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4 **SENATE BILL No. 649**

5  
6 By Committee on Ways and Means

7  
8 3-19

9  
10 AN ACT concerning tax increment financing; relating to major tourism  
11 areas; amending K.S.A. 12-1770a, 12-1771b and 12-1775 and repealing  
12 the existing sections.

13  
14 *Be it enacted by the Legislature of the State of Kansas:*

15 Section 1. K.S.A. 12-1770a is hereby amended to read as follows: 12-  
16 1770a. As used in this act, unless the context clearly shows otherwise:

17 (a) *“Art, entertainment or recreation facility” means an enterprise*  
18 *classified within sectors 71 or 72 of the 1997 North American industrial*  
19 *classification system, other than an enterprise classified within categories*  
20 *7132, 71321, 71329 or 72112 or an auto race track facility.*

21 (1) *The entire site shall not exceed 400 acres in size;*

22 (2) *one portion of such facility shall be located within the confines of*  
23 *lines drawn from the intersection of interstate 435 and Parallel Parkway*  
24 *east along Parallel Parkway to 94th street; south along 94th street to*  
25 *interstate 70; west along interstate 70 to interstate 435; and north along*  
26 *interstate 435 to Parallel Parkway. Such area shall be referred to as “zone*  
27 *A”;*

28 ~~(3) *one portion of such facility shall be located within the confines of*~~  
29 ~~*lines drawn from the intersection of State avenue and 47th street south*~~  
30 ~~*along 47th street to Kaw drive; east along Kaw drive to interstate 635;*~~  
31 ~~*north along interstate 635 to Orville avenue; east along Orville avenue to*~~  
32 ~~*41st terrace, north along 41st terrace to State avenue; and west on State*~~  
33 ~~*avenue to 47th street. Such area shall be referred to as “zone B”; and*~~

34 ~~*(4) retail businesses shall be permitted to locate within zone B, but*~~  
35 ~~*not within zone A.*~~

36 (3) ***The site upon development must generate at least***  
37 ***\$10,000,000 in revenue annually.***

38 (a) (b) *“Auto race track facility” means: (1) An auto race track facility*  
39 *and facilities directly related and necessary to the operation of an auto*  
40 *race track facility, including, but not limited to, grandstands, suites and*  
41 *viewing areas, concessions, souvenir facilities, catering facilities, visitor*  
42 *and retail centers, signage and temporary hospitality facilities, but ex-*  
43 *cluding (2) hotels, motels, restaurants and retail facilities, not directly*

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

2 ~~(b)~~ (c) “Base year assessed valuation” means the assessed valuation  
3 of all real property within the boundaries of a redevelopment district on  
4 the date the redevelopment district was established.

5 ~~(c)~~ (d) “Blighted area” means an area which:

6 (1) Because of the presence of a majority of the following factors,  
7 substantially impairs or arrests the development and growth of the mu-  
8 nicipality or constitutes an economic or social liability or is a menace to  
9 the public health, safety, morals or welfare in its present condition and  
10 use:

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

12 (B) predominance of defective or inadequate street layout;

13 (C) unsanitary or unsafe conditions;

14 (D) deterioration of site improvements;

15 (E) tax or special assessment delinquency exceeding the fair market  
16 value of the real property;

17 (F) defective or unusual conditions of title including but not limited  
18 to cloudy or defective titles, multiple or unknown ownership interests to  
19 the property;

20 (G) improper subdivision or obsolete platting or land uses;

21 (H) the existence of conditions which endanger life or property by  
22 fire or other causes; or

23 (I) conditions which create economic obsolescence; or

24 (2) has been identified by any state or federal environmental agency  
25 as being environmentally contaminated to an extent that requires a re-  
26 medial investigation; feasibility study and remediation or other similar  
27 state or federal action; or

28 (3) previously was found by resolution of the governing body to be a  
29 slum or a blighted area under K.S.A. 17-4742 *et seq.*, and amendments  
30 thereto.

31 ~~(d)~~ (e) “Conservation area” means any improved area comprising  
32 15% or less of the land area within the corporate limits of a city in which  
33 50% or more of the structures in the area have an age of 35 years or  
34 more, which area is not yet blighted, but may become a blighted area due  
35 to the existence of a combination of two or more of the following factors:

36 (1) Dilapidation, obsolescence or deterioration of the structures;

37 (2) illegal use of individual structures;

38 (3) the presence of structures below minimum code standards;

39 (4) building abandonment;

40 (5) excessive vacancies;

41 (6) overcrowding of structures and community facilities; or

42 (7) inadequate utilities and infrastructure.

43 ~~(e)~~ (f) “De minimus” means an amount less than 15% of the land

1 area within a redevelopment district.

2 ~~(f)~~ (g) “Developer” means any person, firm, corporation, partnership  
3 or limited liability company, other than a city.

4 ~~(g)~~ (h) “Eligible area” means a blighted area, conservation area, en-  
5 terprise zone, historic theater or major tourism area.

6 ~~(h)~~ (i) “Enterprise zone” means an area within a city that was des-  
7 ignated as an enterprise zone prior to July 1, 1992, pursuant to K.S.A. 12-  
8 17,107 through 12-17,113, and amendments thereto, prior to its repeal  
9 and the conservation, development or redevelopment of the area is nec-  
10 essary to promote the general and economic welfare of such city.

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

13 ~~(j)~~ (k) “Environmentally contaminated area” means an area of land  
14 having contaminated groundwater or soil which is deemed environmen-  
15 tally contaminated by the department of health and environment or the  
16 United States environmental protection agency.

17 ~~(k)~~ (l) “Feasibility study” means a study which shows whether a re-  
18 development project’s benefits and tax increment revenue and other  
19 available revenues under *subsection (a)(1) of K.S.A. 12-1774* ~~(a)(1)~~, and  
20 *amendments thereto*, are expected to exceed or be sufficient to pay for  
21 the redevelopment project costs.

22 ~~(l)~~ (m) “Historic theater” means a building constructed prior to 1940  
23 which was constructed for the purpose of staging entertainment, includ-  
24 ing motion pictures, vaudeville shows or operas, that is operated by a  
25 nonprofit corporation and is designated by the state historic preservation  
26 officer as eligible to be on the Kansas register of historic places or is a  
27 member of the Kansas historic theatre association.

28 ~~(m)~~ (n) “Historic theater sales tax increment” means the amount of  
29 state and local sales tax revenue imposed pursuant to K.S.A. 12-187 *et*  
30 *seq.*, 79-3601 *et seq.* and 79-3701 *et seq.*, and amendments thereto, col-  
31 lected from taxpayers doing business within the historic theater that is in  
32 excess of the amount of such taxes collected prior to the designation of  
33 the building as a historic theater for purposes of this act.

34 ~~(n)~~ (o) “Major tourism area” means: (1) An area for which the sec-  
35 retary has made a finding the capital improvements costing not less than  
36 \$100,000,000 will be built in the state to construct an auto race track  
37 facility; or (2) *a project classified as an art, entertainment or recreation*  
38 *facility, as to which the secretary of commerce and housing has made a*  
39 *finding that at least: (A) Capital improvements costing not less than*  
40 *\$50,000,000 will be built in the state for such project; and (B) not less*  
41 *than 500 permanent and seasonal employment positions as defined by*  
42 *K.S.A. 74-50,114, and amendments thereto, will be created in the state by*  
43 *such project.*

1 ~~(p)~~ (p) “Real property taxes” means all taxes levied on an ad valorem  
2 basis upon land and improvements thereon.

3 ~~(q)~~ (q) “Redevelopment project area” or “project area” means an area  
4 designated by a city within a redevelopment district.

5 ~~(r)~~ (r) “Redevelopment project costs” means those costs necessary  
6 to implement a redevelopment plan, including, but not limited to costs  
7 incurred for:

- 8 (1) Acquisition of property within the redevelopment project area;
- 9 (2) payment of relocation assistance;
- 10 (3) site preparation including utility relocations;
- 11 (4) sanitary and storm sewers and lift stations;
- 12 (5) drainage conduits, channels and levees;
- 13 (6) street grading, paving, graveling, macadamizing, curbing, gutter-
- 14 ing and surfacing;
- 15 (7) street light fixtures, connection and facilities;
- 16 (8) underground gas, water, heating and electrical services and con-
- 17 nections located within the public right-of-way;
- 18 (9) sidewalks and pedestrian underpasses or overpasses;
- 19 (10) drives and driveway approaches located within the public right-
- 20 of-way;
- 21 (11) water mains and extensions;
- 22 (12) plazas and arcades;
- 23 (13) parking facilities;
- 24 (14) *professional fees and financing costs*;
- 25 ~~(14)~~ (15) landscaping and plantings, fountains, shelters, benches,
- 26 sculptures, lighting, decorations and similar amenities; ~~and~~
- 27 (16) *environmental remediation*; and
- 28 ~~(15)~~ (17) all related expenses to redevelop and finance the redevel-
- 29 opment project.

30 Redevelopment project costs shall not include costs incurred in con-  
31 nection with the construction of buildings or other structures to be owned  
32 by or leased to a developer, however, the “redevelopment project costs”  
33 shall include costs incurred in connection with the construction of build-  
34 ings or other structures to be owned or leased to a developer which in-  
35 cludes an auto race track facility or is in a redevelopment district including  
36 some or all of the land and buildings comprising a state mental institution  
37 closed pursuant to section 2 of chapter 219 of the 1995 Session Laws of  
38 Kansas.

39 ~~(s)~~ (s) “Redevelopment district” means the specific area declared to  
40 be an eligible area in which the city may develop one or more redevel-  
41 opment projects.

42 ~~(t)~~ (t) “Redevelopment district plan” or “district plan” means the pre-  
43 liminary plan that identifies all of the proposed redevelopment project

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

4 ~~(t)~~ (u) “Redevelopment project” means the approved project to im-  
5 plement a project plan for the development of the established redevel-  
6 opment district.

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

11 ~~(v)~~ (w) “Secretary” means the secretary of commerce and housing.

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

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

19 ~~(y)~~ (z) “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 sub-  
22 sequently created redevelopment district.

23 Sec. 2. K.S.A. 12-1771b is hereby amended to read as follows: 12-

24 1771b. (a) The boundaries of any redevelopment district in a major  
25 tourism area including an auto race track facility located in Wyandotte  
26 county, ~~shall~~, without regard to that portion of the district pertaining to  
27 the auto race track facility, *shall* be as follows: Beginning at the intersec-  
28 tion of Interstate 70 and Interstate 435; West along Interstate 70 to 118th  
29 Street; North along 118th Street to State Avenue; Northeasterly along  
30 proposed relocated State Avenue to 110th Street; North along 110th  
31 Street to Parallel Parkway; East along Parallel Parkway to Interstate 435;  
32 South along Interstate 435 to Interstate 70.

33 (b) ~~Any~~ *Such* major tourism area may include an additional area not  
34 exceeding 400 acres of additional property, excluding roads and highways,  
35 in addition to the property necessary for the auto race track facility upon  
36 a finding by the governor that the development plan and each project  
37 within such additional area will enhance the major tourism area. For the  
38 development of each project within such additional area the city shall  
39 select qualified developers pursuant to a request for proposals in accord-  
40 ance with written official procedures approved by the governing body of  
41 the city. Any project within such additional area that is financed in whole  
42 or in part by special obligation bonds payable from revenues derived from  
43 subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, shall

1 not be entitled to any real property tax abatements or the revenues de-  
2 scribed in K.S.A. 12-1775, and amendments thereto. Any project within  
3 such additional area must be approved by the governor and construction  
4 must be commenced by July 1, 2002. The city shall prepare and submit  
5 annually to the governor, the secretary of commerce and housing and the  
6 legislature by each October 1, commencing October 1, 1999, and contin-  
7 uing until October 1, 2002, a report describing the status of any projects  
8 within such additional area. Any business located in Kansas within 50  
9 miles of a major tourism area that relocates into a major tourism area  
10 shall not receive any of the benefits of K.S.A. 12-1770 *et seq.*, and amend-  
11 ments thereto.

12 (c) If a city determines that revenues from sources other than prop-  
13 erty taxes will be sufficient to pay any special obligation bonds issued to  
14 finance a redevelopment project for an auto race track facility as de-  
15 scribed in subsection (a) of K.S.A. 12-1770a, and amendments thereto,  
16 and the secretary of commerce and housing makes a finding that such  
17 project will create a major tourism area pursuant to subsection (n) of  
18 K.S.A. 12-1770a, and amendments thereto, all real and personal property,  
19 constituting an auto race track facility described in subsection (a) of K.S.A.  
20 12-1770a, and amendments thereto, in such redevelopment district shall  
21 be exempt from property taxation for a period ending on the earlier of  
22 (1) the date which is 30 years after the date of the finding by the secretary  
23 of commerce and housing with respect to such major tourism area; or (2)  
24 the date on which no such special obligation bonds issued to finance such  
25 auto race track facility in a major tourism area remain outstanding.

26 (d) The city which is authorized to issue bonds pursuant to the pro-  
27 visions of K.S.A. 12-1770 *et seq.*, and amendments thereto, in order to  
28 finance a redevelopment project in a major tourism area as defined by  
29 K.S.A. 12-1770a, and amendments thereto, shall obtain underwriting  
30 services required by the city for the issuance of such bonds pursuant to  
31 written proposals received in accordance with this section.

32 (e) Each city which is authorized to issue such bonds shall establish  
33 written official procedures for obtaining underwriting services required  
34 for the issuance of such bonds, including specifications for requests for  
35 proposals and criteria for evaluation of proposals on a competitive basis.  
36 The proposal evaluation criteria shall include factors based on cost, ca-  
37 pacity to provide the required services, qualifications and experience.

38 (f) Prior to the issuance of any such bonds to finance a redevelopment  
39 project in a major tourism area after the effective date of this act, the city  
40 shall publish notice of a request for proposals to provide the underwriting  
41 services that are required by the city with regard to the proposed bond  
42 issuance and shall mail requests for proposals to qualified interested par-  
43 ties upon request for such notice. The city shall award contracts for such

1 underwriting services from the proposals received in accordance with the  
2 procedures and evaluation criteria adopted by the city for such purpose.  
3 A city shall publish such notice in the official newspaper of the city.

4 (g) A redevelopment project in a major tourism area for an auto race  
5 track facility, shall be completed within 30 years from the date the sec-  
6 retary makes the finding that the redevelopment project will create a  
7 major tourism area pursuant to subsection (n) of K.S.A. 12-1770a, and  
8 amendments thereto.

9 (h) The maximum maturity on bonds issued to finance projects pur-  
10 suant to this ~~act~~ *section* shall not exceed 20 years except that: (1) Such  
11 maximum period of special obligation bonds not payable from revenues  
12 described by subsection (a)(1)(D) of K.S.A. 12-1774, and amendments  
13 thereto, issued to finance an auto race track facility shall not exceed 30  
14 years; and (2) such maximum period, if the governor determines and  
15 makes and submits a finding to the speaker of the house of representatives  
16 and the president of the senate that a maturity greater than 20 years, but  
17 in no event exceeding 30 years, is necessary for the economic feasibility  
18 of the financing of an auto race track facility with special obligation bonds  
19 payable primarily from revenues described by subsection (a)(1)(D) of  
20 K.S.A. 12-1774, and amendments thereto, may be extended in accordance  
21 with such determination and finding.

22 Sec. 3. K.S.A. 12-1775 is hereby amended to read as follows: 12-  
23 1775. (a) Except for redevelopment projects satisfying the conditions of  
24 subsection (c) of K.S.A. 12-1771b, and amendments thereto, all tangible  
25 taxable property located within a redevelopment district shall be assessed  
26 and taxed for ad valorem tax purposes pursuant to law in the same manner  
27 that such property would be assessed and taxed if located outside such  
28 district, and all ad valorem taxes levied on such property shall be paid to  
29 and collected by the county treasurer in the same manner as other taxes  
30 are paid and collected. Except as otherwise provided in this section, the  
31 county treasurer shall distribute such taxes as may be collected in the  
32 same manner as if such property were located outside a redevelopment  
33 district. Each redevelopment district established under the provisions of  
34 this act shall constitute a separate taxing unit for the purpose of the com-  
35 putation and levy of taxes.

36 (b) Except for redevelopment projects satisfying the conditions of  
37 subsection (c) of K.S.A. 12-1771b *or an art, entertainment or recreation*  
38 *facility as defined in subsection (a) of K.S.A. 12-1770a*, and amendments  
39 thereto, beginning with the first payment of taxes which are levied fol-  
40 lowing the date of the establishment of the redevelopment district real  
41 property taxes received by the county treasurer resulting from taxes which  
42 are levied subject to the provisions of this act by and for the benefit of a  
43 taxing subdivision, as defined in K.S.A. 12-1770a, on property located

1 within such redevelopment district constituting a separate taxing unit un-  
2 der the provisions of this section, shall be divided as follows:

3 (1) From the taxes levied each year subject to the provisions of this  
4 act by or for each of the taxing subdivisions upon property located within  
5 a redevelopment district constituting a separate taxing unit under the  
6 provisions of this act, the county treasurer first shall allocate and pay to  
7 each such taxing subdivision all of the real property taxes collected which  
8 are produced from the base year assessed valuation.

9 (2) Any real property taxes produced from that portion of the current  
10 assessed valuation of real property within the redevelopment district con-  
11 stituting a separate taxing unit under the provisions of this section in  
12 excess of the base year assessed valuation shall be allocated and paid by  
13 the county treasurer to the treasurer of the city and deposited in a special  
14 fund of the city to pay the redevelopment project costs including the  
15 payment of principal of and interest on any special obligation bonds or  
16 full faith and credit tax increment bonds issued by such city to finance,  
17 in whole or in part, such redevelopment project. When the redevelop-  
18 ment project costs have been paid and such obligation bonds and interest  
19 thereon have been paid, all moneys thereafter received from real property  
20 taxes within such redevelopment district shall be allocated and paid to  
21 the respective taxing subdivisions in the same manner as are other ad  
22 valorem taxes. If such obligation bonds and interest thereon have been  
23 paid before the completion of a project, the city may continue to use such  
24 moneys for any purpose authorized by this act until such time as the  
25 project is completed, but for not to exceed 20 years from the date of the  
26 approval of the project plan, except as otherwise provided by this act.

27 (c) In any project plan or in the proceedings for the issuing of any  
28 special obligation bonds or full faith and credit tax increment bonds by  
29 the city to finance a redevelopment project, the property tax increment  
30 portion of taxes provided for in paragraph (2) of subsection (c) may be  
31 irrevocably pledged for the payment of the principal of and interest on  
32 such obligation bonds, subject to the provisions of subsection (c) of K.S.A.  
33 12-1774, and amendments thereto.

34 (d) A city may adopt a project plan in which only a specified per-  
35 centage or amount of the tax increment realized from taxpayers in the  
36 redevelopment district are pledged to the redevelopment project. The  
37 county treasurer shall allocate the specified percentage or amount of the  
38 tax increment to the treasurer of the city for deposit in the special fund  
39 of the city to finance the redevelopment project costs if the city has other  
40 available revenues and pledges the revenues to the redevelopment project  
41 in lieu of the tax increment. Any portion of such tax increment not allo-  
42 cated to the city for the redevelopment project shall be allocated and paid  
43 in the same manner as other ad valorem taxes.



1 New Sec. 4. A redevelopment project which is an art, entertainment  
2 or recreation facility shall be subject to the following terms and  
3 conditions:

4 (a) The project shall not receive any property tax abatement or be  
5 deemed eligible for financing through industrial or special revenue bonds,  
6 except as provided in this act.

7 (b) The maximum maturity of bonds issued to finance such a project  
8 shall be 30 years. Any default upon such bonds shall result in a lien upon  
9 any property owned by a developer within the redevelopment district.

10 (c) Notwithstanding and in addition to the redevelopment project  
11 costs identified in subsection (r) of K.S.A. 12-1770a, and amendments  
12 thereto, redevelopment project costs for an arts, entertainment and re-  
13 creation facility may include:

14 (1) The acquisition of property, including buildings and other struc-  
15 tures that are owned or leased by a developer; (2) the construction of  
16 infrastructure within and outside of the redevelopment area; (3) signs  
17 both within and outside of the project area; and (4) other expenses related  
18 to site selection and preparation.

19 (d) Any revenue in excess of the amount necessary to meet debt serv-  
20 ice on such projects shall be remitted to the appropriate taxing authority.

21 Sec. 5. K.S.A. 12-1770a, 12-1771b and 12-1775 are hereby repealed.

22 Sec. 6. This act shall take effect and be in force from and after its  
23 publication in the statute book.

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