

SENATE BILL No. 434

By Committee on Assessment and Taxation

3-1

1 AN ACT concerning STAR bonds; relating to project costs; tourist
2 attraction component; requirements for project approval; limitations on
3 certain businesses; portion of state sales tax increment financing
4 permitted; addition of area; amending K.S.A. 2017 Supp. 12-17,162,
5 12-17,164, 12-17,169 and 12-17,171 and repealing the existing
6 sections.

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

9 Section 1. K.S.A. 2017 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 2017 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, *except that for STAR bond projects approved by the*
- 18 *secretary on and after July 1, 2018, if paid from proceeds of special*
- 19 *obligation bonds payable from the revenues described in K.S.A. 2017*
- 20 *Supp. 12-17,169(a)(1)(F), and amendment thereto, "project costs" means*
- 21 *those costs necessary to implement the tourist attraction component of a*
- 22 *STAR bond project plan, including costs incurred for:*
- 23 (1) Acquisition of real property within the STAR bond project area;
- 24 (2) payment of relocation assistance pursuant to a relocation
- 25 assistance plan as provided in K.S.A. 2017 Supp. 12-17,173, and
- 26 amendments thereto;
- 27 (3) site preparation including utility relocations;
- 28 (4) sanitary and storm sewers and lift stations;
- 29 (5) drainage conduits, channels, levees and river walk canal facilities;
- 30 (6) street grading, paving, graveling, macadamizing, curbing,
- 31 guttering and surfacing;
- 32 (7) street light fixtures, connection and facilities;
- 33 (8) underground gas, water, heating and electrical services and
- 34 connections located within the public right-of-way;
- 35 (9) sidewalks and pedestrian underpasses or overpasses;
- 36 (10) drives and driveway approaches located within the public right-
- 37 of-way;
- 38 (11) water mains and extensions;
- 39 (12) plazas and arcades;
- 40 (13) parking facilities and multilevel parking structures devoted to
- 41 parking only;
- 42 (14) landscaping and plantings, fountains, shelters, benches,
- 43 sculptures, lighting, decorations and similar amenities;

- 1 (15) auto race track facility;
- 2 (16) major multi-sport athletic complex;
- 3 (17) museum facility;
- 4 (18) major motorsports complex;
- 5 (19) related expenses to redevelop and finance the project, except that
- 6 for a STAR bond project financed with special obligation bonds payable
- 7 from the revenues described in K.S.A. 2017 Supp. 12-17,169(a)(1), and
- 8 amendments thereto, such expenses shall require prior approval by the
- 9 secretary of commerce; and
- 10 (20) except as specified in paragraphs (1) through (19) above, project
- 11 costs shall not include:
- 12 (A) Costs incurred in connection with the construction of buildings or
- 13 other structures;
- 14 (B) fees and commissions paid to developers, real estate agents,
- 15 financial advisors or any other consultants who represent the developers or
- 16 any other businesses considering locating in or located in a STAR bond
- 17 project district;
- 18 (C) salaries for local government employees;
- 19 (D) moving expenses for employees of the businesses locating within
- 20 the STAR bond project district;
- 21 (E) property taxes for businesses that locate in the STAR bond project
- 22 district;
- 23 (F) lobbying costs;
- 24 (G) any bond origination fee charged by the city or county;
- 25 (H) any personal property as defined in K.S.A. 79-102, and
- 26 amendments thereto; ~~and~~
- 27 (I) travel, entertainment and hospitality; *and*
- 28 (J) *the costs of constructing an ingress or egress access road for the*
- 29 *tourist attraction component of the project and any costs otherwise*
- 30 *permitted by subsections (r)(1) through (19) directly associated with the*
- 31 *construction of an ingress or egress access road for the tourist attraction*
- 32 *component of the project.*
- 33 (s) "Projected market area" means any area within the state in which
- 34 the project is projected to have a substantial fiscal or market impact upon
- 35 businesses in such area.
- 36 (t) "River walk canal facilities" means a canal and related water
- 37 features which flow through a major commercial entertainment and
- 38 tourism area and facilities related or contiguous thereto, including, but not
- 39 limited to, pedestrian walkways and promenades, landscaping and parking
- 40 facilities.
- 41 (u) "Sales tax and revenue" are those revenues available to finance
- 42 the issuance of special obligation bonds as identified in K.S.A. 2017 Supp.
- 43 12-17,168, and amendments thereto.

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

2 (w) "STAR bond project" means an approved project to implement a
3 project plan for the development of the established STAR bond project
4 district with:

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

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

9 (A) The project is an eligible area as defined in subsection (f), and
10 amendments thereto; and

11 (B) would be of regional or statewide importance *and includes a*
12 *tourist attraction as defined in subsection (gg)*; or

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

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

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

18 (y) "STAR bond project district" means the specific area declared to
19 be an eligible area as determined by the secretary in which the city or
20 county may develop one or more STAR bond projects. A STAR bond
21 project district includes a redevelopment district, as defined in K.S.A. 12-
22 1770a, and amendments thereto, created prior to the effective date of this
23 act for the Wichita Waterwalk project in Wichita, Kansas, provided, the
24 city creating such redevelopment district submits an application for
25 approval for STAR bond financing to the secretary on or before July 31,
26 2007, and receives a final letter of determination from the secretary
27 approving or disapproving the request for STAR bond financing on or
28 before November 1, 2007. No STAR bond project district shall include
29 real property which has been part of another STAR bond project district
30 unless such STAR bond project and STAR bond project district have been
31 approved by the secretary of commerce pursuant to K.S.A. 2017 Supp. 12-
32 17,164 and 12-17,165, and amendments thereto, prior to March 1, 2016. A
33 STAR bond project district shall be limited to those areas being developed
34 by the STAR bond project and any area of real property reasonably
35 anticipated to directly benefit from the redevelopment project. *After a*
36 *STAR bond project district has been approved by the secretary, additional*
37 *real property may not be included within the STAR bond project district*
38 *unless the addition of real property is associated with a new STAR bond*
39 *project to develop a new tourist attraction that is separate and distinct*
40 *from any tourist attraction developed or being developed in the STAR*
41 *bond project district.*

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

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

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

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

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

11 (dd) "Tax increment" means that portion of the revenue derived from
12 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) "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 (ff) *"Tourist" means a person traveling for pleasure, culture or to*
41 *attend or participate in a regional sports competition.*

42 (gg) *"Tourist attraction" means the component of a project*
43 *specifically designed and intended to attract tourists. The department's*

1 *determination as to whether a project includes a tourist attraction shall*
2 *include a visitation requirement as follows:*

3 *(1) If the project is located within a city with a population greater*
4 *than 50,000, that 30% of all visitors are tourists whose residences are*
5 *located a distance from the project of more than 100 miles and that 30% of*
6 *all visitors are tourists whose residences are located outside the state of*
7 *Kansas; or*

8 *(2) if the project is located within a city with a population of less than*
9 *50,000, that 20% of all visitors are tourists whose residences are located a*
10 *distance from the project of more than 100 miles.*

11 Sec. 2. K.S.A. 2017 Supp. 12-17,164 is hereby amended to read as
12 follows: 12-17,164. (a) The governing body of a city may establish one or
13 more STAR bond projects in any area within such city or wholly outside
14 the boundaries of such city. A STAR bond project wholly outside the
15 boundaries of such city must be approved by the board of county
16 commissioners by the passage of a county resolution.

17 The governing body of a county may establish one or more STAR bond
18 projects in any unincorporated area of the county.

19 The projects shall be eligible for financing by special obligation bonds
20 payable from revenues described by K.S.A. 2017 Supp. 12-17,169(a)(1),
21 and amendments thereto.

22 (b) Each STAR bond project shall first be approved by the secretary,
23 if the secretary determines that the proposed project or complex
24 sufficiently promotes, stimulates and develops the general and economic
25 welfare of the state as described in K.S.A. 2017 Supp. 12-17,160, and
26 amendments thereto, *and that the project includes a tourist attraction*
27 *component, as defined by K.S.A. 2017 Supp. 12-17,162, and amendments*
28 *thereto.* The secretary, upon approving the project, may approve such
29 financing in an amount not to exceed 50% of the total costs including all
30 project costs and any other costs related to the project. The proceeds of
31 such STAR bond financing may only be used to pay for incurred project
32 costs.

33 (c) For a city proposing to finance a major motorsports complex
34 pursuant to K.S.A. 2017 Supp. 12-17,169(a)(1)(C) or (a)(1)(E), and
35 amendments thereto, the secretary, upon approving the project, may
36 approve such financing in an amount not to exceed 50% of the STAR bond
37 project costs.

38 (d) The secretary may approve a STAR bond project located in a
39 STAR bond project district established by a city prior to May 1, 2003.

40 (e) (1) A project shall not be granted to any business that proposes to
41 relocate its business from another area of the state into such city or county,
42 for the purpose of consideration for a STAR bond project provided by
43 K.S.A. 2017 Supp. 12-17,160 et seq., and amendments thereto.

1 (2) *Except as provided in subsection (e)(3), a project shall not be*
2 *granted to any business or developer that proposes to locate or relocate a*
3 *business within a STAR bond project district, and a business shall not be*
4 *permitted to locate or relocate within a STAR bond project district, if the*
5 *business proposed to be located or relocated:*

6 (A) (i) *Is an establishment defined by 2017 NAICS code 452311*
7 *known as a warehouse club, superstore or supercenter, primarily engaged*
8 *in retailing a general line of groceries, including a significant amount and*
9 *variety of fresh fruits, vegetables, dairy products, meats and other*
10 *perishable groceries, in combination with a general line of new*
11 *merchandise, such as apparel, furniture and appliances;*

12 (ii) *is an establishment primarily engaged in retailing one or more*
13 *general lines of new merchandise, such as apparel, furniture and*
14 *appliances and is 75,000 square feet or more in size; or*

15 (iii) *is a department store defined by 2017 NAICS code 452210 that*
16 *has separate departments for general lines of new merchandise, such as*
17 *apparel, jewelry, home furnishings and toys, with no one merchandise line*
18 *predominating, and that may sell perishable groceries, such as fresh fruits,*
19 *vegetables and dairy products, but such sales are insignificant, and that*
20 *may have separate customer checkout areas in each department, central*
21 *checkout areas, or both; and*

22 (B) *retails a line of the same or similar merchandise, as determined*
23 *by the secretary, as an established business located within 25 miles of the*
24 *proposed location of the business.*

25 (3) *The provisions of subsection (e)(2) shall not apply if no portion of*
26 *the state sales or compensating use tax revenue from the business*
27 *identified in subsection (e)(2)(A) are pledged for the payment of any*
28 *project costs or the payment of special revenue bonds issued pursuant to*
29 *K.S.A. 2017 Supp. 12-17,169(a)(1), and amendments thereto, and the*
30 *business receives no benefit from any economic development program of*
31 *the city, county or state of Kansas and no tax credit or tax abatement from*
32 *city, county or state taxes as an incentive or reward for locating or*
33 *relocating within the STAR bond project district.*

34 (f) *A project shall not be approved by the secretary if the market*
35 *study required by K.S.A. 2017 Supp. 12-17,166, and amendments thereto,*
36 *indicates a substantial negative impact upon businesses in the project or*
37 *complex market area or the granting of such project or complex would*
38 *cause a default in the payment of any outstanding special obligation bond*
39 *payable from revenues authorized pursuant to K.S.A. 2017 Supp. 12-*
40 *17,169(a)(1), and amendments thereto.*

41 (g) *The maximum maturity of special obligation bonds payable*
42 *primarily from revenues described by K.S.A. 2017 Supp. 12-17,169(a)(1),*
43 *and amendments thereto, to finance STAR bond projects pursuant to this*

1 section shall not exceed 20 years.

2 (h) The secretary shall not approve any application for STAR bond
3 project financing which is submitted by a city or county more than one
4 year after the STAR bond project district in which the STAR bond project
5 is located has been established.

6 (i) For the purpose of recovering the costs of the secretary and the
7 department arising from fulfilling administrative, review, approval,
8 oversight and other responsibilities under the STAR bonds financing act
9 and from providing assistance to cities, counties and private businesses in
10 relation to STAR bond projects, the secretary may assess an administrative
11 fee of up to 1%, not to exceed \$200,000, of the amount of the special
12 obligation bonds payable from revenues described by K.S.A. 2017 Supp.
13 12-17,169(a)(1), and amendments thereto, issued or reissued for STAR
14 bond projects. The secretary may also recover any actual costs incurred by
15 the secretary in excess of the fee. The fee, and any actual costs incurred by
16 the secretary in excess of the fee, shall be paid to the secretary from the
17 proceeds of such bonds. All such moneys received by the secretary shall be
18 remitted to the state treasurer in accordance with the provisions of K.S.A.
19 75-4215, and amendments thereto. Upon receipt of each such remittance,
20 the state treasurer shall deposit the entire amount in the state treasury to
21 the credit of the STAR bond administrative fee fund, which is hereby
22 created in the state treasury. All expenditures from the STAR bond
23 administrative fee fund shall be made in accordance with appropriation
24 acts upon warrants of the director of accounts and reports issued pursuant
25 to vouchers approved by the secretary or a person or persons designated by
26 the secretary.

27 Sec. 3. K.S.A. 2017 Supp. 12-17,169 is hereby amended to read as
28 follows: 12-17,169. (a) (1) Any city or county shall have the power to
29 issue special obligation bonds in one or more series to finance the
30 undertaking of any STAR bond project in accordance with the provisions
31 of this act. Such special obligation bonds shall be made payable, both as to
32 principal and interest:

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

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

39 (C) from a pledge of 100% of the tax increment revenue received by
40 the city from any local sales and use taxes, including the city's share of any
41 county sales tax, which are collected from taxpayers doing business within
42 that portion of the city's STAR bond project district established pursuant to
43 K.S.A. 2017 Supp. 12-17,165, and amendments thereto, occupied by a

1 STAR bond project, except for amounts committed to other uses by
2 election of voters or pledged to bond repayment prior to the approval of
3 the STAR bond project;

4 (D) at the option of the county in a city STAR bond project district,
5 from a pledge of all of the tax increment revenues received by the county
6 from any local sales and use taxes which are collected from taxpayers
7 doing business within that portion of the city's STAR bond project district
8 established pursuant to K.S.A. 2017 Supp. 12-17,165, and amendments
9 thereto, except for amounts committed to other uses by election of voters
10 or pledged to bond repayment prior to the approval of a STAR bond
11 project;

12 (E) in a county STAR bond project district, from a pledge of 100% of
13 the tax increment revenue received by the county from any county sales
14 and use tax, but excluding any portions of such taxes that are allocated to
15 the cities in such county pursuant to K.S.A. 12-192, and amendments
16 thereto, which are collected from taxpayers doing business within that
17 portion of the county's STAR bond project district established pursuant to
18 K.S.A. 2017 Supp. 12-17,165, and amendments thereto, occupied by a
19 STAR bond project;

20 (F) from a pledge of ~~all~~ or a portion, *as limited in this subparagraph*
21 of the tax increment revenue received from any state sales taxes which are
22 collected from taxpayers doing business within that portion of the city's or
23 county's STAR bond project district occupied by a STAR bond project,
24 except that for any STAR bond project district established and approved
25 by the secretary on or after January 1, 2017, such tax increment shall not
26 include any sales tax revenue from retail automobile dealers. *The*
27 *maximum portion of the tax increment revenue received from state sales*
28 *taxes to be pledged pursuant to this paragraph shall be determined as*
29 *follows:*

30 (i) *If the city or county pledges local or county sales and use tax*
31 *increment revenues pursuant to subsection (a)(1)(C) or (E) at a sales and*
32 *use tax rate that is less than 2%, the maximum portion of the tax increment*
33 *revenue received from state sales taxes to be pledged pursuant to this*
34 *subsection shall be capped at a rate that is 60% of the state sales tax rate.*
35 *If the city or county pledges local or county sales and use tax increment*
36 *revenues pursuant to subsection (a)(1)(C) or (E) at a sales or use tax rate*
37 *that is 2% or more, the maximum portion of the tax increment revenue*
38 *received from state sales taxes to be pledged pursuant to this subsection*
39 *shall be capped at a rate that is 85% of the state sales tax rate; and*

40 (ii) *when an existing business located in this state relocates into or*
41 *becomes part of a STAR bond project district, the sales and use tax*
42 *increment revenue from the business in excess of the base year revenue*
43 *determined for that business shall be allocated between the state and the*

1 *STAR bond project district as provided in subsection (a)(1)(F)(i);*

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

5 (H) at the option of the city or county and with approval of the
6 secretary: (i) From a pledge of all or a portion of increased revenue
7 received by the city or county from franchise fees collected from utilities
8 and other businesses using public right-of-way within the STAR bond
9 project district; or (ii) from a pledge of all or a portion of the revenue
10 received by a city or county from local sales taxes or local transient guest
11 and local use taxes; or

12 (I) by any combination of these methods.

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

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

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

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

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

41 (b) (1) Subject to the provisions of subsection (b)(2), any city shall
42 have the power to issue full faith and credit tax increment bonds to finance
43 the undertaking, establishment or redevelopment of any major motorsports

1 complex, as defined in K.S.A. 2017 Supp. 12-17,162(k), and amendments
2 thereto. Such full faith and credit tax increment bonds shall be made
3 payable, both as to principal and interest: (A) From the revenue sources
4 identified in subsection (a)(1) or by any combination of these sources; and
5 (B) subject to the provisions of subsection (b)(2), from a pledge of the
6 city's full faith and credit to use its ad valorem taxing authority for
7 repayment thereof in the event all other authorized sources of revenue are
8 not sufficient.

9 (2) Except as provided in subsection (b)(3), before the governing
10 body of any city proposes to issue full faith and credit tax increment bonds
11 as authorized by this subsection, the feasibility study required by K.S.A.
12 2017 Supp. 12-17,166(b), and amendments thereto, shall demonstrate that
13 the benefits derived from the project will exceed the cost and that the
14 income therefrom will be sufficient to pay the costs of the project. No full
15 faith and credit tax increment bonds shall be issued unless the governing
16 body states in the resolution required by K.S.A. 2017 Supp. 12-17,166(e),
17 and amendments thereto, that it may issue such bonds to finance the
18 proposed STAR bond project. The governing body may issue the bonds
19 unless within 60 days following the conclusion of the public hearing on
20 the proposed STAR bond project plan a protest petition signed by 3% of
21 the qualified voters of the city is filed with the city clerk in accordance
22 with the provisions of K.S.A. 25-3601 et seq., and amendments thereto. If
23 a sufficient petition is filed, no full faith and credit tax increment bonds
24 shall be issued until the issuance of the bonds is approved by a majority of
25 the voters voting at an election thereon. Such election shall be called and
26 held in the manner provided by the general bond law. The failure of the
27 voters to approve the issuance of full faith and credit tax increment bonds
28 shall not prevent the city from issuing special obligation bonds in
29 accordance with this section. No such election shall be held in the event
30 the board of county commissioners or the board of education determines,
31 as provided in K.S.A. 2017 Supp. 12-17,165, and amendments thereto, that
32 the proposed STAR bond project district will have an adverse effect on the
33 county or school district.

34 (3) As an alternative to subsection (b)(2), any city which adopts a
35 STAR bond project plan for a major motorsports complex, but does not
36 state its intent to issue full faith and credit tax increment bonds in the
37 resolution required by K.S.A. 2017 Supp. 12-17,166(e), and amendments
38 thereto, and has not acquired property in the STAR bond project area may
39 issue full faith and credit tax increment bonds if the governing body of the
40 city adopts a resolution stating its intent to issue the bonds and the
41 issuance of the bonds is approved by a majority of the voters voting at an
42 election thereon. Such election shall be called and held in the manner
43 provided by the general bond law. The failure of the voters to approve the

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

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

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

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

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

38 (2) (A) In addition to the report referenced in paragraph (1), the
39 department of commerce, in cooperation with the department of revenue,
40 shall submit a report to the senate commerce committee and the house
41 commerce, labor and economic development committee by January 31 of
42 each session. The report shall include the following information for the last
43 three calendar years and the most current year-to-date information

1 available with respect to each STAR bond district:

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

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

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

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

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

12 (vi) the amount of bonds issued to repay private investors in the
13 project with calculations showing the private and state share of
14 indebtedness;

15 (vii) the percentage of local effort sales tax actually committed to the
16 district compared to the state's share of sales tax percentage committed to
17 the district;

18 (viii) the number of out-of-state visitors to a project, a discussion of
19 the visitor attraction properties of projects in the districts, and a
20 comparison of the number of out-of-state visitors with the number of in-
21 state visitors; and

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

24 (B) Either the senate commerce committee or the house committee on
25 commerce, labor and economic development may amend the information
26 required in the report with additional requests and clarification on a going
27 forward basis.

28 (d) A city or county may use the proceeds of special obligation bonds
29 or any uncommitted funds derived from sources set forth in this section to
30 pay the bond project costs as defined in K.S.A. 2017 Supp. 12-17,162, and
31 amendments thereto, to implement the STAR bond project plan.

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

40 Sec. 4. K.S.A. 2017 Supp. 12-17,171 is hereby amended to read as
41 follows: 12-17,171. (a) Any addition of area to the STAR bond project
42 district, or any substantial change as defined in K.S.A. 2017 Supp. 12-
43 17,162, and amendments thereto, to the STAR bond project district plan

1 shall be subject to the same procedure for public notice and hearing as is
2 required for the establishment of the STAR bond project district. Any such
3 addition of area shall be limited to real property which has not been part of
4 another STAR bond project district. *Any addition of area must be*
5 *associated with a new STAR bond project to develop a new tourist*
6 *attraction that is separate and distinct from any tourist attraction*
7 *developed or being developed in the STAR bond project district.* The base
8 year of a STAR bond project district, following the addition of area to the
9 STAR bond project district, shall be the base year for the original area, and
10 with respect to the additional area, the base year shall be any 12-month
11 period immediately prior to the month in which additional area is added to
12 the STAR bond project district.

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

16 (c) A city or county may divide the real property in a STAR bond
17 project district, including real property in different project areas within a
18 STAR bond project district, into separate STAR bond project districts. Any
19 division of real property within a STAR bond project district into more
20 than one STAR bond project district shall be subject to the same procedure
21 of public notice and hearing as is required for the establishment of the
22 STAR bond project district.

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

33 (e) Removal of real property from one STAR bond project district
34 and addition of all or a portion of that real property to another STAR bond
35 project district may be accomplished by the adoption of an ordinance or
36 resolution, and in such event the determination of the existence or
37 nonexistence of an adverse effect on the county or school district under
38 K.S.A. 2017 Supp. 12-17,165(f), and amendments thereto, shall apply to
39 both such removal and such addition of real property to a STAR bond
40 project district.

41 Sec. 5. K.S.A. 2017 Supp. 12-17,162, 12-17,164, 12-17,169 and 12-
42 17,171 are hereby repealed.

43 Sec. 6. This act shall take effect and be in force from and after its

- 1 publication in the statute book.