

## HOUSE BILL No. 2788

By Committee on Economic Development and Tourism

2-7

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9 AN ACT concerning tax increment financing; regarding the definition of  
10 redevelopment project costs; amending K.S.A. 2007 Supp. 12-1770a  
11 and repealing the existing section.  
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13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. K.S.A. 2007 Supp. 12-1770a is hereby amended to read  
15 as follows: 12-1770a. As used in this act, and amendments thereto, the  
16 following words and phrases shall have the following meanings unless a  
17 different meaning clearly appears from the content:

18 (a) "Auto race track facility" means: (1) An auto race track facility and  
19 facilities directly related and necessary to the operation of an auto race  
20 track facility, including, but not limited to, grandstands, suites and viewing  
21 areas, concessions, souvenir facilities, catering facilities, visitor and retail  
22 centers, signage and temporary hospitality facilities, but excluding (2) ho-  
23 tels, motels, restaurants and retail facilities, not directly related to or nec-  
24 essary to the operation of such facility.

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

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

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

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

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

36 (C) unsanitary or unsafe conditions;

37 (D) deterioration of site improvements;

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

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

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

- 1 (H) the existence of conditions which endanger life or property by  
2 fire or other causes; or
- 3 (I) conditions which create economic obsolescence; or
- 4 (2) has been identified by any state or federal environmental agency  
5 as being environmentally contaminated to an extent that requires a re-  
6 medial investigation; feasibility study and remediation or other similar  
7 state or federal action; or
- 8 (3) a majority of the property is a 100-year floodplain area; or
- 9 (4) previously was found by resolution of the governing body to be a  
10 slum or a blighted area under K.S.A. 17-4742 et seq., and amendments  
11 thereto.
- 12 (d) "Conservation area" means any improved area comprising 15%  
13 or less of the land area within the corporate limits of a city in which 50%  
14 or more of the structures in the area have an age of 35 years or more,  
15 which area is not yet blighted, but may become a blighted area due to  
16 the existence of a combination of two or more of the following factors:
- 17 (1) Dilapidation, obsolescence or deterioration of the structures;  
18 (2) illegal use of individual structures;  
19 (3) the presence of structures below minimum code standards;  
20 (4) building abandonment;  
21 (5) excessive vacancies;  
22 (6) overcrowding of structures and community facilities; or  
23 (7) inadequate utilities and infrastructure.
- 24 (e) "De minimus" means an amount less than 15% of the land area  
25 within a redevelopment district.
- 26 (f) "Developer" means any person, firm, corporation, partnership or  
27 limited liability company, other than a city and other than an agency,  
28 political subdivision or instrumentality of the state or a county when re-  
29 lating to a bioscience development district.
- 30 (g) "Eligible area" means a blighted area, conservation area, enter-  
31 prise zone, intermodal transportation area, major tourism area or a major  
32 commercial entertainment and tourism area or bioscience development  
33 area.
- 34 (h) "Enterprise zone" means an area within a city that was designated  
35 as an enterprise zone prior to July 1, 1992, pursuant to K.S.A. 12-17,107  
36 through 12-17,113, and amendments thereto, prior to its repeal and the  
37 conservation, development or redevelopment of the area is necessary to  
38 promote the general and economic welfare of such city.
- 39 (i) "Environmental increment" means the increment determined  
40 pursuant to subsection (b) of K.S.A. 12-1771a, and amendments thereto.
- 41 (j) "Environmentally contaminated area" means an area of land hav-  
42 ing contaminated groundwater or soil which is deemed environmentally  
43 contaminated by the department of health and environment or the United

1 States environmental protection agency.

2 (k) (1) “Feasibility study” means:

3 (A) A study which shows whether a redevelopment project’s or bio-  
4 science development project’s benefits and tax increment revenue and  
5 other available revenues under subsection (a)(1) of K.S.A. 12-1774, and  
6 amendments thereto, are expected to exceed or be sufficient to pay for  
7 the redevelopment or bioscience development project costs; and

8 (B) the effect, if any, the redevelopment project costs or bioscience  
9 development project will have on any outstanding special obligation bonds  
10 payable from the revenues described in subsection (a)(1)(D) of K.S.A.  
11 12-1774, and amendments thereto.

12 (2) For a redevelopment project or bioscience project financed by  
13 bonds payable from revenues described in subsection (a)(1)(D) of K.S.A.  
14 12-1774, and amendments thereto, the feasibility study must also include:

15 (A) A statement of how the taxes obtained from the project will con-  
16 tribute significantly to the economic development of the jurisdiction in  
17 which the project is located;

18 (B) a statement concerning whether a portion of the local sales and  
19 use taxes are pledged to other uses and are unavailable as revenue for the  
20 redevelopment project. If a portion of local sales and use taxes is so com-  
21 mitted, the applicant shall describe the following:

22 (i) The percentage of sales and use taxes collected that are so com-  
23 mitted; and

24 (ii) the date or dates on which the local sales and use taxes pledged  
25 to other uses can be pledged for repayment of special obligation bonds;

26 (C) an anticipated principal and interest payment schedule on the  
27 bonds;

28 (D) following approval of the redevelopment plan, the feasibility  
29 study shall be supplemented to include a copy of the minutes of the  
30 governing body meeting or meetings of any city whose bonding authority  
31 will be utilized in the project, evidencing that a redevelopment plan has  
32 been created, discussed, and adopted by the city in a regularly scheduled  
33 open public meeting; and

34 (E) the failure to include all information enumerated in this subsec-  
35 tion in the feasibility study for a redevelopment or bioscience project shall  
36 not affect the validity of bonds issued pursuant to this act.

37 (l) “Major tourism area” means an area for which the secretary has  
38 made a finding the capital improvements costing not less than  
39 \$100,000,000 will be built in the state to construct an auto race track  
40 facility.

41 (m) “Real property taxes” means all taxes levied on an ad valorem  
42 basis upon land and improvements thereon, except that when relating to  
43 a bioscience development district, as defined in this section, “real prop-

1 erty taxes” does not include property taxes levied for schools, pursuant to  
 2 K.S.A. 72-6431, and amendments thereto.

3 (n) “Redevelopment project area” means an area designated by a city  
 4 within a redevelopment district or, if the redevelopment district is estab-  
 5 lished for an intermodal transportation area, an area designated by a city  
 6 within or outside of the redevelopment district.

7 (o) “Redevelopment project costs” means: (1) Those costs necessary  
 8 to implement a redevelopment project plan or a bioscience development  
 9 project plan, including costs incurred for:

10 (A) Acquisition of property within the redevelopment project area;

11 (B) payment of relocation assistance pursuant to a relocation assis-  
 12 tance plan as provided in K.S.A. 12-1777, and amendments thereto;

13 (C) site preparation including utility relocations;

14 (D) sanitary and storm sewers and lift stations;

15 (E) drainage conduits, channels, levees and river walk canal facilities;

16 (F) street grading, paving, graveling, macadamizing, curbing, gutter-  
 17 ing and surfacing;

18 (G) street light fixtures, connection and facilities;

19 (H) underground gas, water, heating and electrical services and con-  
 20 nections located within the public right-of-way;

21 (I) sidewalks and pedestrian underpasses or overpasses;

22 (J) drives and driveway approaches located within the public right-  
 23 of-way;

24 (K) water mains and extensions;

25 (L) plazas and arcades;

26 (M) major multi-sport athletic complex;

27 (N) museum facility;

28 (O) parking facilities including multilevel parking facilities;

29 (P) landscaping and plantings, fountains, shelters, benches, sculp-  
 30 tures, lighting, decorations and similar amenities;

31 (Q) related expenses to redevelop and finance the redevelopment  
 32 project;

33 (R) for purposes of an incubator project, such costs shall also include  
 34 wet lab equipment including hoods, lab tables, heavy water equipment  
 35 and all such other equipment found to be necessary or appropriate for a  
 36 commercial incubator wet lab facility by the city in its resolution estab-  
 37 lishing such redevelopment district or a bioscience development district;  
 38 and

39 (S) costs for the acquisition of land, *easements or right-of-way* for  
 40 and the construction and installation *or improvement* of publicly-owned  
 41 infrastructure improvements which ~~serve an intermodal transportation~~  
 42 ~~area and~~ are located outside of a redevelopment district.

43 (2) Redevelopment project costs shall not include: ~~(A)~~ costs incurred

1 in connection with the construction of buildings or other structures to be  
2 owned by or leased to a developer, however, the “redevelopment project  
3 costs” shall include costs incurred in connection with the construction of  
4 buildings or other structures to be owned or leased to a developer which  
5 includes an auto race track facility or a multilevel parking facility.

6 ~~(B) In addition, for a redevelopment project financed with special~~  
7 ~~obligation bonds payable from the revenues described in subsection~~  
8 ~~(a)(1)(D) of K.S.A. 12-1774, and amendments thereto, redevelopment~~  
9 ~~project costs shall not include:~~

10 ~~—(i) Fees and commissions paid to developers, real estate agents, fi-~~  
11 ~~ancial advisors or any other consultants who represent the developers~~  
12 ~~or any other businesses considering locating in or located in a redev-~~  
13 ~~opment district;~~

14 ~~—(ii) salaries for local government employees;~~

15 ~~—(iii) moving expenses for employees of the businesses locating within~~  
16 ~~the redevelopment district;~~

17 ~~—(iv) property taxes for businesses that locate in the redevelopment~~  
18 ~~district;~~

19 ~~—(v) lobbying costs;~~

20 ~~—(vi) a bond origination fee charged by the city pursuant to K.S.A. 12-~~  
21 ~~1742, and amendments thereto;~~

22 ~~—(vii) any personal property, as defined in K.S.A. 79-102, and amend-~~  
23 ~~ments thereto; and~~

24 ~~—(viii) travel, entertainment and hospitality.~~

25 (p) “Redevelopment district” means the specific area declared to be  
26 an eligible area in which the city may develop one or more redevelopment  
27 projects.

28 (q) “Redevelopment district plan” or “district plan” means the pre-  
29 liminary plan that identifies all of the proposed redevelopment project  
30 areas and identifies in a general manner all of the buildings, facilities and  
31 improvements in each that are proposed to be constructed or improved  
32 in each redevelopment project area or, if the redevelopment district is  
33 established for an intermodal transportation area, in or outside of the  
34 redevelopment district.

35 (r) “Redevelopment project” means the approved project to imple-  
36 ment a project plan for the development of the established redevelop-  
37 ment district.

38 (s) “Redevelopment project plan” means the plan adopted by a mu-  
39 nicipality for the development of a redevelopment project or projects  
40 which conforms with K.S.A. 12-1772, and amendments thereto, in a re-  
41 development district.

42 (t) “Substantial change” means, as applicable, a change wherein the  
43 proposed plan or plans differ substantially from the intended purpose for

- 1 which the district plan or project plan was approved.
- 2 (u) “Tax increment” means that amount of real property taxes col-  
3 lected from real property located within the redevelopment district that  
4 is in excess of the amount of real property taxes which is collected from  
5 the base year assessed valuation.
- 6 (v) “Taxing subdivision” means the county, city, unified school district  
7 and any other taxing subdivision levying real property taxes, the territory  
8 or jurisdiction of which includes any currently existing or subsequently  
9 created redevelopment district including a bioscience development  
10 district.
- 11 (w) “River walk canal facilities” means a canal and related water fea-  
12 tures which flows through a redevelopment district and facilities related  
13 or contiguous thereto, including, but not limited to pedestrian walkways  
14 and promenades, landscaping and parking facilities.
- 15 (x) “Major commercial entertainment and tourism area” may include,  
16 but not be limited to, a major multi-sport athletic complex.
- 17 (y) “Major multi-sport athletic complex” means an athletic complex  
18 that is utilized for the training of athletes, the practice of athletic teams,  
19 the playing of athletic games or the hosting of events. Such project may  
20 include playing fields, parking lots and other developments including  
21 grandstands, suites and viewing areas, concessions, souvenir facilities, ca-  
22 tering facilities, visitor centers, signage and temporary hospitality facili-  
23 ties, but excluding hotels, motels, restaurants and retail facilities, not di-  
24 rectly related to or necessary to the operation of such facility.
- 25 (z) “Bioscience” means the use of compositions, methods and organ-  
26 isms in cellular and molecular research, development and manufacturing  
27 processes for such diverse areas as pharmaceuticals, medical therapeutics,  
28 medical diagnostics, medical devices, medical instruments, biochemistry,  
29 microbiology, veterinary medicine, plant biology, agriculture, industrial  
30 environmental and homeland security applications of bioscience and fu-  
31 ture developments in the biosciences. Bioscience includes biotechnology  
32 and life sciences.
- 33 (aa) “Bioscience development area” means an area that:
- 34 (1) Is or shall be owned, operated, or leased by, or otherwise under  
35 the control of the Kansas bioscience authority;
- 36 (2) is or shall be used and maintained by a bioscience company; or
- 37 (3) includes a bioscience facility.
- 38 (bb) “Bioscience development district” means the specific area, cre-  
39 ated under K.S.A. 12-1771, and amendments thereto, where one or more  
40 bioscience development projects may be undertaken.
- 41 (cc) “Bioscience development project” means an approved project to  
42 implement a project plan in a bioscience development district.
- 43 (dd) “Bioscience development project plan” means the plan adopted

- 1 by the authority for a bioscience development project pursuant to K.S.A.  
2 12-1772, and amendments thereto, in a bioscience development district.
- 3 (ee) “Bioscience facility” means real property and all improvements  
4 thereof used to conduct bioscience research, including, without limita-  
5 tion, laboratory space, incubator space, office space and any and all fa-  
6 cilities directly related and necessary to the operation of a bioscience  
7 facility.
- 8 (ff) “Bioscience project area” means an area designated by the au-  
9 thority within a bioscience development district.
- 10 (gg) “Biotechnology” means those fields focusing on technological  
11 developments in such areas as molecular biology, genetic engineering,  
12 genomics, proteomics, physiomics, nanotechnology, biodefense, biocom-  
13 puting, bioinformatics and future developments associated with  
14 biotechnology.
- 15 (hh) “Board” means the board of directors of the Kansas bioscience  
16 authority.
- 17 (ii) “Life sciences” means the areas of medical sciences, pharmaceu-  
18 tical sciences, biological sciences, zoology, botany, horticulture, ecology,  
19 toxicology, organic chemistry, physical chemistry, physiology and any fu-  
20 ture advances associated with life sciences.
- 21 (jj) “Revenue increase” means that amount of real property taxes col-  
22 lected from real property located within the bioscience development dis-  
23 trict that is in excess of the amount of real property taxes which is col-  
24 lected from the base year assessed valuation.
- 25 (kk) “Taxpayer” means a person, corporation, limited liability com-  
26 pany, S corporation, partnership, registered limited liability partnership,  
27 foundation, association, nonprofit entity, sole proprietorship, business  
28 trust, group or other entity that is subject to the Kansas income tax act,  
29 K.S.A. 79-3201 et seq., and amendments thereto.
- 30 (ll) “Floodplain increment” means the increment determined pur-  
31 suant to subsection (b) of K.S.A. 2007 Supp. 12-1771e, and amendments  
32 thereto.
- 33 (mm) “100-year floodplain area” means an area of land existing in a  
34 100-year floodplain as determined by either an engineering study of a  
35 Kansas certified engineer or by the United States federal emergency man-  
36 agement agency.
- 37 (nn) “Major motorsports complex” means a complex in Shawnee  
38 county that is utilized for the hosting of competitions involving motor  
39 vehicles, including, but not limited to, automobiles, motorcycles or other  
40 self-propelled vehicles other than a motorized bicycle or motorized  
41 wheelchair. Such project may include racetracks, all facilities directly re-  
42 lated and necessary to the operation of a motorsports complex, including,  
43 but not limited to, parking lots, grandstands, suites and viewing areas,

1 concessions, souvenir facilities, catering facilities, visitor and retail cen-  
2 ters, signage and temporary hospitality facilities, but excluding hotels,  
3 motels, restaurants and retail facilities not directly related to or necessary  
4 to the operation of such facility.

5 (oo) “Intermodal transportation area” means an area of not less than  
6 800 acres to be developed primarily to handle the transfer, storage and  
7 distribution of freight through railway and trucking operations.

8 (pp) “Museum facility” means a separate newly-constructed museum  
9 building and facilities directly related and necessary to the operation  
10 thereof, including gift shops and restaurant facilities, but excluding hotels,  
11 motels, restaurants and retail facilities not directly related to or necessary  
12 to the operation of such facility. The museum facility shall be owned by  
13 the state, a city, county, other political subdivision of the state or a non-  
14 profit corporation, shall be managed by the state, a city, county, other  
15 political subdivision of the state or a non-profit corporation and may not  
16 be leased to any developer and shall not be located within any retail or  
17 commercial building.

18 Sec. 2. K.S.A. 2007 Supp. 12-1770a is hereby repealed.

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