

HOUSE BILL No. 2086

By Committee on Commerce, Labor and Economic Development

1-24

1 AN ACT concerning economic development financing; relating to eligible
2 project costs for tax increment financing and community improvement
3 districts; bond repayment pledge requirements; amending K.S.A. ~~2012~~
4 **2013** Supp. 12-6a27, 12-1770a and 12-1774 and repealing the existing
5 sections.

6
7 *Be it enacted by the Legislature of the State of Kansas:*

8 Section 1. K.S.A. ~~2012~~ **2013** Supp. 12-6a27 is hereby amended to
9 read as follows: 12-6a27. As used in this act, and amendments thereto, the
10 following words and phrases shall have the following meanings unless a
11 different meaning clearly appears from the context:

12 (a) "Act" means the provisions of K.S.A. ~~2012~~ **2013** Supp. 12-6a26
13 through 12-6a36, and amendments thereto.

14 (b) "Assessments" means special assessments imposed and levied
15 pursuant to the provisions of this act.

16 (c) "Bonds" means special obligation bonds, special obligation notes,
17 full faith and credit bonds or full faith and credit notes payable solely from
18 the sources described in K.S.A. ~~2012~~ **2013** Supp. 12-6a33, and
19 amendments thereto, issued by a municipality in accordance with the
20 provisions of this act.

21 (d) "Community improvement district sales tax" means the tax
22 authorized by K.S.A. ~~2012~~ **2013** Supp. 12-6a31, and amendments thereto.

23 (e) "Consultant" means engineers, architects, planners, attorneys,
24 financial advisors and other persons deemed competent to advise and
25 assist in the planning, making and financing of projects.

26 (f) "Cost" means: (1) All costs necessarily incurred for the
27 preparation of preliminary reports, the preparation of plans and
28 specifications, the preparation and publication of notices of hearings,
29 resolutions, ordinances and other proceedings relating to the creation or
30 administration of the district or the issuance of bonds therefore, necessary
31 fees and expenses of consultants, interest accrued on borrowed money
32 during the period of construction and the amount of a reserve fund for the
33 bonds, together with the cost of land, materials, labor, and other lawful
34 expenses incurred in planning and doing any project and may include a
35 charge of not to exceed 5% of the total cost of the project or the cost of
36 work done by the municipality to reimburse the municipality for the

1 services rendered by the municipality in the administration and supervision
2 of such project by its general officers; and (2) in the case of property and
3 projects already owned by the municipality and previously financed by the
4 issuance of bonds, "cost" means costs authorized by K.S.A. 10-116a, and
5 amendments thereto.

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

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

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

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

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

14 (l) "Pay-as-you-go financing" means a method of financing in which
15 the costs of a project are financed without notes or bonds, and the costs of
16 such project are thereafter reimbursed as moneys are deposited in the
17 district fund described in K.S.A. ~~2012~~ 2013 Supp. 12-6a34, and
18 amendments thereto.

19 (m) "Project" means:

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

23 (A) Buildings, structures and facilities;

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

31 (C) parking garages;

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

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

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

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

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

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

43 (2) Within the district, to operate or to contract for the provision of

1 music, news, child-care, or parking lots or garages, and buses, minibuses
2 or other modes of transportation;

3 (3) Within the district, to provide or contract for the provision of
4 security personnel, equipment or facilities for the protection of property
5 and persons;

6 (4) Within the district, to provide or contract for cleaning,
7 maintenance and other services to public or private property;

8 (5) Within the district, to produce and promote any tourism,
9 recreational or cultural activity or special event, including, but not limited to,
10 advertising, decoration of any public place in the district, promotion of
11 such activity and special events and furnishing music in any public place;

12 (6) Within the district, to support business activity and economic
13 development, including, but not limited to, the promotion of business
14 activity, development and retention and the recruitment of developers and
15 business;

16 (7) Within the district, to provide or support training programs for
17 employees of businesses; ~~and~~

18 (8) To contract for or conduct economic impact, planning, marketing
19 or other studies; *and*

20 (9) *Within or without the district, costs for infrastructure located*
21 *outside the district but contiguous to any portion of the district and such*
22 *infrastructure is related to a project within the district or substantially*
23 *for the benefit of the district.*

24 Sec. 2. K.S.A. ~~2012~~ 2013 Supp. 12-1770a is hereby amended to read
25 as follows: 12-1770a. As used in this act, and amendments thereto, the
26 following words and phrases shall have the following meanings unless a
27 different meaning clearly appears from the content:

28 (a) "Auto race track facility" means: (1) An auto race track facility
29 and facilities directly related and necessary to the operation of an auto race
30 track facility, including, but not limited to, grandstands, suites and viewing
31 areas, concessions, souvenir facilities, catering facilities, visitor and retail
32 centers, signage and temporary hospitality facilities, but excluding (2)
33 hotels, motels, restaurants and retail facilities, not directly related to or
34 necessary to the operation of such facility.

35 (b) "Base year assessed valuation" means the assessed valuation of all
36 real property within the boundaries of a redevelopment district on the date
37 the redevelopment district was established.

38 (c) "Blighted area" means an area which:

39 (1) Because of the presence of a majority of the following factors,
40 substantially impairs or arrests the development and growth of the
41 municipality or constitutes an economic or social liability or is a menace to
42 the public health, safety, morals or welfare in its present condition and use:

43 (A) A substantial number of deteriorated or deteriorating structures;

- 1 (B) predominance of defective or inadequate street layout;
2 (C) unsanitary or unsafe conditions;
3 (D) deterioration of site improvements;
4 (E) tax or special assessment delinquency exceeding the fair market
5 value of the real property;
6 (F) defective or unusual conditions of title including but not limited
7 to cloudy or defective titles, multiple or unknown ownership interests to
8 the property;
9 (G) improper subdivision or obsolete platting or land uses;
10 (H) the existence of conditions which endanger life or property by
11 fire or other causes; or
12 (I) conditions which create economic obsolescence; or
13 (2) has been identified by any state or federal environmental agency
14 as being environmentally contaminated to an extent that requires a
15 remedial investigation; feasibility study and remediation or other similar
16 state or federal action; or
17 (3) a majority of the property is a 100-year floodplain area; or
18 (4) previously was found by resolution of the governing body to be a
19 slum or a blighted area under K.S.A. 17-4742 et seq., and amendments
20 thereto.
- 21 (d) "Conservation area" means any improved area comprising 15% or
22 less of the land area within the corporate limits of a city in which 50% or
23 more of the structures in the area have an age of 35 years or more, which
24 area is not yet blighted, but may become a blighted area due to the
25 existence of a combination of two or more of the following factors:
26 (1) Dilapidation, obsolescence or deterioration of the structures;
27 (2) illegal use of individual structures;
28 (3) the presence of structures below minimum code standards;
29 (4) building abandonment;
30 (5) excessive vacancies;
31 (6) overcrowding of structures and community facilities; or
32 (7) inadequate utilities and infrastructure.
- 33 (e) "De minimus" means an amount less than 15% of the land area
34 within a redevelopment district.
- 35 (f) "Developer" means any person, firm, corporation, partnership or
36 limited liability company, other than a city and other than an agency,
37 political subdivision or instrumentality of the state or a county when
38 relating to a bioscience development district.
- 39 (g) "Eligible area" means a blighted area, conservation area,
40 enterprise zone, intermodal transportation area, major tourism area or a
41 major commercial entertainment and tourism area or bioscience
42 development area.
- 43 (h) "Enterprise zone" means an area within a city that was designated

1 as an enterprise zone prior to July 1, 1992, pursuant to K.S.A. 12-17,107
2 through 12-17,113, and amendments thereto, prior to its repeal and the
3 conservation, development or redevelopment of the area is necessary to
4 promote the general and economic welfare of such city.

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

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

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

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

17 (B) the effect, if any, the redevelopment project costs or bioscience
18 development project will have on any outstanding special obligation bonds
19 payable from the revenues described in subsection (a)(1)(D) of K.S.A. 12-
20 1774, and amendments thereto.

21 (2) For a redevelopment project or bioscience project financed by
22 bonds payable from revenues described in subsection (a)(1)(D) of K.S.A.
23 12-1774, and amendments thereto, the feasibility study must also include:

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

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

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

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

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

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

43 (E) the failure to include all information enumerated in this

1 subsection in the feasibility study for a redevelopment or bioscience
2 project shall not affect the validity of bonds issued pursuant to this act.

3 (l) "Major tourism area" means an area for which the secretary has
4 made a finding the capital improvements costing not less than
5 \$100,000,000 will be built in the state to construct an auto race track
6 facility.

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

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

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

- 19 (A) Acquisition of property within the redevelopment project area;
20 (B) payment of relocation assistance pursuant to a relocation
21 assistance plan as provided in K.S.A. 12-1777, and amendments thereto;
22 (C) site preparation including utility relocations;
23 (D) sanitary and storm sewers and lift stations;
24 (E) drainage conduits, channels, levees and river walk canal facilities;
25 (F) street grading, paving, graveling, macadamizing, curbing,
26 guttering and surfacing;
27 (G) street light fixtures, connection and facilities;
28 (H) underground gas, water, heating and electrical services and
29 connections located within the public right-of-way;
30 (I) sidewalks and pedestrian underpasses or overpasses;
31 (J) drives and driveway approaches located within the public right-of-
32 way;
33 (K) water mains and extensions;
34 (L) plazas and arcades;
35 (M) major multi-sport athletic complex;
36 (N) museum facility;
37 (O) parking facilities including multilevel parking facilities;
38 (P) landscaping and plantings, fountains, shelters, benches,
39 sculptures, lighting, decorations and similar amenities;
40 (Q) related expenses to redevelop and finance the redevelopment
41 project;
42 (R) for purposes of an incubator project, such costs shall also include
43 wet lab equipment including hoods, lab tables, heavy water equipment and

1 all such other equipment found to be necessary or appropriate for a
2 commercial incubator wet lab facility by the city in its resolution
3 establishing such redevelopment district or a bioscience development
4 district; ~~and~~

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

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

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

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

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

27 (ii) salaries for local government employees;

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

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

32 (v) lobbying costs;

33 (vi) a bond origination fee charged by the city pursuant to K.S.A. 12-
34 1742, and amendments thereto;

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

37 (viii) travel, entertainment and hospitality.

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

41 (q) "Redevelopment district plan" or "district plan" means the
42 preliminary plan that identifies all of the proposed redevelopment project
43 areas and identifies in a general manner all of the buildings, facilities and

1 improvements in each that are proposed to be constructed or improved in
2 each redevelopment project area or, if the redevelopment district is
3 established for an intermodal transportation area, in or outside of the
4 redevelopment district.

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

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

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

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

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

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

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

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

38 (z) "Bioscience" means the use of compositions, methods and
39 organisms in cellular and molecular research, development and
40 manufacturing processes for such diverse areas as pharmaceuticals,
41 medical therapeutics, medical diagnostics, medical devices, medical
42 instruments, biochemistry, microbiology, veterinary medicine, plant
43 biology, agriculture, industrial environmental and homeland security

1 applications of bioscience and future developments in the biosciences.
2 Bioscience includes biotechnology and life sciences.

3 (aa) "Bioscience development area" means an area that:

4 (1) Is or shall be owned, operated, or leased by, or otherwise under
5 the control of the Kansas bioscience authority;

6 (2) is or shall be used and maintained by a bioscience company; or

7 (3) includes a bioscience facility.

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

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

13 (dd) "Bioscience development project plan" means the plan adopted
14 by the authority for a bioscience development project pursuant to K.S.A.
15 12-1772, and amendments thereto, in a bioscience development district.

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

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

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

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

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

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

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

42 (ll) "Floodplain increment" means the increment determined pursuant
43 to subsection (b) of K.S.A. ~~2012~~ **2013** Supp. 12-1771e, and amendments

1 thereto.

2 (mm) "100-year floodplain area" means an area of land existing in a
3 100-year floodplain as determined by either an engineering study of a
4 Kansas certified engineer or by the United States federal emergency
5 management agency.

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

17 (oo) "Intermodal transportation area" means an area of not less than
18 800 acres to be developed primarily to handle the transfer, storage and
19 distribution of freight through railway and trucking operations.

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

30 Sec. 3. K.S.A. ~~2012~~ **2013** Supp. 12-1774 is hereby amended to read
31 as follows: 12-1774.(a) (1) Any city shall have the power to issue special
32 obligation bonds in one or more series and/or execute and deliver a loan
33 from the Kansas transportation revolving fund pursuant to K.S.A. ~~2012~~
34 **2013** Supp. 75-5063 et seq., and amendments thereto, to finance the
35 undertaking of any redevelopment project or bioscience development
36 project in accordance with the provisions of this act. Such special
37 obligation bonds or loans shall be made payable, both as to principal and
38 interest:

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

41 (B) from revenues of the city derived from or held in connection with
42 the undertaking and carrying out of any redevelopment project or projects
43 or bioscience development project or projects under this act including

1 environmental increments;

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

4 (D) from a pledge of *a portion or* all of the revenue received by the
5 city from any transient guest and local sales and use taxes which are
6 collected from taxpayers doing business within that portion of the city's
7 redevelopment district or bioscience development district established
8 pursuant to K.S.A. 12-1771, and amendments thereto, occupied by a
9 redevelopment project or bioscience development project. A city proposing
10 to finance a major motorsports complex pursuant to this paragraph shall
11 prepare a project plan which shall include:

12 (i) A summary of the feasibility study done, as defined in K.S.A. 12-
13 1770a, and amendments thereto, which will be an open record;

14 (ii) a reference to the district plan established under K.S.A. 12-1771,
15 and amendments thereto, that identifies the project area that is set forth in
16 the project plan that is being considered;

17 (iii) a description and map of the location of the facility that is the
18 subject of the special bond project or major motorsports complex;

19 (iv) the relocation assistance plan required by K.S.A. 12-1777, and
20 amendments thereto;

21 (v) a detailed description of the buildings and facilities proposed to be
22 constructed or improved; and

23 (vi) any other information the governing body deems necessary to
24 advise the public of the intent of the special bond project or major
25 motorsports complex plan.

26 The project plan shall be prepared in consultation with the planning
27 commission of the city. Such project plan shall also be prepared in
28 consultation with the planning commission of the county, if any, if a major
29 motorsports complex is located wholly outside the boundaries of the city-;

30 (E) from a pledge of a portion or all increased revenue received by
31 the city from: (i) Franchise fees collected from utilities and other
32 businesses using public right-of-way within the redevelopment district; (ii)
33 from a pledge of all or a portion of the revenue received by the city from
34 sales taxes; or (iii) both of the above;

35 (F) with the approval of the county, from a pledge of all of the
36 revenues received by the county from any transient guest, local sales and
37 use taxes which are collected from taxpayers doing business within that
38 portion of the redevelopment district established pursuant to K.S.A. 12-
39 1771, and amendments thereto;

40 (G) if a project is financed in whole or in part with the proceeds of a
41 loan to the municipality from the Kansas transportation revolving fund,
42 such loan shall also be payable from amounts available pursuant to K.S.A.
43 ~~2012~~ **2013** Supp. 75-5063 et seq., and amendments thereto;

1 (H) by any combination of these methods.

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

5 (2) Bonds issued under paragraph (1) of subsection (a) shall not be
6 general obligations of the city, nor in any event shall they give rise to a
7 charge against its general credit or taxing powers, or be payable out of any
8 funds or properties other than any of those set forth in paragraph (1) of this
9 subsection and such bonds shall so state on their face. This paragraph shall
10 not apply to loans from the Kansas transportation revolving fund pursuant
11 to K.S.A. ~~2012~~ 2013 Supp. 75-5063 et seq., and amendments thereto.

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

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

39 (2) Except as provided in paragraph (3) of this subsection, before the
40 governing body of any city proposes to issue full faith and credit tax
41 increment bonds as authorized by this subsection, the feasibility study
42 required by K.S.A. 12-1772, and amendments thereto, shall demonstrate
43 that the benefits derived from the project will exceed the cost and that the

1 income therefrom will be sufficient to pay the costs of the project. No full
2 faith and credit tax increment bonds shall be issued unless the governing
3 body states in the resolution required by K.S.A. 12-1772, and amendments
4 thereto, that it may issue such bonds to finance the proposed
5 redevelopment project.

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

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

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

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

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

39 (4) During the progress of any redevelopment project in which the
40 redevelopment project costs will be financed, in whole or in part, with the
41 proceeds of full faith and credit tax increment bonds, the city may issue
42 temporary notes in the manner provided in K.S.A. 10-123, and
43 amendments thereto, to pay the redevelopment project costs for the

1 project. Such temporary notes shall not be issued and the city shall not
2 acquire property in the redevelopment project area until the requirements
3 of paragraph (2) or (3) of this subsection, whichever is applicable, have
4 been met.

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

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

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

25 (d) A city may use the proceeds of special obligation bonds or full
26 faith and credit tax increment bonds, or proceeds of a loan from the
27 Kansas transportation revolving fund pursuant to K.S.A. ~~2012~~ **2013** Supp.
28 75-5063 et seq., and amendments thereto, or any uncommitted funds
29 derived from sources set forth in this section to pay the redevelopment
30 project costs as defined in K.S.A. 12-1770a, and amendments thereto, to
31 implement the redevelopment project plan.

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

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