HOUSE BILL No. 2086

By Committee on Commerce, Labor and Economic Development

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

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

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

(a) "Act" means the provisions of K.S.A. 2012-6a26 through 12-6a36, and amendments thereto.
(b) "Assessments" means special assessments imposed and levied pursuant to the provisions of this act.
(c) "Bonds" means special obligation bonds, special obligation notes, full faith and credit bonds or full faith and credit notes payable solely from the sources described in K.S.A. 2012-6a33, and amendments thereto, issued by a municipality in accordance with the provisions of this act.
(d) "Community improvement district sales tax" means the tax authorized by K.S.A. 2012-6a31, and amendments thereto.
(e) "Consultant" means engineers, architects, planners, attorneys, financial advisors and other persons deemed competent to advise and assist in the planning, making and financing of projects.
(f) "Cost" means: (1) All costs necessarily incurred for the preparation of preliminary reports, the preparation of plans and specifications, the preparation and publication of notices of hearings, resolutions, ordinances and other proceedings relating to the creation or administration of the district or the issuance of bonds therefore, necessary fees and expenses of consultants, interest accrued on borrowed money during the period of construction and the amount of a reserve fund for the bonds, together with the cost of land, materials, labor, and other lawful expenses incurred in planning and doing any project and may include a charge of not to exceed 5% of the total cost of the project or the cost of work done by the municipality to reimburse the municipality for the
services rendered by the municipality in the administration and supervision of such project by its general officers; and (2) in the case of property and projects already owned by the municipality and previously financed by the issuance of bonds, "cost" means costs authorized by K.S.A. 10-116a, and amendments thereto.

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

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

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

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

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

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

(m) "Project" means:

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

(A) Buildings, structures and facilities;

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

(C) parking garages;

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

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

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

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

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

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

(2) Within the district, to operate or to contract for the provision of
music, news, child-care, or parking lots or garages, and buses, minibuses
or other modes of transportation;
(3) Within the district, to provide or contract for the provision of
security personnel, equipment or facilities for the protection of property
and persons;
(4) Within the district, to provide or contract for cleaning,
maintenance and other services to public or private property;
(5) Within the district, to produce and promote any tourism,
recreational or cultural activity or special event, including, but not limited
to, advertising, decoration of any public place in the district, promotion of
such activity and special events and furnishing music in any public place;
(6) Within the district, to support business activity and economic
development, including, but not limited to, the promotion of business
activity, development and retention and the recruitment of developers and
business;
(7) Within the district, to provide or support training programs for
employees of businesses; and
(8) To contract for or conduct economic impact, planning, marketing
or other studies; and
(9) Within or without the district, costs for infrastructure located
outside the district but contiguous to any portion of the district and such
infrastructure is related to a project within the district or substantially
for the benefit of the district.
Sec. 2. K.S.A. 2012-1770a is hereby amended to read
as follows: 12-1770a. As used in this act, and amendments thereto, the
following words and phrases shall have the following meanings unless a
different meaning clearly appears from the content:
(a) "Auto race track facility" means: (1) An auto race track facility
and facilities directly related and necessary to the operation of an auto race
track facility, including, but not limited to, grandstands, suites and viewing
areas, concessions, souvenir facilities, catering facilities, visitor and retail
centers, signage and temporary hospitality facilities, but excluding (2)
hotels, motels, restaurants and retail facilities, not directly related to or
necessary to the operation of such facility.
(b) "Base year assessed valuation" means the assessed valuation of all
real property within the boundaries of a redevelopment district on the date
the redevelopment district was established.
(c) "Blighted area" means an area which:
(1) Because of the presence of a majority of the following factors,
substantially impairs or arrests the development and growth of the
municipality or constitutes an economic or social liability or is a menace to
the public health, safety, morals or welfare in its present condition and use:
(A) A substantial number of deteriorated or deteriorating structures;
(B) predominance of defective or inadequate street layout;
(C) unsanitary or unsafe conditions;
(D) deterioration of site improvements;
(E) tax or special assessment delinquency exceeding the fair market value of the real property;
(F) defective or unusual conditions of title including but not limited to cloudy or defective titles, multiple or unknown ownership interests to the property;
(G) improper subdivision or obsolete platting or land uses;
(H) the existence of conditions which endanger life or property by fire or other causes; or
(I) conditions which create economic obsolescence; or
(2) has been identified by any state or federal environmental agency as being environmentally contaminated to an extent that requires a remedial investigation; feasibility study and remediation or other similar state or federal action; or
(3) a majority of the property is a 100-year floodplain area; or
(4) previously was found by resolution of the governing body to be a slum or a blighted area under K.S.A. 17-4742 et seq., and amendments thereto.
(d) "Conservation area" means any improved area comprising 15% or less of the land area within the corporate limits of a city in which 50% or more of the structures in the area have an age of 35 years or more, which area is not yet blighted, but may become a blighted area due to the existence of a combination of two or more of the following factors:
(1) Dilapidation, obsolescence or deterioration of the structures;
(2) illegal use of individual structures;
(3) the presence of structures below minimum code standards;
(4) building abandonment;
(5) excessive vacancies;
(6) overcrowding of structures and community facilities; or
(7) inadequate utilities and infrastructure.
(e) "De minimus" means an amount less than 15% of the land area within a redevelopment district.
(f) "Developer" means any person, firm, corporation, partnership or limited liability company, other than a city and other than an agency, political subdivision or instrumentality of the state or a county when relating to a bioscience development district.
(g) "Eligible area" means a blighted area, conservation area, enterprise zone, intermodal transportation area, major tourism area or a major commercial entertainment and tourism area or bioscience development area.
(h) "Enterprise zone" means an area within a city that was designated
as an enterprise zone prior to July 1, 1992, pursuant to K.S.A. 12-17,107 through 12-17,113, and amendments thereto, prior to its repeal and the conservation, development or redevelopment of the area is necessary to promote the general and economic welfare of such city.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) salaries for local government employees;

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

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

(v) lobbying costs;

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

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

(viii) travel, entertainment and hospitality.

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

(q) "Redevelopment district plan" or "district plan" means the preliminary plan that identifies all of the proposed redevelopment project areas and identifies in a general manner all of the buildings, facilities and
improvements in each that are proposed to be constructed or improved in each redevelopment project area or, if the redevelopment district is established for an intermodal transportation area, in or outside of the redevelopment district.

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

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

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

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

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

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

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

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

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

(aa) "Bioscience development area" means an area that:
1. Is or shall be owned, operated, or leased by, or otherwise under the control of the Kansas bioscience authority;
2. Is or shall be used and maintained by a bioscience company; or
3. Includes a bioscience facility.

(bb) "Bioscience development district" means the specific area, created under K.S.A. 12-1771, and amendments thereto, where one or more bioscience development projects may be undertaken.

(cc) "Bioscience development project" means an approved project to implement a project plan in a bioscience development district.

(dd) "Bioscience development project plan" means the plan adopted by the authority for a bioscience development project pursuant to K.S.A. 12-1772, and amendments thereto, in a bioscience development district.

(ee) "Bioscience facility" means real property and all improvements thereof used to conduct bioscience research, including, without limitation, laboratory space, incubator space, office space and any and all facilities directly related and necessary to the operation of a bioscience facility.

(ff) "Bioscience project area" means an area designated by the authority within a bioscience development district.

(gg) "Biotechnology" means those fields focusing on technological developments in such areas as molecular biology, genetic engineering, genomics, proteomics, physiomics, nanotechnology, biodefense, biocomputing, bioinformatics and future developments associated with biotechnology.

(hh) "Board" means the board of directors of the Kansas bioscience authority.

(ii) "Life sciences" means the areas of medical sciences, pharmaceutical sciences, biological sciences, zoology, botany, horticulture, ecology, toxicology, organic chemistry, physical chemistry, physiology and any future advances associated with life sciences.

(jj) "Revenue increase" means that amount of real property taxes collected from real property located within the bioscience development district that is in excess of the amount of real property taxes which is collected from the base year assessed valuation.

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

(II) "Floodplain increment" means the increment determined pursuant to subsection (b) of K.S.A. 2012 Supp. 12-1771e, and amendments
thereto.

(mm) "100-year floodplain area" means an area of land existing in a 100-year floodplain as determined by either an engineering study of a Kansas certified engineer or by the United States federal emergency management agency.

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

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

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

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

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

(B) From revenues of the city derived from or held in connection with the undertaking and carrying out of any redevelopment project or projects or bioscience development project or projects under this act including
environmental increments;
(C) from any private sources, contributions or other financial assistance from the state or federal government;
(D) from a pledge of a portion or all of the revenue received by the city from any transient guest and local sales and use taxes which are collected from taxpayers doing business within that portion of the city's redevelopment district or bioscience development district established pursuant to K.S.A. 12-1771, and amendments thereto, occupied by a redevelopment project or bioscience development project. A city proposing to finance a major motorsports complex pursuant to this paragraph shall prepare a project plan which shall include:
(i) A summary of the feasibility study done, as defined in K.S.A. 12-1770a, and amendments thereto, which will be an open record;
(ii) a reference to the district plan established under K.S.A. 12-1771, and amendments thereto, that identifies the project area that is set forth in the project plan that is being considered;
(iii) a description and map of the location of the facility that is the subject of the special bond project or major motorsports complex;
(iv) the relocation assistance plan required by K.S.A. 12-1777, and amendments thereto;
(v) a detailed description of the buildings and facilities proposed to be constructed or improved; and
(vi) any other information the governing body deems necessary to advise the public of the intent of the special bond project or major motorsports complex plan.
The project plan shall be prepared in consultation with the planning commission of the city. Such project plan shall also be prepared in consultation with the planning commission of the county, if any, if a major motorsports complex is located wholly outside the boundaries of the city;
(E) from a pledge of a portion of all increased revenue received by the city from: (i) Franchise fees collected from utilities and other businesses using public right-of-way within the redevelopment district; (ii) from a pledge of all or a portion of the revenue received by the city from sales taxes; or (iii) both of the above;
(F) with the approval of the county, from a pledge of all of the revenues received by the county from any transient guest, local sales and use taxes which are collected from taxpayers doing business within that portion of the redevelopment district established pursuant to K.S.A. 12-1771, and amendments thereto;
(G) if a project is financed in whole or in part with the proceeds of a loan to the municipality from the Kansas transportation revolving fund, such loan shall also be payable from amounts available pursuant to K.S.A. 2012 2013 Supp. 75-5063 et seq., and amendments thereto;
(H) by any combination of these methods.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) A city may use the proceeds of special obligation bonds or full
faith and credit tax increment bonds, or proceeds of a loan from the
75-5063 et seq., and amendments thereto, or any uncommitted funds
derived from sources set forth in this section to pay the redevelopment
project costs as defined in K.S.A. 12-1770a, and amendments thereto, to
implement the redevelopment project plan.

Sec. 4. K.S.A. 2012 2013 Supp. 12-6a27, 12-1770a and 12-1774 are
hereby repealed.

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