

**SENATE BILL No. 124**

By Committee on Commerce

2-1

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

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

10 Section 1. K.S.A. 2020 Supp. 12-17,162 is hereby amended to read as  
11 follows: 12-17,162. As used in the STAR bond financing act, the following  
12 words and phrases shall have the following meanings unless a different  
13 meaning clearly appears from the context:

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

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

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

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

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

34 (f) "Eligible area" means a historic theater, major tourism area, major  
35 motorsports complex, auto race track facility, river walk canal facility,  
36 major multi-sport athletic complex, *major business facility* or a major

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

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

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

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

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

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

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

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

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

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

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

5 (1) Remain profitable past the term of repayment; and

6 (2) maintain status as a significant factor for travel decisions.

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

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

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

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

22 (1) Acquisition of real property within the STAR bond project area;

23 (2) payment of relocation assistance pursuant to a relocation  
24 assistance plan as provided in K.S.A. 2020 Supp. 12-17,173, and  
25 amendments thereto;

26 (3) site preparation including utility relocations;

27 (4) sanitary and storm sewers and lift stations;

28 (5) drainage conduits, channels, levees and river walk canal facilities;

29 (6) street grading, paving, graveling, macadamizing, curbing,  
30 guttering and surfacing;

31 (7) street light fixtures, connection and facilities;

32 (8) underground gas, water, heating and electrical services and  
33 connections located within the public right-of-way;

34 (9) sidewalks and pedestrian underpasses or overpasses;

35 (10) drives and driveway approaches located within the public right-  
36 of-way;

37 (11) water mains and extensions;

38 (12) plazas and arcades;

39 (13) parking facilities and multilevel parking structures devoted to  
40 parking only;

41 (14) landscaping and plantings, fountains, shelters, benches,  
42 sculptures, lighting, decorations and similar amenities;

43 (15) auto race track facility;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (5) the unique quality of the project;

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

30 (7) market study;

31 (8) market impact study;

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

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

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

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

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

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

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

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

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

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

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

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

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

16 (2) a reference to the district plan established under K.S.A. 2020  
17 Supp. 12-17,165, and amendments thereto, that identifies the project area  
18 that is set forth in the project plan that is being considered;

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

20 (4) the relocation assistance plan as described in K.S.A. 2020 Supp.  
21 12-17,172, and amendments thereto;

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

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

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

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

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



1 such public hearing;

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

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

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

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

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

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

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

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

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

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

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

14 (k) Any substantial changes as defined in K.S.A. 2020 Supp. 12-  
15 17,162, and amendments thereto, to the STAR bond project plan as  
16 adopted shall be subject to a public hearing following publication of notice  
17 thereof at least twice in the official city or county newspaper.

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

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

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

33 Sec. 3. K.S.A. 2020 Supp. 12-17,169 is hereby amended to read as  
34 follows: 12-17,169. (a) (1) Any city or county shall have the power to  
35 issue special obligation bonds in one or more series to finance the  
36 undertaking of any STAR bond project in accordance with the provisions  
37 of this act. *Rural redevelopment projects, as defined in K.S.A. 12-17,162,*  
38 *and amendments thereto, may also be financed without the issuance of*  
39 *special obligation bonds up to an amount not to exceed \$10,000,000 for*  
40 *each project. Such special obligation bonds or rural redevelopment project*  
41 *costs shall be made payable, both as to principal and interest:*

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

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

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

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

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

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

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

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

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

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

7 (I) by any combination of these methods.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 district and by project in the district;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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