

HOUSE BILL No. 2787

By Committee on Economic Development and Tourism

2-7

9 AN ACT concerning tax increment financing; regarding bond revenue
10 sources; amending K.S.A. 2007 Supp. 12-1774, 79-3620 and 79-3620b
11 and repealing the existing sections.
12

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

14 Section 1. K.S.A. 2007 Supp. 12-1774 is hereby amended to read as
15 follows: 12-1774. (a) (1) Any city shall have the power to issue special
16 obligation bonds in one or more series to finance the undertaking of any
17 redevelopment project or bioscience development project in accordance
18 with the provisions of this act. Such special obligation bonds shall be made
19 payable, both as to principal and interest:

20 (A) From tax increments allocated to, and paid into a special fund of
21 the city under the provisions of K.S.A. 12-1775, and amendments thereto;

22 (B) from revenues of the city derived from or held in connection with
23 the undertaking and carrying out of any redevelopment project or projects
24 or bioscience development project or projects under this act including
25 environmental increments;

26 (C) from any private sources, contributions or other financial assis-
27 tance from the state or federal government;

28 (D) from a pledge of *a portion* or all of the revenue received by the
29 city from any transient guest and local sales and use taxes which are
30 collected from taxpayers doing business within that portion of the city's
31 redevelopment district or bioscience development district established
32 pursuant to K.S.A. 12-1771, and amendments thereto, occupied by a re-
33 development project or bioscience development project. A city proposing
34 to finance a major motorsports complex pursuant to this paragraph shall
35 prepare a project plan which shall include:

36 (i) A summary of the feasibility study done, as defined in K.S.A. 12-
37 1770a, and amendments thereto, which will be an open record;

38 (ii) a reference to the district plan established under K.S.A. 12-1771,
39 and amendments thereto, that identifies the project area that is set forth
40 in the project plan that is being considered;

41 (iii) a description and map of the location of the facility that is the
42 subject of the special bond project or major motorsports complex;

43 (iv) the relocation assistance plan required by K.S.A. 12-1777, and

1 amendments thereto;

2 (v) a detailed description of the buildings and facilities proposed to
3 be constructed or improved; and

4 (vi) any other information the governing body deems necessary to
5 advise the public of the intent of the special bond project or major mo-
6 torsports complex plan.

7 The project plan shall be prepared in consultation with the planning
8 commission of the city. Such project plan shall also be prepared in con-
9 sultation with the planning commission of the county, if any, if a major
10 motorsports complex is located wholly outside the boundaries of the city.

11 (E) from a pledge of a portion or all increased revenue received by
12 the city from: (i) Franchise fees collected from utilities and other busi-
13 nesses using public right-of-way within the redevelopment district; (ii)
14 from a pledge of all or a portion of the revenue received by the city from
15 sales taxes; or (iii) both of the above;

16 (F) with the approval of the county, from a pledge of *a portion or* all
17 of the revenues received by the county from any transient guest, local
18 sales and use taxes which are collected from taxpayers doing business
19 within that portion of the redevelopment district established pursuant to
20 K.S.A. 12-1771, and amendments thereto;

21 (G) by any combination of these methods.

22 The city may pledge such revenue to the repayment of such special
23 obligation bonds prior to, simultaneously with, or subsequent to the is-
24 suance of such special obligation bonds.

25 (2) Bonds issued under paragraph (1) of subsection (a) shall not be
26 general obligations of the city, nor in any event shall they give rise to a
27 charge against its general credit or taxing powers, or be payable out of
28 any funds or properties other than any of those set forth in paragraph (1)
29 of this subsection and such bonds shall so state on their face.

30 (3) Bonds issued under the provisions of paragraph (1) of this sub-
31 section shall be special obligations of the city and are declared to be
32 negotiable instruments. They shall be executed by the mayor and clerk
33 of the city and sealed with the corporate seal of the city. All details per-
34 taining to the issuance of such special obligation bonds and terms and
35 conditions thereof shall be determined by ordinance of the city. All special
36 obligation bonds issued pursuant to this act and all income or interest
37 therefrom shall be exempt from all state taxes except inheritance taxes.
38 Such special obligation bonds shall contain none of the recitals set forth
39 in K.S.A. 10-112, and amendments thereto. Such special obligation bonds
40 shall, however, contain the following recitals, viz., the authority under
41 which such special obligation bonds are issued, they are in conformity
42 with the provisions, restrictions and limitations thereof, and that such
43 special obligation bonds and the interest thereon are to be paid from the

1 money and revenue received as provided in paragraph (1) of this
2 subsection.

3 (b) (1) Subject to the provisions of paragraph (2) of this subsection,
4 any city shall have the power to issue full faith and credit tax increment
5 bonds to finance the undertaking of any redevelopment project in ac-
6 cordance with the provisions of K.S.A. 12-1770 et seq., and amendments
7 thereto, other than a project that will create a major tourism area. Such
8 full faith and credit tax increment bonds shall be made payable, both as
9 to principal and interest: (A) From the revenue sources identified in par-
10 agraph (1) of subsection (a) or by any combination of these sources; and
11 (B) subject to the provisions of paragraph (2) of this subsection, from a
12 pledge of the city's full faith and credit to use its ad valorem taxing au-
13 thority for repayment thereof in the event all other authorized sources of
14 revenue are not sufficient.

15 (2) Except as provided in paragraph (3) of this subsection, before the
16 governing body of any city proposes to issue full faith and credit tax in-
17 crement bonds as authorized by this subsection, the feasibility study re-
18 quired by K.S.A. 12-1772, and amendments thereto, shall demonstrate
19 that the benefits derived from the project will exceed the cost and that
20 the income therefrom will be sufficient to pay the costs of the project.
21 No full faith and credit tax increment bonds shall be issued unless the
22 governing body states in the resolution required by K.S.A. 12-1772, and
23 amendments thereto, that it may issue such bonds to finance the proposed
24 redevelopment project.

25 The governing body may issue the bonds unless within 60 days follow-
26 ing the date of the public hearing on the proposed project plan a protest
27 petition signed by 3% of the qualified voters of the city is filed with the
28 city clerk in accordance with the provisions of K.S.A. 25-3601 et seq., and
29 amendments thereto. If a sufficient petition is filed, no full faith and credit
30 tax increment bonds shall be issued until the issuance of the bonds is
31 approved by a majority of the voters voting at an election thereon. Such
32 election shall be called and held in the manner provided by the general
33 bond law.

34 The failure of the voters to approve the issuance of full faith and credit
35 tax increment bonds shall not prevent the city from issuing special obli-
36 gation bonds in accordance with this section.

37 No such election shall be held in the event the board of county com-
38 missioners or the board of education determines, as provided in K.S.A.
39 12-1771, and amendments thereto, that the proposed redevelopment dis-
40 trict will have an adverse effect on the county or school district.

41 (3) As an alternative to paragraph (2) of this subsection, any city which
42 adopts a redevelopment project plan but does not state its intent to issue
43 full faith and credit tax increment bonds in the resolution required by

1 K.S.A. 12-1772, and amendments thereto, and has not acquired property
2 in the redevelopment project area may issue full faith and credit tax in-
3 crement bonds if the governing body of the city adopts a resolution stating
4 its intent to issue the bonds and the issuance of the bonds is approved by
5 a majority of the voters voting at an election thereon. Such election shall
6 be called and held in the manner provided by the general bond law.

7 The failure of the voters to approve the issuance of full faith and credit
8 tax increment bonds shall not prevent the city from issuing special obli-
9 gation bonds pursuant to paragraph (1) of subsection (a). Any project plan
10 adopted by a city prior to the effective date of this act in accordance with
11 K.S.A. 12-1772, and amendments thereto, shall not be invalidated by any
12 requirements of this act.

13 (4) During the progress of any redevelopment project in which the
14 redevelopment project costs will be financed, in whole or in part, with
15 the proceeds of full faith and credit tax increment bonds, the city may
16 issue temporary notes in the manner provided in K.S.A. 10-123, and
17 amendments thereto, to pay the redevelopment project costs for the pro-
18 ject. Such temporary notes shall not be issued and the city shall not ac-
19 quire property in the redevelopment project area until the requirements
20 of paragraph (2) or (3) of this subsection, whichever is applicable, have
21 been met.

22 (5) Full faith and credit tax increment bonds issued under this sub-
23 section shall be general obligations of the city and are declared to be
24 negotiable instruments. They shall be issued in accordance with the gen-
25 eral bond law. All such bonds and all income or interest therefrom shall
26 be exempt from all state taxes except inheritance taxes. The amount of
27 the full faith and credit tax increment bonds issued and outstanding which
28 exceeds 3% of the assessed valuation of the city shall be within the bonded
29 debt limit applicable to such city.

30 (6) Any city issuing special obligation bonds or full faith and credit
31 tax increment bonds under the provisions of this act may refund all or
32 part of such issue pursuant to the provisions of K.S.A. 10-116a, and
33 amendments thereto.

34 (c) Any increment in ad valorem property taxes resulting from a re-
35 development project in the established redevelopment district under-
36 taken in accordance with the provisions of this act, shall be apportioned
37 to a special fund for the payment of the redevelopment project costs,
38 including the payment of principal and interest on any special obligation
39 bonds or full faith and credit tax increment bonds issued to finance such
40 project pursuant to this act and may be pledged to the payment of prin-
41 cipal and interest on such bonds.

42 (d) A city may use the proceeds of special obligation bonds or full
43 faith and credit tax increment bonds, or any uncommitted funds derived

1 from sources set forth in this section to pay the redevelopment project
2 costs as defined in K.S.A. 12-1770a, and amendments thereto, to imple-
3 ment the redevelopment project plan.

4 Sec. 2. K.S.A. 2007 Supp. 79-3620 is hereby amended to read as
5 follows: 79-3620. (a) All revenue collected or received by the director of
6 taxation from the taxes imposed by this act shall be remitted to the state
7 treasurer in accordance with the provisions of K.S.A. 75-4215, and
8 amendments thereto. Upon receipt of each such remittance, the state
9 treasurer shall deposit the entire amount in the state treasury, less
10 amounts withheld as provided in subsection (b) and amounts credited as
11 provided in subsection (c) and (d), to the credit of the state general fund.

12 (b) A refund fund, designated as “sales tax refund fund” not to exceed
13 \$100,000 shall be set apart and maintained by the director from sales tax
14 collections and estimated tax collections and held by the state treasurer
15 for prompt payment of all sales tax refunds including refunds authorized
16 under the provisions of K.S.A. 79-3635, and amendments thereto. Such
17 fund shall be in such amount, within the limit set by this section, as the
18 director shall determine is necessary to meet current refunding require-
19 ments under this act. In the event such fund as established by this section
20 is, at any time, insufficient to provide for the payment of refunds due
21 claimants thereof, the director shall certify the amount of additional funds
22 required to the director of accounts and reports who shall promptly trans-
23 fer the required amount from the state general fund to the sales tax refund
24 fund, and notify the state treasurer, who shall make proper entry in the
25 records.

26 (c) (1) The state treasurer shall credit $\frac{5}{98}$ of the revenue collected
27 or received from the tax imposed by K.S.A. 79-3603, and amendments
28 thereto, at the rate of 4.9%, and deposited as provided in subsection (a),
29 exclusive of amounts credited pursuant to subsection (d), in the state
30 highway fund.

31 (2) The state treasurer shall credit $\frac{5}{106}$ of the revenue collected or
32 received from the tax imposed by K.S.A. 79-3603, and amendments
33 thereto, at the rate of 5.3%, and deposited as provided in subsection (a),
34 exclusive of amounts credited pursuant to subsection (d), in the state
35 highway fund.

36 (3) On July 1, 2006, the state treasurer shall credit $\frac{19}{165}$ of the rev-
37 enue collected and received from the tax imposed by K.S.A. 79-3603, and
38 amendments thereto, at the rate of 5.3%, and deposited as provided by
39 subsection (a), exclusive of amounts credited pursuant to subsection (d),
40 in the state highway fund.

41 (4) On July 1, 2007, the state treasurer shall credit $\frac{13}{106}$ of the rev-
42 enue collected and received from the tax imposed by K.S.A. 79-3603, and
43 amendments thereto, at the rate of 5.3%, and deposited as provided by

1 subsection (a), exclusive of amounts credited pursuant to subsection (d),
2 in the state highway fund.

3 (d) The state treasurer shall credit all revenue collected or received
4 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
5 certified by the director, from taxpayers doing business within that por-
6 tion of a ~~redevelopment~~ *STAR bond project* district occupied by a ~~rede-~~
7 ~~velopment~~ *STAR bond project* or taxpayers doing business with such en-
8 tity financed by a ~~special~~ *STAR bond project* as defined in K.S.A. ~~12-1770a~~
9 *2007 Supp. 12-17,162*, and amendments thereto, that was determined by
10 the secretary of commerce to be of statewide as well as local importance
11 or will create a major tourism area for the state or the project was des-
12 ignated as a ~~special~~ *STAR bond project* as defined in K.S.A. ~~12-1770a~~
13 *2007 Supp. 12-17,162*, and amendments thereto, to the city bond finance
14 fund, which fund is hereby created. The provisions of this subsection shall
15 expire when the total of all amounts credited hereunder and under sub-
16 section (d) of K.S.A. 79-3710, and amendments thereto, is sufficient to
17 retire the special obligation bonds issued for the purpose of financing all
18 or a portion of the costs of such ~~redevelopment or special~~ *STAR bond*
19 *project*.

20 Sec. 3. K.S.A. 2007 Supp. 79-3620b is hereby amended to read as
21 follows: 79-3620b. Moneys credited to the city bond finance fund in ac-
22 cordance with the provisions of subsections (d) of K.S.A. 79-3620 and (d)
23 of K.S.A. 79-3710, and amendments thereto, shall be distributed bian-
24 nually to cities which have issued special obligation bonds to finance, in
25 whole or in part, a ~~redevelopment~~ *STAR bond project* which was deter-
26 mined by the secretary of commerce to be of statewide as well as local
27 importance or will create a major tourism area for the state as defined in
28 K.S.A. ~~12-1770a~~ *2007 Supp. 12-17,162*, and amendments thereto. The
29 state treasurer shall make such biannual distributions on such dates as
30 mutually agreed to by the city and the state treasurer. The total of all
31 distributions under this section shall not exceed an amount determined
32 to be sufficient to retire the principal and interest payable on such special
33 obligation bonds. Moneys paid to cities hereunder shall be deposited in
34 a special fund of the city to pay the costs described herein.

35 Sec. 4. K.S.A. 2007 Supp. 12-1774, 79-3620 and 79-3620b are hereby
36 repealed.

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