight authority over the*
11 *scope, conduct and methodology of the study. The secretary may establish*
12 *a list of preapproved consultants and approved study parameters and*
13 *methods. The feasibility study shall contain the following:*

14 (1) Whether a STAR bond project's revenue and tax increment
15 revenue and other available revenues under K.S.A. 2020 Supp. 12-17,169,
16 and amendments thereto, are expected to exceed or be sufficient to pay for
17 the project costs;

18 (2) the effect, if any, a STAR bond project will have on any
19 outstanding special obligation bonds payable from the revenues described
20 in K.S.A. 2020 Supp. 12-17,169, and amendments thereto;

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

24 (4) visitation expectations *and a plan describing how the number of*
25 *visitors to the STAR bond project district will be tracked and reported to*
26 *the secretary on an annual basis;*

27 (5) the unique quality of the project;

28 (6) economic impact study, *including the anticipated effect of the*
29 *project on the regional and statewide economies;*

30 (7) market study;

31 (8) market impact study;

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

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

35 (11) project accountability, measured according to best industry
36 practices;

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

39 (13) *a net return on investment analysis;*

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

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

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

5 ~~(14)~~(15) an anticipated principal and interest payment schedule on the
6 bond issue; *and*

7 (16) *a summary of community involvement, participation and support*
8 *for the STAR bond project.*

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. 2020
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. 2020 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 (k) Any substantial changes as defined in K.S.A. 2020 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 (l) Any STAR bond project shall be completed within 20 years from
19 the date of the approval of the STAR bond project plan. The maximum
20 maturity on bonds issued to finance projects pursuant to this act shall not
21 exceed 20 years.

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

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

33 Sec. 3. K.S.A. 2020 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. *Rural redevelopment projects, as defined in K.S.A. 12-17,162,*
38 *and amendments thereto, may also be financed without the issuance of*
39 *special obligation bonds up to an amount not to exceed \$10,000,000 for*
40 *each project. Such special obligation bonds or rural redevelopment project*
41 *costs shall be made payable, both as to principal and interest:*

42 (A) From revenues of the city or county derived from or held in
43 connection with the undertaking and carrying out of any STAR bond

1 project or projects under this act including historic theater sales tax
2 increments;

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

5 (C) from a pledge of 100% of the tax increment revenue received by
6 the city from any local sales and use taxes, including the city's share of any
7 county sales tax, which are collected from taxpayers doing business within
8 that portion of the city's STAR bond project district established pursuant to
9 K.S.A. 2020 Supp. 12-17,165, and amendments thereto, occupied by a
10 STAR bond project, except for amounts committed to other uses by
11 election of voters or pledged to bond repayment prior to the approval of
12 the STAR bond project;

13 (D) at the option of the county in a city STAR bond project district,
14 from a pledge of all of the tax increment revenues received by the county
15 from any local sales and use taxes which are collected from taxpayers
16 doing business within that portion of the city's STAR bond project district
17 established pursuant to K.S.A. 2020 Supp. 12-17,165, and amendments
18 thereto, except for amounts committed to other uses by election of voters
19 or pledged to bond repayment prior to the approval of a STAR bond
20 project;

21 (E) in a county STAR bond project district, from a pledge of 100% of
22 the tax increment revenue received by the county from any county sales
23 and use tax, but excluding any portions of such taxes that are allocated to
24 the cities in such county pursuant to K.S.A. 12-192, and amendments
25 thereto, which are collected from taxpayers doing business within that
26 portion of the county's STAR bond project district established pursuant to
27 K.S.A. 2020 Supp. 12-17,165, and amendments thereto, occupied by a
28 STAR bond project;

29 (F) from a pledge of all or a portion of the tax increment revenue
30 received from any state sales taxes which are collected from taxpayers
31 doing business within that portion of the city's or county's STAR bond
32 project district occupied by a STAR bond project, except that for any
33 STAR bond project district established and approved by the secretary on or
34 after January 1, 2017, such tax increment shall not include any sales tax
35 revenue from retail automobile dealers, *and except that for any STAR bond*
36 *project district established after July 1, 2021, with existing sales tax*
37 *revenue at the time the district was established, such pledge shall not*
38 *exceed 90% of the tax increment revenue received from any state sales*
39 *taxes;*

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

43 (H) at the option of the city or county and with approval of the

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

7 (1) by any combination of these methods.

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

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

16 (3) Bonds issued under the provisions of subsection (a)(1) shall be
17 special obligations of the city or county and are declared to be negotiable
18 instruments. Such bonds shall be executed by the mayor and clerk of the
19 city or the chairperson of the board of county commissioners and the
20 county clerk and sealed with the corporate seal of the city or county. All
21 details pertaining to the issuance of such special obligation bonds and
22 terms and conditions thereof shall be determined by ordinance of the city
23 or by resolution of the county.

24 All special obligation bonds issued pursuant to this act and all income
25 or interest therefrom shall be exempt from all state taxes. Such special
26 obligation bonds shall contain none of the recitals set forth in K.S.A. 10-
27 112, and amendments thereto. Such special obligation bonds shall,
28 however, contain the following recitals: (i) The authority under which such
29 special obligation bonds are issued; (ii) such bonds are in conformity with
30 the provisions, restrictions and limitations thereof; and (iii) that such
31 special obligation bonds and the interest thereon are to be paid from the
32 money and revenue received as provided in subsection (a)(1).

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

36 (b) (1) Subject to the provisions of subsection (b)(2), any city shall
37 have the power to issue full faith and credit tax increment bonds to finance
38 the undertaking, establishment or redevelopment of any major motorsports
39 complex, as defined in K.S.A. 2020 Supp. 12-17,162~~(k)~~(l), and
40 amendments thereto. Such full faith and credit tax increment bonds shall
41 be made payable, both as to principal and interest: (A) From the revenue
42 sources identified in subsection (a)(1) or by any combination of these
43 sources; and (B) subject to the provisions of subsection (b)(2), from a

1 pledge of the city's full faith and credit to use its ad valorem taxing
2 authority for repayment thereof in the event all other authorized sources of
3 revenue are not sufficient.

4 (2) Except as provided in subsection (b)(3), before the governing
5 body of any city proposes to issue full faith and credit tax increment bonds
6 as authorized by this subsection, the feasibility study required by K.S.A.
7 2020 Supp. 12-17,166(b), and amendments thereto, shall demonstrate that
8 the benefits derived from the project will exceed the cost and that the
9 income therefrom will be sufficient to pay the costs of the project. No full
10 faith and credit tax increment bonds shall be issued unless the governing
11 body states in the resolution required by K.S.A. 2020 Supp. 12-17,166(e),
12 and amendments thereto, that it may issue such bonds to finance the
13 proposed STAR bond project. The governing body may issue the bonds
14 unless within 60 days following the conclusion of the public hearing on
15 the proposed STAR bond project plan a protest petition signed by 3% of
16 the qualified voters of the city is filed with the city clerk in accordance
17 with the provisions of K.S.A. 25-3601 et seq., and amendments thereto. If
18 a sufficient petition is filed, no full faith and credit tax increment bonds
19 shall be issued until the issuance of the bonds is approved by a majority of
20 the voters voting at an election thereon. Such election shall be called and
21 held in the manner provided by the general bond law. The failure of the
22 voters to approve the issuance of full faith and credit tax increment bonds
23 shall not prevent the city from issuing special obligation bonds in
24 accordance with this section. No such election shall be held in the event
25 the board of county commissioners or the board of education determines,
26 as provided in K.S.A. 2020 Supp. 12-17,165, and amendments thereto, that
27 the proposed STAR bond project district will have an adverse effect on the
28 county or school district.

29 (3) As an alternative to subsection (b)(2), any city which adopts a
30 STAR bond project plan for a major motorsports complex, but does not
31 state its intent to issue full faith and credit tax increment bonds in the
32 resolution required by K.S.A. 2020 Supp. 12-17,166(e), and amendments
33 thereto, and has not acquired property in the STAR bond project area may
34 issue full faith and credit tax increment bonds if the governing body of the
35 city adopts a resolution stating its intent to issue the bonds and the
36 issuance of the bonds is approved by a majority of the voters voting at an
37 election thereon. Such election shall be called and held in the manner
38 provided by the general bond law. The failure of the voters to approve the
39 issuance of full faith and credit tax increment bonds shall not prevent the
40 city from issuing special obligation bonds pursuant to subsection (a)(1).
41 Any project plan adopted by a city prior to the effective date of this act in
42 accordance with K.S.A. 12-1772, and amendments thereto, shall not be
43 invalidated by any requirements of this act.

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

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

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

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

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

- 40 (i) The amount of sales tax collected, and the amount of any "base"
41 sales taxes being allocated to the district;
- 42 (ii) the total amount of bond payments and other expenses incurred;
- 43 (iii) the total amount of bonds issued and the balance of the bonds, by

1 district and by project in the district;

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

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

7 (vi) the amount of bonds issued to repay private investors in the
8 project with calculations showing the private and state share of
9 indebtedness;

10 (vii) the percentage of local effort sales tax actually committed to the
11 district compared to the state's share of sales tax percentage committed to
12 the district;

13 (viii) the number of out-of-state visitors to a project, a discussion of
14 the visitor attraction properties of projects in the districts, and a
15 comparison of the number of out-of-state visitors with the number of in-
16 state visitors; and

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

19 (B) Either the senate commerce committee or the house committee on
20 commerce, labor and economic development may amend the information
21 required in the report with additional requests and clarification on a going
22 forward basis.

23 (d) A city or county may use the proceeds of special obligation bonds
24 or any uncommitted funds derived from sources set forth in this section to
25 pay the bond project costs as defined in K.S.A. 2020 Supp. 12-17,162, and
26 amendments thereto, to implement the STAR bond project plan.

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

35 Sec. 4. K.S.A. 2020 Supp. 12-17,171 is hereby amended to read as
36 follows: 12-17,171. (a) Any addition of area to the STAR bond project
37 district, or any substantial change as defined in K.S.A. 2020 Supp. 12-
38 17,162, and amendments thereto, to the STAR bond project district plan
39 shall be subject to the same procedure for public notice and hearing as is
40 required for the establishment of the STAR bond project district. Any such
41 addition of area shall be limited to real property which has not been part of
42 another STAR bond project district. The base year of a STAR bond project
43 district, following the addition of area to the STAR bond project district,

1 shall be the base year for the original area, and with respect to the
2 additional area, the base year shall be any 12-month period immediately
3 prior to the month in which additional area is added to the STAR bond
4 project district.

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

8 (c) A city or county may divide the real property in a STAR bond
9 project district, including real property in different project areas within a
10 STAR bond project district, into separate STAR bond project districts. Any
11 division of real property within a STAR bond project district into more
12 than one STAR bond project district shall be subject to the same procedure
13 of public notice and hearing as is required for the establishment of the
14 STAR bond project district.

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

25 (e) Removal of real property from one STAR bond project district
26 and addition of all or a portion of that real property to another STAR bond
27 project district may be accomplished by the adoption of an ordinance or
28 resolution, and in such event the determination of the existence or
29 nonexistence of an adverse effect on the county or school district under
30 K.S.A. 2020 Supp. 12-17,165(f), and amendments thereto, shall apply to
31 both such removal and such addition of real property to a STAR bond
32 project district.

33 (f) *The transfer of any ownership interest in real property acquired*
34 *with the proceeds from STAR bonds shall require the advance approval of*
35 *the secretary.*

36 Sec. 5. K.S.A. 2020 Supp. 12-17,179 is hereby amended to read as
37 follows: 12-17,179. (a) A city that created a redevelopment district in an
38 eligible area that was approved for STAR bonds prior to the effective date
39 of this act for the city of Manhattan Discovery Center on December 28,
40 2006, and the Schlitterbahn project in Wyandotte county on December 23,
41 2005, may by ordinance elect to have the provisions of this act applicable
42 to such redevelopment district.

43 (b) The provisions of this act regarding STAR bond projects shall

1 expire on and after July 1, ~~2020~~ 2026.

2 Sec. 6. K.S.A. 2020 Supp. 12-17,162, 12-17,166, 12-17,169, 12-
3 17,171 and 12-17,179 are hereby repealed.

4 Sec. 7. This act shall take effect and be in force from and after its
5 publication in the statute book.