

**As Amended by House Committee**

***[As Amended by Senate Committee of the Whole]***

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*Session of 2004*

## **SENATE BILL No. 405**

By Committee on Federal and State Affairs

2-2

14 AN ACT concerning cities; relating to certain redevelopment projects;  
15 amending K.S.A. 12-1771a and repealing the existing section.

16

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

18 Section 1. K.S.A. 12-1771a is hereby amended to read as follows: 12-  
19 1771a. (a) The governing body of a city may establish an increment in ad  
20 valorem taxes using the procedure set forth in subsection (b) for projects  
21 that are initiated upon a finding that the area is a blighted area as defined  
22 under K.S.A. 12-1770a, and amendments thereto, when the following  
23 conditions exist:

24 (1) The proposed district has been identified by the Kansas depart-  
25 ment of health and environment or the United States environmental pro-  
26 tection agency to be an environmentally contaminated area;

27 (2) the city has entered into a consent decree or settlement agree-  
28 ment or has taken action expressing an intent to enter into a consent  
29 decree or settlement agreement with the Kansas department of health  
30 and environment or the United States environmental protection agency  
31 that addresses the investigation and remediation of the environmental  
32 contamination;

33 (3) the consent decree or settlement agreement contains a provision  
34 that has the effect of releasing property owners who are not responsible  
35 for the contamination from the responsibility of paying the response costs  
36 of the investigation and remediation of the contamination; and

37 (4) the city intends to establish a redevelopment district pursuant to  
38 K.S.A. 12-1771, and amendments thereto, to ~~wholly finance or partially~~  
39 finance, *in whole or in part*, the investigation and remediation of contam-  
40 ination within such district.

41 (b) An environmental increment established after a city has found  
42 that the conditions described in subsection (c) of K.S.A. 12-1770a, and  
43 amendments thereto, exists shall be set on a yearly basis. For purposes

1 of this section, a yearly basis shall be a calendar year. Each year's incre-  
2 ment shall be an amount sufficient to pay the direct costs of investigation  
3 and remediation of the contaminated condition anticipated to be incurred  
4 that year including principal and interest due on any special obligation  
5 bonds or full faith and credit tax increment bonds issued to finance in  
6 whole or in part the remediation and investigation, costs relating to re-  
7 mediation investigation and feasibility studies, operation and maintenance  
8 expenses and other expenses relating directly to the investigation and  
9 remediation of contamination. Each year's environmental increment shall  
10 not exceed 20% of the amount of taxes that are produced by all taxing  
11 subdivisions within any currently existing or subsequently created rede-  
12 velopment district area in the year the redevelopment district is first es-  
13 tablished, notwithstanding that such subdivision was not required to re-  
14 ceive notice of the establishment of the district.

15 (c) The budget that establishes the yearly environmental increment  
16 shall be certified by the city to the county clerk and county treasurer no  
17 later than August 25th, preceding the calendar year for which the budget  
18 is being set. Funds derived from an environmental increment established  
19 by this section and interest on all funds derived from an environmental  
20 increment established by this section may be used only for projects in-  
21 volving the investigation and remediation of contamination in the district.

22 (d) The real property taxes produced by the environmental increment  
23 established under subsection (b) from a redevelopment district estab-  
24 lished under the provisions of K.S.A. 12-1771, and amendments thereto,  
25 and this section shall be allocated and paid by the county treasurer to the  
26 treasurer of the city and deposited in a special separate fund of the city  
27 to pay the direct cost of investigation and remediation of contamination  
28 in the redevelopment district. Any funds collected by the city from parties  
29 determined to be responsible in any manner for the contaminated con-  
30 dition shall be ~~either~~: (1) Deposited in the same separate special fund  
31 created hereunder, and with all interest earned thereon, may be used  
32 only for projects involving the investigation and remediation of contam-  
33 ination in the established redevelopment district; or (2) distributed to  
34 parties who have entered into a contract with the city to pay a portion of  
35 investigation and remediation of the contamination in the redevelopment  
36 district and the terms of such contract provide that such parties are en-  
37 titled to reimbursement for a portion of funds they have expended for  
38 such investigation and remediation of contamination from the recovery  
39 of costs that are collected from other third party responsible parties.

40 (e) A redevelopment district created under the provisions of this sec-  
41 tion shall constitute a separate taxing district. If all costs for such inves-  
42 tigation and remediation of contamination in the redevelopment district  
43 have been paid and moneys remain in the special fund, such moneys shall

1 be remitted to each taxing subdivision which paid moneys into the special  
2 fund on the basis of the proportion which the total amount of moneys  
3 paid by such taxing subdivision into the special fund bears to the total  
4 amount of all moneys paid by all taxing subdivisions into the fund.

5 (f) Nothing in this section shall prevent any city from establishing a  
6 redevelopment district for other purposes pursuant to K.S.A. 12-1770 *et*  
7 *seq.*, and amendments thereto, which may include part or all of the real  
8 property included in the district established under this section.

9 (g) Redevelopment projects relating to environmental investigation  
10 and remediation under this section, ~~and amendments thereto, may be~~  
11 ~~undertaken in separate phases as determined and approved by the gov-~~  
12 ~~erning body of the city. Such phases may include, but not be limited to,~~  
13 ~~the design phase, remediation phase, source-control phase and monitoring~~  
14 ~~phase. Each phase shall be completed within 20 30 [20] years from the~~  
15 ~~date a city enters into a consent decree agreement with the Kansas de-~~  
16 ~~partment of health and environment or the United States environmental~~  
17 ~~protection agency issues an order or enters into a consent decree with the~~  
18 ~~governing body of the city approving such phase project], unless the~~  
19 **board of county commissioners and the board of education identi-**  
20 **fied in K.S.A. 12-1771, and amendments thereto, approves approve**  
21 **a request in writing from the city to extend the project a maximum**  
22 **of 10 years beyond the original 20].**

23 (h) Nothing in this section shall be construed to affect the obligations  
24 of the county to annually review the fair market value of property in  
25 accordance with procedures set by law or to affect the right of any tax-  
26 payer to protest and appeal the appraised or reappraised value of their  
27 property in accordance with procedures set forth by law.

28 (i) Commencing with the regular session of the legislature in 1993,  
29 each city that establishes a redevelopment district under this section shall  
30 make a status report on a biennial basis to the standing committee on  
31 commerce of the senate and the standing committee on economic de-  
32 velopment of the house of representatives during the month of January.  
33 The status report shall contain information on the status of the investi-  
34 gation and remediation of contamination in the redevelopment district.

35 (j) For the purposes of this act, the governing body of a city, in con-  
36 tracts entered into with the Kansas department of health and environment  
37 or the United States environmental protection agency, may pledge incre-  
38 ments receivable in future years to pay costs directly relating to the in-  
39 vestigation and remediation of environmentally contaminated areas. The  
40 provisions in such contracts pertaining to pledging increments in future  
41 years shall not be subject to K.S.A. 10-1101 *et seq.* or 79-2925 *et seq.*, and  
42 amendments thereto.

43 Sec. 2. K.S.A. 12-1771a is hereby repealed.

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