

## HOUSE BILL No. 2801

By Committee on Judiciary

2-10

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AN ACT concerning tax increment financing; concerning special bond projects; amending K.S.A. 2003 Supp. 12-1770a and repealing the existing section.

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

Section 1. K.S.A. 2003 Supp. 12-1770a is hereby amended to read as follows: 12-1770a. As used in this act, unless the context clearly shows otherwise:

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

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

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

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

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

(B) predominance of defective or inadequate street layout;

(C) unsanitary or unsafe conditions;

(D) deterioration of site improvements;

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

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

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

(H) the existence of conditions which endanger life or property by

- 1 fire or other causes; or
- 2 (I) conditions which create economic obsolescence; or
- 3 (2) has been identified by any state or federal environmental agency
- 4 as being environmentally contaminated to an extent that requires a re-
- 5 medial investigation; feasibility study and remediation or other similar
- 6 state or federal action; or
- 7 (3) previously was found by resolution of the governing body to be a
- 8 slum or a blighted area under K.S.A. 17-4742 *et seq.*, and amendments
- 9 thereto.
- 10 (d) “Conservation area” means any improved area comprising 15%
- 11 or less of the land area within the corporate limits of a city in which 50%
- 12 or more of the structures in the area have an age of 35 years or more,
- 13 which area is not yet blighted, but may become a blighted area due to
- 14 the existence of a combination of two or more of the following factors:
- 15 (1) Dilapidation, obsolescence or deterioration of the structures;
- 16 (2) illegal use of individual structures;
- 17 (3) the presence of structures below minimum code standards;
- 18 (4) building abandonment;
- 19 (5) excessive vacancies;
- 20 (6) overcrowding of structures and community facilities; or
- 21 (7) inadequate utilities and infrastructure.
- 22 (e) “De minimus” means an amount less than 15% of the land area
- 23 within a redevelopment district.
- 24 (f) “Developer” means any person, firm, corporation, partnership or
- 25 limited liability company, other than a city.
- 26 (g) “Eligible area” means a blighted area, conservation area, enter-
- 27 prise zone, historic theater, major tourism area or a major commercial
- 28 entertainment and tourism area as determined by the secretary.
- 29 (h) “Enterprise zone” means an area within a city that was designated
- 30 as an enterprise zone prior to July 1, 1992, pursuant to K.S.A. 12-17,107
- 31 through 12-17,113, and amendments thereto, prior to its repeal and the
- 32 conservation, development or redevelopment of the area is necessary to
- 33 promote the general and economic welfare of such city.
- 34 (i) “Environmental increment” means the increment determined
- 35 pursuant to subsection (b) of K.S.A. 12-1771a, and amendments thereto.
- 36 (j) “Environmentally contaminated area” means an area of land hav-
- 37 ing contaminated groundwater or soil which is deemed environmentally
- 38 contaminated by the department of health and environment or the United
- 39 States environmental protection agency.
- 40 (k) “Feasibility study” means a study which shows whether a rede-
- 41 velopment or special bond project’s benefits and tax increment revenue
- 42 and other available revenues under K.S.A. 12-1774 (a)(1), and amend-
- 43 ments thereto, are expected to exceed or be sufficient to pay for the

1 redevelopment or special bond project costs and the effect, if any, the  
2 redevelopment or special bond project will have on any outstanding spe-  
3 cial obligation bonds as authorized pursuant to subsection (a)(1)(D) of  
4 K.S.A. 12-1774, and amendments thereto.

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

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

17 (n) “Major tourism area” means an area for which the secretary has  
18 made a finding the capital improvements costing not less than  
19 \$100,000,000 will be built in the state to construct an auto race track  
20 facility.

21 (o) “Real property taxes” means all taxes levied on an ad valorem basis  
22 upon land and improvements thereon.

23 (p) “Redevelopment project area” or “project area” means an area  
24 designated by a city within a redevelopment district.

25 (q) “Redevelopment project costs” means those costs necessary to  
26 implement a redevelopment plan, including, but not limited to costs in-  
27 curred for:

- 28 (1) Acquisition of property within the redevelopment project area;
- 29 (2) payment of relocation assistance;
- 30 (3) site preparation including utility relocations;
- 31 (4) sanitary and storm sewers and lift stations;
- 32 (5) drainage conduits, channels, levees and river walk canal facilities;
- 33 (6) street grading, paving, graveling, macadamizing, curbing, gutter-  
34 ing and surfacing;
- 35 (7) street light fixtures, connection and facilities;
- 36 (8) underground gas, water, heating and electrical services and con-  
37 nections located within the public right-of-way;
- 38 (9) sidewalks and pedestrian underpasses or overpasses;
- 39 (10) drives and driveway approaches located within the public right-  
40 of-way;
- 41 (11) water mains and extensions;
- 42 (12) plazas and arcades;
- 43 (13) parking facilities;

- 1 (14) landscaping and plantings, fountains, shelters, benches, sculp-  
2 tures, lighting, decorations and similar amenities; and
- 3 (15) all related expenses to redevelop and finance the redevelopment  
4 project.
- 5 Redevelopment project costs shall not include costs incurred in con-  
6 nection with the construction of buildings or other structures to be owned  
7 by or leased to a developer, however, the “redevelopment project costs”  
8 shall include costs incurred in connection with the construction of build-  
9 ings or other structures to be owned or leased to a developer which in-  
10 cludes an auto race track facility or is in a redevelopment district including  
11 some or all of the land and buildings comprising a state mental institution  
12 closed pursuant to section 2 of chapter 219 of the 1995 Session Laws of  
13 Kansas.
- 14 (r) “Redevelopment district” means the specific area declared to be  
15 an eligible area in which the city may develop one or more redevelopment  
16 projects.
- 17 (s) “Redevelopment district plan” or “district plan” means the pre-  
18 liminary plan that identifies all of the proposed redevelopment project  
19 areas and identifies in a general manner all of the buildings, facilities and  
20 improvements in each that are proposed to be constructed or improved  
21 in each redevelopment project area.
- 22 (t) “Redevelopment project” means the approved project to imple-  
23 ment a project plan for the development of the established redevelop-  
24 ment district.
- 25 (u) “Redevelopment project plan” or “project plan” means the plan  
26 adopted by a municipality for the development of a redevelopment pro-  
27 ject or projects which conforms with K.S.A. 12-1772, and amendments  
28 thereto, in a redevelopment district.
- 29 (v) “Secretary” means the secretary of commerce.
- 30 (w) “Substantial change” means, as applicable, a change wherein the  
31 proposed plan or plans differ substantially from the intended purpose for  
32 which the district plan or project plan was approved.
- 33 (x) “Tax increment” means that amount of real property taxes col-  
34 lected from real property located within the redevelopment district that  
35 is in excess of the amount of real property taxes which is collected from  
36 the base year assessed valuation.
- 37 (y) “Taxing subdivision” means the county, city, unified school district  
38 and any other taxing subdivision levying real property taxes, the territory  
39 or jurisdiction of which includes any currently existing or subsequently  
40 created redevelopment district.
- 41 (z) “Special bond project” means:
- 42 (I) A redevelopment project with at least a \$50,000,000 capital in-  
43 vestment and \$50,000,000 in projected gross annual sales revenues or for

1 areas outside of metropolitan statistical areas, as defined by the federal  
 2 office of management and budget the secretary finds the project meets  
 3 the requirements of subsection (g) and would be of regional or statewide  
 4 importance;

5 (2) *a project that promotes business location or expansion, the esti-*  
 6 *mated cost of which is in excess of the amount set forth below for the*  
 7 *municipality, and is estimated to create at least as many new jobs as set*  
 8 *forth below within three years of such location or expansion:*

<i>Population of</i>	<i>Estimated</i>	<i>New Jobs</i>
<i>Municipality:</i>	<i>Project Cost:</i>	<i>Created:</i>
11 <i>300,000 or more</i>	<i>\$10,000,000</i>	<i>at least 100</i>
12 <i>100,000 to 299,999</i>	<i>\$5,000,000</i>	<i>at least 50</i>
13 <i>50,001 to 99,999</i>	<i>\$1,000,000</i>	<i>at least 10</i>
14 <i>50,000 or less</i>	<i>\$500,000</i>	<i>at least 5;</i>

15 but

16 (3) a “special bond project” shall not include a project for a gambling  
 17 casino.

18 (aa) “Marketing study” means a study conducted to examine the im-  
 19 pact of the redevelopment or special bond project upon similar businesses  
 20 in the projected market area.

21 (bb) “Projected market area” means any area within the state in  
 22 which the redevelopment or special bond project is projected to have a  
 23 substantial fiscal or market impact upon businesses in such area.

24 (cc) “River walk canal facilities” means a canal and related water fea-  
 25 tures located adjacent to a river which flows through a major commercial  
 26 entertainment and tourism area and facilities related or contiguous  
 27 thereto, including, but not limited to pedestrian walkways and prome-  
 28 nades, landscaping and parking facilities.

29 (dd) “Commence work” means the manifest commencement of ac-  
 30 tual operations on the development site, such as, erecting a building,  
 31 excavating the ground to lay a foundation or a basement or work of like  
 32 description which a person with reasonable diligence can see and rec-  
 33 ognize as being done with the intention and purpose to continue work  
 34 until the project is completed.

35 (ee) “Major commercial entertainment and tourism area” may in-  
 36 clude, but not be limited to, a major multi-sport athletic complex.

37 (ff) “Major multi-sport athletic complex” means an athletic complex  
 38 that is utilized for the training of athletes, the practice of athletic teams,  
 39 the playing of athletic games or the hosting of events. Such project may  
 40 include playing fields, parking lots and other developments.

41 Sec. 2. K.S.A. 2003 Supp. 12-1770a is hereby repealed.

42 Sec. 3. This act shall take effect and be in force from and after its  
 43 publication in the statute book.