

## **Authorize Sale of Kansas Bioscience Authority; Revisions to STAR Bond Financing Act; HB 2632**

**HB 2632** authorizes the State Finance Council to oversee the sale of the Kansas Bioscience Authority (KBA) or substantially all of its assets.

The bill also revises provisions of the Sales Tax and Revenue (STAR) Financing Act pertaining to the annexation of area into a STAR Bond district, pledges for future financial support from the State, an “eligible area,” and annual reporting to legislative committees.

STAR Bond districts are prohibited from including real property that was part of another STAR Bond project and district unless that STAR Bond project and district have been approved by the Secretary of Commerce (Secretary) prior to March 1, 2016. A STAR Bond district is limited to those areas being developed by the STAR Bond project and any areas reasonably anticipated to directly benefit the project. However, STAR Bond districts created and approved by the Secretary by January 1, 2017, or later shall exclude tax increment financing derived from any sales tax revenues from retail automobile dealers. When a district adds area, the base tax year for the newly annexed area will be the 12-month period immediately prior to the month in which the new area is added to the STAR Bond district. The Secretary and the Secretary of Revenue shall certify the amount of base year revenue for taxpayers relocating from within the state into a STAR Bond district.

“Eligible area” is redefined to include buildings that are 65 years old or older and contiguous lots which are vacant or condemned. Previously the term was defined as a blighted, conservation, enterprise zone, intermodal transportation, major tourism, or a major commercial entertainment and tourism area.

The bill allows the Secretary to pledge a portion of state sales and use tax revenues to a STAR Bond district; under previous law, the pledge had to be all state sales and use tax revenues.

By January 31 of each Legislative Session, the Department of Commerce, with cooperation from the Department of Revenue, will report to the Senate Committee on Commerce and the House Committee on Commerce, Labor and Economic Development the following information on each STAR Bond district for the past three calendar years and year to date:

- The amount of sales and use tax collected;
- The amount of bond payments and other expenses incurred;
- The amount of bonds issued and the balance of the bonds, by district and by project;
- The remaining cash balance in the project to pay for future debt service and other permissible expenses;

- Any new income producing properties which are brought into a district, identifying the base amount of revenue the State would retain and incremental amount that would go to the district;
- The amount of bonds issued to repay private investors, identifying the share of indebtedness which is financed by private and public financing;
- The percentages of state and local effort committed to the district; and
- The number of visitors to the district, identifying the number of in-state and out-of-state visitors.

The above standing committees of the House and Senate may request additional information as necessary.