



# Economic Development Tools for Kansas Municipalities

2025 Edition



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THE  
**LEAGUE**  
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COMMERCE



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October 9, 2025

Dear Local Leader,

When I returned to the League as Executive Director, one of my first responsibilities was to travel across our great state and visit with city officials to hear more about community needs. Aside from being an excellent opportunity to reconnect with people I had not seen in many years, my time on the road gave me an up-close view of the needs that Kansans hope to address.

Each voice I heard contributed to a theme that has continued through today: We need housing and economic development. The message made a deep impression on the League, and this publication is our effort to respond with practical resources that help you chart a clear path forward.

Another theme that stood out was the importance of expertise. While our team knows cities in and out, there are people in Kansas who devote their professional careers to economic development. To provide the best possible guidance, we partnered with the Kansas Department of Commerce and the Department of Revenue to place the best tools in your hand.

We envision the *Economic Development Manual* as a living document. As new opportunities arise, we will work together to keep you current on how to work with key stakeholders and sectors to help your communities thrive. As with any development, enrolling others and securing buy-in is a core element of growth. We hope the collaborative theme between the League and the State is one that you embrace and use as a springboard for the developments you hope to see in your community and across Kansas.

Many thanks,

Nathan Eberline



# Introduction

Kansas cities today play a central role in shaping local economic development, but this has not always been the case. For much of the state's history, communities relied on private enterprise to drive growth, with local governments largely constrained in how they could support or attract business. That began a nationwide change in the 1980s, when constitutional amendments, legislative changes, and Attorney General opinions gave cities and counties the authority to use public resources for a recognized public purpose: strengthening the local economy. Since that shift, Kansas municipalities have become active partners in economic development, using a growing toolbox of programs and incentives to retain businesses, attract new investment, and create opportunities for residents.

This manual has been developed to help city officials navigate those tools. Last updated in 2013, it has now been thoroughly revised in collaboration with the Kansas Department of Commerce and the Kansas Department of Revenue to reflect new laws, policies, and practices. The chapters that follow cover longstanding strategies like property tax abatements and industrial revenue bonds as well as more recent approaches like Community Improvement Districts, Transportation Development Districts, and STAR bonds. Each section is designed to provide background, outline procedural requirements, and supply sample forms and checklists to guide implementation.

It is important to recognize that economic development is not a one-size-fits-all endeavor. What works in one community may not be appropriate or effective in another. Some cities may prioritize attracting new industries to diversify their tax base, while others may find greater long-term benefit in supporting the expansion of existing employers or revitalizing established neighborhoods. The role of this manual is not to prescribe a single path, but to offer city leaders the information and tools they need to make informed choices that fit their unique circumstances.

Available at no cost on both the League of Kansas Municipalities and Kansas Department of Commerce websites, this manual is intended to be a practical and accessible resource. By weighing costs and benefits, engaging stakeholders, and aligning strategies with community goals, city officials can ensure that incentives and programs are used responsibly and to the greatest public advantage. Thoughtfully applied, these economic development tools can help Kansas communities create jobs, strengthen infrastructure, and secure a more resilient and prosperous future for their residents.

# *Chapter 1*

## *Constitutional Tax Abatements*

### *A. Constitutional Authority to Grant Property Tax Abatements*

Since the 1980s, governing bodies of cities and counties have had access to an important economic development tool—the authority to grant property tax exemptions for certain economic development purposes. This authority is granted through an amendment to the Kansas Constitution found in Article 11, Section 13.

The tax exemption amendment resulted from a series of economic development initiatives of the 1986 Legislature, intended to improve the Kansas economy on a long-term basis. The purpose of the amendment is to encourage local economic development efforts by giving municipal and county governing bodies the option to grant property tax exemptions for new and expanding manufacturing facilities, research and development facilities, equipment and machinery, and other activity having the potential for job creation.<sup>1</sup>

The **complete text of Article 11, Section 13** is reprinted in **Appendix A** of this chapter and can be briefly summarized as follows: Kansas counties and cities may exempt from ad valorem taxation all or any portion of the appraised valuation of buildings, land, and tangible personal property used exclusively by a new business for (A) manufacturing, (B) research and development, or (C) the storing of goods traded in interstate commerce. Further, such an exemption may be granted for existing buildings or new expansions to existing buildings, and for the land and associated new personal property, for these same purposes, to facilitate the expansion of the business, if new employment is created. The exemption may extend for up to 10 years.

The Amendment also specifies that the Legislature may limit or prohibit the granting of exemptions under this constitutional provision by an act uniformly applicable to all cities or counties. In 1990, the Legislature utilized the constitutional grant of authority to promulgate limits to the granting of exemptions by cities and counties by enacting K.S.A.79-251. This statute outlines specific procedures cities and counties must follow before granting property tax exemptions under Article 11, Section 13 of the Kansas Constitution. At the same time, the legislature amended K.S.A. 79-210 and 79-213 to impose the procedural requirements found in those sections to the granting of exemptions by cities and counties. Pursuant to Senate Bill 231, the Kansas State Board of Tax Appeals (BOTA) was established on July 1, 2014. BOTA is a specialized Board within the executive branch of state government, formerly the Kansas Court of Tax Appeals (COTA). The procedural guidelines required by Kansas law and the Kansas Board of Tax Appeals (BOTA), interpretation of the statutes are explored in detail in the remainder of this chapter.

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<sup>1</sup>Taken from the Mission Statement of a memorandum entitled, A Report of the Legislative Commission on Kansas Economic Development@ distributed to all the members of the Legislature on March 19, 1986. The subject of the memo was HCR 5047, the resolution that authorized the amendment to be put to voters.

Local government plays a vital role in economic development. Allowing county and municipal governments to grant property tax abatements enables the city or county to encourage economic development in their jurisdictions by granting abatements to enterprises that have the potential for primary job creation. What follows is a summary of the steps a governing body must take in order to utilize this valuable economic tool.

## ***B. Tax Exemptions and Tax Incentives***

There is often uncertainty and misunderstanding about the terminology of "tax-exemption incentives" related to economic development although, candidly, the terminology is less important than the process.

A "tax exemption" is simply an exemption of the property from ad valorem taxes.

A "tax incentive" is a reduction in the payments made by the property short of full taxation. The tax incentive constitutes the difference between what the property would pay if it were not exempt and the amount paid under local payment in lieu of tax requirements. This is referred to as a "tax abatement."

## ***C. Commonly Asked Questions About Tax Exemptions and Incentives***

### ***The whole procedure seems complicated, where can my city go for help?***

K.S.A. 79-213 authorizes the Kansas Department of Commerce to provide aid to businesses and government entities applying for economic development or industrial revenue bond tax abatement. Commerce has a Board of Tax Appeals (BOTA) liaison that provides instructions and technical assistance to parties interested in property tax abatement.

Commerce will work to make your tax abatement application and review process smooth and successful. The BOTA liaison works closely with BOTA to facilitate exemptions. Additionally, the liaison provides the following: 1) reviews applications and related documents; 2) explains policy and procedures; 3) makes recommendations regarding statutory guideline compliance; and 4) assists in certification completion. To make contact with the Commerce BOTA liaison, call (785) 296-3481.

If your city is located in the Wichita Metropolitan Statistical Area, assistance is available from the Center for Economic Development and Business Research at Wichita State University. Additional information can be found online at [www.wichita.edu/cedbr](http://www.wichita.edu/cedbr) or by calling (316) 978-3225.

### ***What are some basic approaches in providing tax exemptions for economic development purposes?***

Constitutional provisions and existing state laws permit the use of two basic approaches in providing tax exemptions for economic development purposes. One approach is implicit in the wording of the amendment; those provisions that permit the city or county to exempt from taxation "all or any portion of the appraised valuation." Under this approach, the city or county can simply grant a percentage exemption, varying from 1% to 100%, to the property eligible for the exemption, with no in-lieu-payment requirement. The most common application of this approach is to adopt a tiered tax abatement. This method provides

for an abatement that starts out at a higher level and then gradually tapers off to no abatement over the ten-year time period.

The second basic approach is a two-step procedure:

1. The granting of a 100% exemption.
2. This exemption is conditional, however, with the requirement that in lieu property tax payments, in some amount, be paid by the benefitting property.

This "full exemption with in lieu payments" practice is a common procedure used for Industrial Revenue Bond (IRB) facilities and is thus familiar to many local officials as well as businesses. It can provide some amount of certainty to the applicant business, not possible when the exemption is in the form of a percentage of assessed valuation. It can be used to secure the continued payment of the amount of taxes previously paid on the property, an important concern of school districts and other taxing units.

This recommended approach also allows for more sophisticated methods of establishing the amount of the tax incentive than is possible under the partial exemption approach. For example, a local unit that wants to relate the amount of tax incentive to the number of jobs created, or to some other criteria, would find it possible under this approach.

***What should a City/County consider when deciding whether to grant a property tax abatement to a new firm or to an existing firm looking to expand?***

In deciding whether to grant a property tax abatement to a new firm that is contemplating a move to the community or to an existing firm looking to expand, local policymakers may find the following tips helpful.

***D. Summary of Procedures for Economic Development Exemptions: An Overview of Kansas State Law and Kansas Board of Tax Appeals' Actions***

**1. Requirements Before Granting Exemptions**

(a) *Adoption of Uniform Policies and Procedures*

K.S.A. 79-251(a)(1) requires the city or county to develop and adopt official uniform policies and procedures for granting Article 11 Section 13 exemptions. See **Appendix A** at the end of this chapter for a **Model Tax Exemption Policy**. The uniform policies and procedures must include the following:

(i) *Procedure for Cost-Benefit Analysis*

K.S.A. 79-251(a)(1) requires a governing body to have a uniform procedure for performing the required cost-benefit analysis. Additionally, K.S.A. 79-251(a)(1)



requires that the effect of the proposed exemption on state revenue be included in the computation of cost-benefit analysis.

(ii) *Procedures for Monitoring Compliance*

K.S.A. 79-251(a)(2) requires that the governing body's policies include a procedure for monitoring the compliance of the businesses who are granted an exemption based on terms or conditions established by the governing body. This subsection requires the governing body to create a policing mechanism to ensure that any benefit the city or county is supposed to receive as a result of granting the abatement is actually received. The city clerk must sign a statement, filed with the annual claim for exemption by the recipient, which indicates the exempted property continues to meet all of the terms and conditions established as a stipulation of granting the exemption. (Required by K.S.A. 79-210, discussed below.)

(b) *Public Hearing*

K.S.A. 79-251(b) requires the governing body to conduct a public hearing on the proposed exemption. The statute does not explicitly require the procedures for conducting a public hearing to be included in the official policies and procedures. It is a good idea, however, to include procedures for the hearing in the official uniform policies and procedures.

(c) *Resolution*

K.S.A. 79-251(c) requires that cities and counties adopt a resolution before granting the exemption making certain findings of fact. The governing body must find that the property will be used exclusively for a purpose specified in Article 11 Section13. In situations in which the business is relocating from one part of the state to another, the governing body must further find that the secretary of commerce finds the relocation necessary to prevent the business from moving out of state. The resolution must state that the business received the secretary's approval to apply for the exemption.

(d) *Pre-1995 Exempted Property*

K.S.A. 79-253 indicates that the procedural requirements of K.S.A. 79-251 are not applicable to property that was exempted by Article 11, Section13 or being financed with revenue bonds before January 1, 1995. For a revenue bond to be considered under this exemption, the city or county must have issued a letter of intent, resolution of intent, or an inducement resolution before January 1, 1995. For an exemption to be prior to January 1, 1995, the city or county must have passed an ordinance or resolution granting the exemption before January 1, 1995.

## **2. Governing Body Reviews Specific Request**

The order the governing body completes the steps is very important. For example, BOTA will deny the application if the governing body conducts a public hearing before completing a cost-benefit analysis and the governing body will be forced to repeat the steps in the correct order before reapplying. BOTA recommends the governing body complete a cursory examination of the proposed exemption before completing a cost-benefits analysis. This examination includes the following:

- (a) Determine if an applicant's property appears to meet the requirements of Article 11 Section 13 of the Kansas Constitution. The property must be used exclusively for one of the three exempt purposes listed in Article 11. They are:
  - (i) Manufacturing articles of commerce;
  - (ii) Conducting research and development; or
  - (iii) Storing goods or commodities that are sold or traded in interstate commerce.
- (b) Identify the property an applicant wants exempted along with the value of that property; or, if the property is not yet purchased or constructed, the local governing body determines the estimated value of the property and a general description.

## **3. Governing Body Completes Cost-Benefit Analysis**

The local governing body performs a cost-benefit analysis to determine what portion, if any, of the property to recommend for exemption. The local governing body makes the policy decision as to whether exempting the property will promote economic development and is in the best interests of the community. The exemption's effect on state revenue must be included in the analysis. See K.S.A. 79-251(a)(1). BOTA has indicated that analysis of the exemption's effect on state revenue must address the positive and negative effects. The cost-benefit computation must be completed in accordance with the procedure for computation that the city adopts in its official policies and procedures.

## **4. Cost-Benefit Analysis**

The state law requiring cost-benefit analysis does not specify a particular methodology or form of such analysis. But the 1994 Kansas Legislature authorized funds to develop a uniform cost-benefit model, which is available for cities and counties to evaluate property tax exemption requests. This software tool is available through the Kansas Department of Commerce. Similar types of analysis and assistance is also available from private companies as well as several state universities.

## **5. Public Hearing Held**

K.S.A. 79-251(b) requires the governing body to hold a public hearing on granting the exemption. The subsection also requires notice of the hearing to be published in the official county or city newspaper at least seven days before the meeting. The required notice must include the time, place, and purpose of the hearing.

The subsection also requires the city or county clerk to notify, in writing, the members of the governing body of the city or county and the unified school district in which the proposed exempt property is located.

**Governance Tip**

*Often the question is not whether you **can** grant an economic development property tax abatement, but whether you **should** grant it.*

## **6. Governing Body Decides**

If, after the public hearing and other consideration, the governing body determines that the exemption is in the public interest, it must pass an ordinance (City) or resolution (County) approving the applicant's property for exemption. A detailed description of the property should be included in the ordinance or resolution. In addition, the ordinance or resolution should refer to the following:

- (a) The city's or county's official uniform policies and procedures;
- (b) The cost-benefit analysis, including the date it was prepared;
- (c) Notice of public hearing;
- (d) Public hearing;
- (e) The governing body's finding that the applicant will use the property for one of the three exempt purposes listed in Article 11, Section 13;
- (f) Whether the applicant is a new or expanding business;
- (g) A specific description of the exempted property that incorporates by reference any lists or exhibits that list or describes the property;
- (h) The number of new jobs created;
- (i) The payment in lieu of tax agreement; and
- (j) The business's compliance with the city's or county's stipulations.

The exemption begins the calendar year after the year that the business begins operations or the year after the business expansion is completed. The ordinance or resolution must be published in the same manner as other ordinances and resolutions.

## **7. Applicant Completes Tax Exemption Application**

K.S.A. 79-213 provides the procedures an applicant must follow once the city passes an ordinance granting the exemption. A sample **Tax Exemption Application** appears in **Appendix A** at the end of this chapter. It can also be found on BOTA's website. The owner must file the initial request on forms approved by BOTA and provided by the county appraiser in the county in which the property is principally located. Additionally, K.S.A. 79-213 requires the initial request to include the identity of the property and a detailed statement of the legal and factual basis of the exemption. BOTA also requires the applicant submit evidence that it follows the constitutional and statutory requirements.

BOTA further requires the following be included with the application:

- (a) A \$500 filing fee for applications of \$1 million or less and \$1,000 for applications of more than \$1 million;
- (b) A copy of the city's or county's uniform policies and procedures;
- (c) The city's or county's cost-benefit analysis, including the date it was prepared;
- (d) A copy of the public hearing notice and a copy of the letter sent to the taxing subdivisions affected by the exemption;
- (e) Evidence that the city or county conducted a hearing;
- (f) A copy of the ordinance or resolution that includes the governing body's findings that the property will be used for only exempt purposes;
- (g) A detailed list of the exempted property. For personal property, a detailed list of the dates of purchase and purchase prices is required. For real property, a copy of the deed and a description of any improvements is required; and
- (h) The Secretary of the Department of Commerce's approval, if the business using the exempted property is relocating from one city or county to another city or county within the state.

#### **8. County Appraiser Reviews the Application**

The county appraiser, after review and "a preliminary examination of the facts alleged," must recommend whether the exemption request should be approved or denied and if a hearing is required. If a denial is recommended, the county appraiser must include a statement of the controlling facts and law upon the submitted form. The county appraiser, after making a written recommendation, then submits the request to BOTA. See K.S.A. 79-213 (d).

#### **9. BOTA's Decision-Making Process**

Once BOTA receives the request, the Court will docket the request and notify the applicant and the county appraiser of the docketing. After BOTA examines the request and the county appraiser's recommendation, the board may decide that a hearing is needed and will notify the applicant and the county appraiser of the time and place of the hearing. If a party requests a hearing, BOTA is required to hold one. The hearing by BOTA is conducted in accordance with the Kansas Administrative Procedures Act. (K.S.A. 77-501 *et seq*) The county is required to be represented by its county attorney. If a hearing is held, it must be held no later than 90 days after the request is filed with BOTA.

During the pendency period of the request, a person; firm; unincorporated association; company; or corporation who is charged with taxes according to K.S.A. 79-2004 and 79-2004a will not be required to pay the tax from the period that the party files the request with the county appraiser until 30 days after BOTA makes its decision. If tax has already been assessed against the property, no interest shall accrue on that amount from the date the request is filed with the county appraiser until 30 days after BOTA issues an order. If BOTA determines that the request has been made with bad faith and is without merit, the tax will be considered delinquent as of the date the tax would have been due pursuant to K.S.A. 79-2004 and 79-

2004a. If BOTA grants the request, the request will be effective with the date of the date of first exempt use. K.S.A. 79-213(i)

BOTA also has the authority to abate all unpaid taxes that have accrued since the first exempt use. K.S.A. 79-213(k). If taxes have been paid during the time period in which the property has been determined to be tax exempt, BOTA has the authority to grant a refund for the period, but not for more than three years. K.S.A. 79-213(l) lists a number of situations in which the requirements of this section do not apply. Subsection (m) specifically indicates that the section applies to abatements granted under Article 11, Section 13 of the Kansas Constitution.

## **10. Annual Filing Requirement**

The governing body makes an annual determination of whether to continue the abatement. Each year after the exemption is granted, K.S.A. 79-210 requires that the property owner receiving the exemption file a claim of the exemption with the office of the assessing officer in the county in which the property is located on or before March 1. The claim by the recipient of the exemption must be filed on a form prescribed by the director of property valuation and must identify the property to be exempted and the basis for the exemption.

A sample annual claim form is included in Appendix A and can be found on BOTA's website. The recipient of the exemption must also file a written statement to confirm that the exempted property continues to meet all the terms established as conditions of granting the exemption. This statement must be signed by the clerk of the city or county that is granting the exemption. The monitoring mechanism that is required by K.S.A. 79-251 is essential here, because it provides the basis for the clerk to sign the statement.

## **11. Additional Considerations:**

### *(a) Certain Property Exempt Under K.S.A. 79-221*

K.S.A. 79-221 provides that certain property is exempt from all property or ad valorem taxes. In order to qualify for this exemption all buildings, together with the land upon which such buildings are located and all personal property must be rented or leased from:

- 1) A lessor having a 51% or more ownership interest in the lessee;
- 2) A lessor in which the lessee has a 51% or more ownership interest; or
- 3) A lessor that is a community-based not-for-profit 501(c) economic-development corporation.

Further, the property must be integrally associated with other property that has been exempted under Article 11, Section 13 of the Kansas Constitution and must be used exclusively for the same exempt purpose in which the exemption was granted. The exemption granted under K.S.A. 79-221 expires at the expiration of the same period of years in which the constitutional exemption was granted.



(b) *School Districts*

Under K.S.A. 79-252a, no tax exemption granted pursuant to Article 11, Section 13 for property located within a redevelopment district established under K.S.A. 74-8921 may apply to ad valorem property taxes levied by a school district.

**12. Complying with BOTA's Process**

- ➔ **Establish a Policy.** One of the first steps in BOTA's approval process is to determine if the city's or county's governing body established uniform procedures and policies for the granting of property tax exemptions under Article 11, Section 13 and whether such policies meet K.S.A. 79-251's requirements.
- ➔ **Governing Body's Initial Determination.** The governing body should do a cursory determination of the request to see if the requested exempt property appears to meet the criteria of Article 11, Section 13 requirements. It is also suggested that the governing body determine the exact property slotted for exempt status. Or, if the property has not been purchased, the governing body should obtain a general description of the property and an estimate of its value.
- ➔ **In-Depth Review.** The governing body must complete the cost-benefit analysis established in the uniform policies and procedures. One factor the city must calculate is the effect of the proposed exemption on state revenue. It is essential that the governing body conduct the cost-benefit analysis **before** granting the exemption.
- ➔ **Hearing and Notification.** K.S.A. 79-251(b) contains the hearing and notice requirements. The statute does not require that the proposed value to be removed from the tax rolls be included in the notice, but BOTA recommends removing the proposed value.
- ➔ **Resolution.** K.S.A. 79-251(c) contains the resolution requirements and mandates certain findings of fact. The resolution must be adopted before granting the exemption.
- ➔ **Pass Ordinance/Resolution and Publish.** If the exemption is approved, the city must pass an ordinance or the county must pass a resolution. The ordinance should be included with the application sent to BOTA.
- ➔ **Applicant's Duties.** The burden shifts to the applicant after the governing body approves the request. The applicant must obtain and submit an application to the county appraiser. BOTA indicates the applicant must submit evidence that the statutory requirements have been complied with. BOTA also suggests that the applicant submit copies of the city's uniform policies and procedures, the cost-benefit analysis, the approved ordinance or resolution, and proof that notice was given and a hearing took place.

- ➡ **BOTA Examinations.** BOTA may request additional information from the governing body or the applicant. It is consequently important for the city or county to keep careful records of all information received during the process.
- ➡ **BOTA Issues Order; 15 Day Appeal Limit.** The right to appeal BOTA's order expires 15 days after the decision. The applicant or the county may wish to request a reconsideration. Therefore, the city or county should advise the applicant immediately after an unfavorable decision so the right to appeal may be preserved.
- ➡ **Remove from Tax Rolls.** When BOTA's order is final and the request is approved, the exempted property is removed from the tax rolls as specified in the order.
- ➡ **Annual Filing.** The annual statement must also be submitted with a signed statement from the city/county clerk indicating that the exempted property continues to meet the terms or conditions of the original basis for the exemption.

### ***E. Tax Abatement Tips***

- \* **Perform a cost-benefit analysis** - A cost-benefit analysis provides policymakers with an approximation of the value of the firm's investment in the community compared against the cost of forgone property tax revenues.
- \* **Tailor the level of abatement** - Although Kansas law allows a 100% abatement for a maximum of 10 years, tailor the length and level of abatement to the particular circumstances of the firm. Consider a sliding scale, a shorter term abatement, the use of payment-in-lieu of tax, or some combination of the options.
- \* **Find out why the firm wants the abatement** - There may be a different way to provide an incentive for the firm to invest in the community. For instance, the firm may simply desire assistance in navigating the zoning and building code permit process.
- \* **Encourage the growth of existing community business** - Ensure that the needs of the existing business community are met and avoid creating a non-level playing field by abating the taxes of a newly locating firm who will compete with an existing community business.
- \* **Develop and adhere to a tax abatement policy** - Before the big fish tugs at the line, local policymakers should develop a statement of tax abatement policy. This policy should cover when the governing body will provide abatements, for how long the abatement will last, and at what level the governing body will abate taxes. This policy could, for instance, be tied into the results of a cost-benefit analysis.
- \* **Be certain to attract the kind of business that will build the fiscal capacity of the community** – This consideration will be part of the cost-benefit analysis. It is important to encourage jobs that align with the

needs of your community, so consider whether the firm will be bringing minimum wage jobs or high salary jobs. Each community has unique needs and the determination will vary from city to city.

\* **Remember that other factors can be important in a firm's decision to locate** - Work within your community to improve public services, increase the quality of schools, expand the housing stock, and invest in parks and recreation. Research has found that all of these factors may have greater effect in attracting businesses than tax incentives.

\* **Be sure to follow the letter of the law** - The Kansas Constitution grants cities and counties the ability to provide property tax abatements, but the Kansas legislature has restricted the use of this economic development tool over time. Be certain to follow the procedures necessary to grant a valid abatement.

\* **Be Careful** - Remember, it is the public's money you are handling.

#### ***F. Checklist***

- \_\_\_\_\_ Adopt Uniform Policies and Procedures. Including:
  - \_\_\_\_\_ Method of preparation for the cost-benefit analysis
  - \_\_\_\_\_ Method for monitoring compliance
  
- \_\_\_\_\_ Identify Exact Property
  
- \_\_\_\_\_ Initial Determination of Whether Property Appears to Meet the Requirements of Article 11, §13
  
- \_\_\_\_\_ Determine if the Business is New or Expanding
- \_\_\_\_\_ Determine if the applicant complies with K.S.A. 79-250.
  
- \_\_\_\_\_ Perform a Cost-Benefit Analysis
  - \_\_\_\_\_ Include impact on state revenue
  - \_\_\_\_\_ Make policy decision if exemption will promote economic growth and is in the best interests of the city, county, and state
  
- \_\_\_\_\_ Set Date for Public Hearing
  - \_\_\_\_\_ Notify the school district and the city or county clerk in writing
  - \_\_\_\_\_ Publish notice of the meeting in official newspaper
  - \_\_\_\_\_ Include in the notice the value or estimated value of the proposed exempt property
  
- \_\_\_\_\_ Conduct a Public Hearing
  
- \_\_\_\_\_ Adopt a Resolution Including:
  - \_\_\_\_\_ Confirmation that the property will be used for an Article 11, Section 13 exempt purpose

- \_\_\_\_\_ Confirmation that the Secretary of Commerce has determined that relocation within the state is necessary to prevent the business from leaving the state (*if applicable*).
- \_\_\_\_\_ Pass Ordinance or Resolution (*if approved*). Should include:
  - \_\_\_\_\_ uniform policies and procedures
  - \_\_\_\_\_ cost-benefit analysis
  - \_\_\_\_\_ notice of hearing
  - \_\_\_\_\_ public hearing
  - \_\_\_\_\_ type of business being performed
  - \_\_\_\_\_ identifying if business is new or expanding
  - \_\_\_\_\_ property to be exempted
  - \_\_\_\_\_ creation of new jobs
  - \_\_\_\_\_ if for personal property, a factual finding that the exemption is required to retain jobs in Kansas
- \_\_\_\_\_ County Appraiser Provides Application to Applicant for Completion. Including:
  - \_\_\_\_\_ Evidence that the constitutional and applicable statutory requirements have been complied with (*provided by applicant*)
  - \_\_\_\_\_ Copy of the governing body's ordinance or resolution
  - \_\_\_\_\_ Detailed list of the property approved for exemption
- \_\_\_\_\_ County Appraiser Considers, Writes Comments, and Forwards to BOTA
- \_\_\_\_\_ BOTA Dockets and Reviews Evidence
- \_\_\_\_\_ BOTA Issues Order or Sets Date for Hearing (*either party may request*)
- \_\_\_\_\_ After the Order, the Applicant of the City or County May Request Reconsideration within 15 days
- \_\_\_\_\_ The County Appraiser Removes from Tax Rolls as Specified in the Order
- \_\_\_\_\_ The Applicant Must File a Claim for an Exemption Each Year for the Duration of the Exemption. The Claim Must be Accompanied by a Signed Statement Indicating that the Property is Still being Used for the Purposes Indicated in the Original Exemption. This Statement Must be Signed by the City or County Clerk.

# ***Chapter 2***

## ***Industrial Revenue Bonds***

### ***A. Background***

Kansas law authorizes cities and counties to issue economic development revenue bonds (commonly known as industrial revenue bonds, or IRBs) to provide financing for private business facilities. *See* K.S.A. 12-1740 *et seq.* *See also* K.S.A. 79-201a. Economic development revenue bonds may be used to pay all or a portion of the cost of purchasing, reconstructing, improving, repairing, enlarging, or remodeling certain types of facilities. These include agricultural, commercial, multifamily, hospital, industrial, and manufacturing facilities, among others. When industrial revenue bonds are issued as financing for a particular facility or for personal property, the city or county holds legal title, in most instances, to the facility or personal property while the bonds are outstanding and the facility is exempt from property taxation for that period, up to 10 years. In-lieu-of tax payments are often required during this time by the city or county. In addition, IRBs may also be used to grant an exemption from sales tax for property purchased 100% with the proceeds of the IRBs.

Federal tax law severely limits the types of IRBs that may be issued in which the interest on the IRBs is exempt from federal income taxation. Generally, tax-exempt IRBs are available to construct only "manufacturing" facilities and other facilities for certain non-profit entities. There is also a state-wide cap on the amount of tax-exempt private activity bonds that may be issued. The annual volume cap is administered by the Kansas Department of Commerce (Commerce). *See* K.S.A. 74-5058 *et seq.* There are no federal restrictions on the issuance of taxable IRBs.

Although Kansas law, at K.S.A. 12-3801 *et seq.* provides for the issuance of industrial development bonds subject to the approval of the voters. Under this act, the lessee is required to provide lease guarantee insurance, and no property tax exemption is permitted. There is no known instance in which this statute has been used. As such, this chapter will focus only on IRBs issued pursuant to K.S.A. 12-1740 *et seq.*

The statutes that control the issuance of IRBs must be followed precisely or the issue will be flawed and the bonds cannot be issued. The decision as to whether to issue IRBs, as well as the decision concerning tax abatements pursuant to IRBs, is often a difficult one involving many diverse factors. Caution is urged in the issuance of the bonds and the granting of the tax abatement pursuant to the bond issue.

The focus of this chapter concerns the procedure for the granting of tax abatements pursuant to IRB issues. This does not focus on the actual process for the issuance of bonds as that process is most typically handled for the city or county by bond attorneys or financial advisors who are specialists in this type of work. LKM recommends that cities rely on the advice of bond counsel or financial advisors, as well as that of the city attorney, when issuing IRBs.



## **B. Procedure**

Property built or acquired in whole or in part using the proceeds of revenue bonds qualifies for an exemption under the industrial revenue bond program. Only the property purchased wholly with the proceeds of the IRBs will be entitled to full tax abatement. The exemption is for a period of no more than 10 calendar years after the calendar year in which the bonds were issued. In order to qualify, the property in question, except in limited circumstances, must be deeded to the governmental entity that issued the industrial revenue bonds, which in turn seeks the ad valorem tax exemption.

The statute also provides that certain properties shall not be exempt from taxation. These include: (1) Property used in any retail enterprise identified under NAICS sectors 44 and 45 if it is used exclusively to house the headquarters or back office operations of the retail enterprise; (2) property located in a redevelopment project area established under K.S.A. 12-1770 *et seq.*; and (3) any poultry or rabbit confinement facility on agricultural land that is owned, acquired, obtained or leased by a corporation, as defined in K.S.A. 17-5903. See K.S.A. 79-201a

In addition, before a city can issue industrial revenue bonds for facilities outside the city's limits, it must receive approval of a letter of intent, resolution of intent, or inducement resolution from the board of county commissioners in the county where the facility will be located or the governing body of the city if the facility will be in another city. See K.S.A. 12-1741a.

The IRB **statutes** are reproduced in **Appendix B** following this chapter.

### **1. File Information Statement and Pay Required Fee**

At least seven days before the issuance of any revenue bonds, the municipality shall file a statement with the Kansas Board of Tax Appeals (BOTA). This statement should include the following information in accordance with K.S.A. 12-1744a:

- the name of the municipality issuing the revenue bonds, the lessee, guarantor, if any, the paying or fiscal agent, the underwriter, if any, and all attorneys retained to render an opinion on the issue;
- a legal description of the property to be exempted, including the city or county in which the facility will be located;
- the appraised valuation of the property to be exempted as shown on the records of the county for the preceding January 1;
- the estimated cost of the facility show a division of the total cost between real and personal property;
- if the facility to be financed is an addition to or improvement of an existing facility that was financed by industrial revenue bonds, and if so, whether the facility or any portion of it is currently tax exempt and the period of the previous exemption;
- the principal amount of the bonds to be issued;
- the amount of any payments to be made in lieu of taxes;
- an itemized list of service fees or charges to be paid by the lessee and the services rendered;

- a reasonably detailed description of the use of bond proceeds, including whether they will be used to purchase, construct, improve, or remodel the facility; and
- the proposed date of issuance of the bonds.

A sample **Industrial Revenue Bond Information Statement** is included in **Appendix B**. The form is also available on BOTA's website.

The governing body cannot issue the revenue bonds until the chairperson of BOTA finds that the city or county filed the required information in a timely manner. K.S.A. 12-1744b. It is important to note that the chairperson's of the adequacy of the informational statement does not mean that BOTA will approve the tax exemption request.

## 2. Issuance of Industrial Revenue Bonds

Before the issuance of revenue bonds, for any property in which exemption will be sought, the governing body must:

- **Prepare a Cost-Benefit Analysis of the Exemption.** This analysis should include the costs and benefits of each exemption, including the effect of the exemption on state revenues.
- **Conduct a Public Hearing.** The governing body must conduct a hearing on the proposed tax exemption as required by state law. Notice of the hearing must be published at least once seven days before the public hearing in the official city/county newspaper and shall indicate the time, place, and purpose of the hearing. In addition, the city or county clerk must notify, in writing, the governing body of any city, county, or unified school district in which the property proposed for exemption is located. K.S.A. 12-1749d.
- **Notify Other Affected Taxing Subdivisions.** The governing body must send letters of intent notifying other affected taxing subdivisions of its intent to issue IRBs. This is necessary whenever a governing body proposes to issue IRBs to finance facilities located outside the issuing city's limits. The letter of intent is deemed to have received the approval of the affected city or county unless the city or county provides written notice specifically disapproving the issuance of the bonds within seven business days after the next regular meeting of the governing body of the city or county having such approval authority. K.S.A. 12-1741a.
- **Pass an Ordinance or Resolution.** The governing body must pass an ordinance or resolution authorizing the issuance of the industrial revenue bonds.

The municipality may issue the industrial revenue bonds once each of the foregoing steps is completed. No more than 15 days after the bonds have been issued, a certificate evidencing such issuance must be filed with the chairperson of BOTA and should include verification by the appropriate bond counsel. K.S.A. 12-1744c. Failure to comply with the notice filing requirements can result in the ouster of the members of the

governing body of the issuing municipality upon complaint filed by BOTA with the attorney general. K.S.A. 12-1744d.

### **3. Application for Exemption**

Once the revenue bonds have been issued and the property constructed or purchased, the applicant (city or county) obtains, completes, and submits to the county appraiser an application for exemption under K.S.A. 79-201a including:

- evidence that the requirements of K.S.A. 79-201a and K.S.A. 12-1749d are satisfied, including cost-benefit analysis, notice of hearing and evidence a public hearing was held;
- a detailed list of the property constructed or purchased with the proceeds of the revenue bonds;
- whether the bond-funded property at issue is located in a Redevelopment Project Area as defined by K.S.A. 12-1770 *et seq.*;
- a description of the use of the bond-funded property;
- the date the bonds were issued and the date the property at issue was purchased and/or the date construction began and ended;
- whether the property at issue or any property associated therewith was previously exempt or is currently exempt under K.S.A. 79-201a or Article 11, Section 13 of the Kansas Constitution;
- whether the property at issue, or any portion thereof, is used in any retail enterprise; and
- whether the property at issue, or any portion thereof, is a poultry or rabbit confinement facility located on agricultural land that is owned, acquired, obtained, or leased by a corporation, as defined in K.S.A. 17-5903.

Once the application for exemption is complete, it should be forwarded to the county appraiser of the county in which the subject property is located. The county appraiser will consider the property for exemption, write his or her comments on the application form, and forward all the information to BOTA.

A sample **Application for Exemption** is included in **Appendix B**. This application is also available on BOTA's website.

### **4. Application Review by Board of Tax Appeals**

Applications for industrial revenue bond exemptions must be approved by BOTA. BOTA docket the application and reviews the evidence submitted from a legal and factual standpoint. If needed, the Board will request additional information from the applicant.

After due consideration, BOTA will either issue an order setting forth its decision or set the case for a hearing. Where the application was prepared in accordance with instructions and assistance by the Commerce Department, the request shall be deemed approved if no hearing is scheduled within 30 days of BOTA's receipt. If a hearing is set, it must be conducted within 90 days of receipt. See K.S.A. 79-213(g). Any party has the right to a hearing upon request. The parties may file a petition for reconsideration within 15 days after BOTA issues its decision.

## **5. Removal from Tax Rolls**

If the tax exemption is granted, the county appraiser may remove the property from the tax rolls, as specified in BOTA's order.

## **6. Annual Claim for Exemption**

During the period of exemption, the applicant must file a claim for exemption each year with the county appraiser on or before March 1. See K.S.A. 79-210. The claim should be filed on the proper form and should clearly show the property that was exempted and the basis for the exemption.

## **C. Common Mistakes In Granting IRB Exemptions**

The issuance of industrial revenue bonds can be a very labor intensive process. It is very important to follow the steps exactly, because failure to complete even one step can result in the denial of an application. BOTA identified the following common mistakes applicants make when applying for an IRB exemption:

- **Failure to Enclose All Supporting Documentation.** It is extremely important that you include all supporting documentation with your application. Please note that not all of this documentation is specifically requested by BOTA in the application materials. It is, nevertheless, required before approval of the exemption.
- **Failure to Adequately Describe the Subject Property in the Ordinance and on the Application.** The application for exemption requires a legal description of all real property, including the city and county in which the real property is located and an itemized list of all personal property to be exempted.
- **Failure to Specify the Time Frame of the Exemption.**
- **Attempting to Begin the Exemption Too Soon.** The IRB exemption begins the year after the bonds are issued.
- **Failure to Clearly Address the Positive and Negative Effects of the Exemption on State Revenues.**

- **Failure to Recognize That Only Property Actually Purchased or Constructed with the IRBs Can Be Exempted.**

***D. IRB Exemption Checklist***

K.S.A. 79-201a and K.S.A. 12-1749d

- \_\_\_ Cost-benefit analysis that includes the effect on state revenues
- \_\_\_ Notice of public hearing published seven days prior in the official city/county newspaper
- \_\_\_ Letters of notice to affected taxing subdivisions (county, school district, community college)
- \_\_\_ Is the property, or any portion of it, used:
  - \_\_\_ in a retail enterprise?
  - \_\_\_ in poultry production?
  - \_\_\_ in swine production (K.S.A. 12-1749b)?
  - \_\_\_ in rabbit production?
- \_\_\_ Is the bond-funded property located in Kansas?
- \_\_\_ Is the use of the bond-funded property described?
- \_\_\_ What is the date the bonds were issued: \_\_\_\_\_?
- \_\_\_ What is the date that personal property was purchased or construction completed: \_\_\_\_\_?
- \_\_\_ Is or was any of the property previously exempt or currently exempt pursuant to K.S.A. 79-201a or Article 11, Section 13 (economic-development exemption) of the Kansas Constitution?
- \_\_\_ Is there a list of each item of personal property sought to be exempted?
- \_\_\_ Is there a description of the real property and a copy of the deed?
- \_\_\_ Is there a description of the improvements?
- \_\_\_ Is the amount of bond proceeds used in the purchase of the property sought to be exempt given: \_\_\_\_\_?



# ***Chapter 3***

## ***Revitalization and Redevelopment***

The Legislature has passed several incentive programs to encourage revitalization and redevelopment of deteriorating residential neighborhoods and commercial districts. These programs work by providing tax rebates as an incentive for property owners to make improvements that enhance the look and viability of a community. The first of these programs was the Neighborhood Revitalization Act, K.S.A. 12-17,114 *et seq.*, passed in 1994 by the Kansas Legislature. The Legislature expanded this strategy with the Downtown Redevelopment Act, K.S.A. 12-17,121 *et seq.*, passed in 2004 as part of the broader Kansas Economic Growth Act.

### **A. *Neighborhood Revitalization Act***

#### **1. Overview**

At its inception in 1994, the Neighborhood Revitalization Act was designed to provide incentives to revitalize areas or districts in need of improvement as designated by the governing body. The Legislature expanded the Act in 1996 to allow for the designation of a single dilapidated structure as an eligible project. Whether the Act is used as a mechanism for the improvement of whole neighborhoods or specific structures, it can be used to form a partnership between citizens and government working together to improve the quality of life in Kansas communities.

The following discussion is designed to explore the scope of the Act and to provide a step-by-step guide to municipalities in the establishment of Neighborhood Revitalization Programs. See **Appendix C** for the full statutory text of this Act.

#### **2. Eligible Governmental Units**

All municipalities are authorized to participate in neighborhood revitalization programs. K.S.A. 12-17,116. Municipalities include counties, townships, cities, municipal universities, school districts, community colleges, drainage districts, or any other taxing district or political subdivision of the state supported with tax funds. K.S.A. 12-17,115(b). Two or more municipalities may use interlocal-cooperation agreements to exercise the powers authorized by the Act. K.S.A. 12-17,119. Such agreements must be approved by the Attorney General under K.S.A. 12-2901 *et seq.*

### **3. Eligible Properties**

Municipalities may designate neighborhood-revitalization areas or individual structures for participation in the rebate program. An area can be designated a neighborhood-revitalization area if one of the following conditions exists:

- A predominance of buildings or improvements that by reason of dilapidation, deterioration, obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, the existence of which endanger life or property by fire and other causes or a combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime and which is detrimental to the public health, safety or welfare.
- An area which by reason of the presence of a substantial number of deteriorated or deteriorating structures, defective or inadequate streets, incompatible land use relationships, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the actual value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or a combination of such factors, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is detrimental to the public health, safety or welfare in its present condition and use.
- A predominance of buildings or improvements that by reason of age, history, architecture, or significance should be preserved or restored to productive use.

An individual building may also be designated as eligible for the program if it is a dilapidated structure. A residence or other building meets this definition if one of the following conditions exist:

- Deterioration by reason of obsolescence, inadequate provision of ventilation, light, air, or structural integrity.
- A condition that is detrimental to the health, safety, or welfare of its inhabitants.
- Deteriorating condition of a structure that by reason of age, architecture, history, or significance is worthy of preservation.

### **4. Factual Findings**

Whether the municipality intends to establish the program for specific structures or designate whole neighborhoods for participation, the governing body must first review the proposed area and make a determination that the properties are eligible for the tax rebates authorized by the Act. K.S.A. 12-17,116. Although the language of the Act is broad and encompasses problems faced throughout many communities,

it is important that the governing body focus on the intent of the Act to authorize incentives for the improvement of designated areas that have specific characteristics.

The program should be established only after the governing body makes a determination that the property designated meets the statutory definition of a neighborhood revitalization area or a dilapidated structure. These terms are discussed in detail in the previous section and are defined in K.S.A. 12-17,115. **The designation of entire cities or counties for participation in this program is highly discouraged—programs should be tailored to the needs of specific locations.**

After the governing body decides that eligible properties exist, it must determine that the rehabilitation, conservation, or redevelopment of the area is necessary to protect the public health, safety or welfare of the residents of the municipality. K.S.A. 12-17,116.

## **5. Revitalization Plan**

Before designating any area or structure for participation in the tax rebate program, the governing body of the municipality must adopt a plan for the implementation of the program. The Act is very specific about the contents of such plan. See K.S.A. 12-17,117(a) & (b). The plan must include:

- Legal description of the real estate forming the boundaries of the proposed area and a map depicting the existing parcels of real estate..
- Existing assessed valuation of the area, listing land and building values separately.
- List of the names and addresses of the owners of record of the real estate in the area.
- Existing zoning classifications and district boundaries and the existing and proposed land uses in the area.
- Proposals for improving or expanding municipal services in the area, including but not limited to transportation facilities, water and sewage systems, refuse collection, street maintenance, recreation facilities, and police and fire protection.
- Statements specifying what property is eligible for revitalization, specifically declaring whether revitalization applies to existing buildings, new construction, or both.
- Criteria used to be used by the governing body to determine eligibility of property.
- Contents of an application for the tax rebate.
- Procedure for submitting the application.
- Criteria to be used when reviewing and approving applications.
- Maximum amount and years of eligibility.
- Any other matter deemed necessary by the governing body.

If the proposed plan involves the designation of an individual building as a dilapidated structure, the governing body shall also do the following before such designation:

- Obtain a legal description of the property.
- Determine the assessed value of the property with separate values listed for the land and structure.
- Determine the owner of record of the structure.

See **Appendix C** for a sample **Neighborhood Revitalization Plan**. This sample should be used as a guide and modified to reflect the specific nature of the program as the governing body wishes to administer it.

## **6. Notice and Hearing**

Before the adoption of the Neighborhood Revitalization Plan, the governing body must call and hold a public hearing on the proposal. K.S.A. 12-17,117(c). Notice of the hearing must be published at least once each week for two consecutive weeks in a newspaper of general circulation within the municipality. See **Appendix C** for a sample **notice resolution** calling the public hearing.

## **7. Establish a Neighborhood Revitalization Fund**

After the plan is adopted, the municipality must establish a neighborhood revitalization fund to finance the project. The governing body should establish the fund in the same manner that the municipality traditionally uses to establish budget funds (most use a resolution or ordinance). The fund can be established by simply adding a section in the ordinance used to adopt the plan and designate the neighborhood revitalization area.

### **Governance Tip**

Because the county in which the property is located is the entity charged with collecting the ad valorem tax on the property, the municipalities participating in a neighborhood- revitalization project may arrange for the fund to be operated and rebates paid by the county. This avoids duplication of accounting efforts and

Municipalities may credit moneys to the neighborhood revitalization fund by transferring the moneys from other funds, including the general fund, so long as there is legal authority for the transfer. K.S.A. 12-17,118. For example, cities may transfer surplus moneys from a utility fund or the general fund into the neighborhood revitalization fund. However, any moneys received as a result of a tax levy for a specific purpose (e.g., the county road and bridge fund) may not be used for any other purpose and, therefore, may not be transferred to the neighborhood revitalization fund.

Because the Act specifically exempts this fund from the budget law (K.S.A. 79-2925 through K.S.A. 79-2937), such transfers may be made without the notice and hearing requirements usually necessary to adopt to amend municipal budgets. K.S.A. 12-17,118(b). In the event that the governing body determines that moneys that have been credited to the neighborhood revitalization fund are no longer needed for that purpose, the governing body may transfer the money back to the fund from which they came.

Money in the neighborhood revitalization fund may be invested in the same manner that bond proceeds may be invested. K.S.A. 12-17,118(b). See K.S.A. 10-131 and K.S.A. 12-1675 for details.

## **8. Adopting Ordinance or Resolution**

The municipality should adopt an ordinance or resolution officially establishing the program. The ordinance should do the following:

- State that a public hearing was held and specify the date of such hearing;

- Adopt the neighborhood revitalization plan as developed by the municipality;
- Designate the neighborhood revitalization area for participation in the program; and
- Establish a neighborhood revitalization fund to finance the project.

See **Appendix C** for a **sample Adopting Ordinance**.

## **9. Rebates**

Any increment in ad valorem property taxes levied by the municipality resulting from improvements by a taxpayer to property in a neighborhood revitalization area or to a designated dilapidated structure may be credited to the neighborhood revitalization fund for the purpose of returning all or a part of the increment to the taxpayer in the form of a rebate. K.S.A. 12-17,118(d). The taxpayer shall apply for the rebate according to the procedures established in the neighborhood revitalization plan as adopted by the municipality. See **Appendix C** for a sample **Application for Rebate**.

Each taxing unit in which the property is located must agree to participate in the program in order for the taxpayer to receive a 100% rebate on the incremental increase attributable to the improvements. For example, a city involved in a neighborhood-revitalization project is authorized to return only that portion of the tax increment that is collected for the *city* levy. The county, the school district, and any other taxing unit must also agree to have its portion of the tax increment rebated to the taxpayer. To encourage school districts to participate in such projects, the 1997 Legislature amended the Act to provide that state aid to school districts would not be impacted by agreeing to the taxpayer rebates. See K.S.A. 12-17,118(e).

The Act authorizes the municipality to offer a tax rebate upon application by the taxpayer and approval by the governing body. Such rebate must be based upon the “incremental” increase in ad valorem taxes collected from the real property in excess of the amount attributable to the assessed valuation of such property before the date the neighborhood revitalization area was established or the structure was declared dilapidated under the Act. In other words, the taxpayer is eligible for a rebate on the increased taxes paid as a result of improvements made to an eligible structure.

The governing body should establish the percentage of the increased taxes returned to the taxpayer in the neighborhood revitalization plan. For example, one municipality may choose to provide a full 100% rebate of the increased taxes collected as a result of the improvements while another municipality may choose to provide a 50% rebate of such amount.

Upon payment of taxes by the taxpayer, the approved rebate must be made within 30 days after the next tax-distribution date as specified in K.S.A. 12-1678a. Currently, tax-distribution dates are January 20, March 20, June 5, September 20, and October 31.



## ***B. Downtown Redevelopment Act***

### **1. Overview**

The Kansas Downtown Redevelopment Act promotes, stimulates, and develops the general and economic welfare of the State of Kansas and its rural and low-income communities. It does this by encouraging the rehabilitation of property located in downtown areas that have become vacant or minimally utilized. Like its counterpart, the Neighborhood Revitalization Act, eligible areas are designated and then property tax rebates may apply to properties that have undergone approved improvements. A major difference is that the improvements have to equal or exceed 25% of the appraised value of the property. The Legislature enacted the Downtown Redevelopment Act in 2004, and though many municipalities have opted to include their downtown district in their Neighborhood Revitalization Program, the Downtown Redevelopment Program may still be a good fit for your community. The following discussion is designed to explore the scope of the Act and to provide a guide for municipalities to establish Downtown Redevelopment Programs. See **Appendix C** for the **full statutory text** of this Act.

### **2. Governing Body Application to the State**

The governing body of a city or of an unincorporated area of a county wishing to utilize this program must first apply with the Secretary of the Kansas Department of Commerce.

After a review of the application and an examination of the alleged facts, the secretary may approve the application based upon one or more of the following criteria:

- The city or unincorporated area of a county in which the redevelopment area is proposed has a population of fewer than 50,000 or the proposed redevelopment area qualifies as a distressed community. "Distressed community" means an area in which 20% or more of the population located within the area has an income below the poverty level.
- The proposed redevelopment area is located in a well-defined, core-commercial district of the city or the unincorporated area of the county.
- The structures located within the proposed redevelopment area have a vacancy rate that exceeds 15%.
- The average appraised valuation of the properties located within the proposed redevelopment area has not increased by more than 15% in the past 10 years.

### **3. Application to Governing Body**

Once an area has been designated a "Downtown Redevelopment Area," an owner of real property located within the area may submit a written application to the governing body of the city or of the unincorporated area of the county in which the redevelopment area is located to request tax benefits for the downtown redevelopment area.

The application for tax benefits shall be made on a form approved by the governing body of the city or of the unincorporated area of the county or such governing body's designee and shall be accompanied by copies of dated records that verify the applicant's investment in improvements to the real property or trade fixtures located therein. See **Appendix C** for an example of an **Application for Tax Rebate**.

Once an application is received, the governing body of the city or of the unincorporated area of the county in which the downtown redevelopment area is located shall either approve or deny the application for redevelopment tax benefits based upon the following criteria:

- The applicant has made, within a twelve-month period, an investment in improvements to the real property or trade fixtures located therein, the value of which is equivalent to or exceeds 25% of the property's appraised value, as determined by the county appraiser, for the immediately preceding tax year; and
- The real property that is the subject of the application is in full compliance with city ordinances or county resolutions.

#### **4. Rebates**

The Downtown Redevelopment Act calculates the rebate based on the increase in the property's appraised value when compared to the valuation of the tax year immediately preceding improvements made to the real property. Improvements must equal or exceed 25% of the property's appraised value to qualify. Real property that has been approved for downtown redevelopment tax benefits shall be assessed and taxed for real property tax purposes pursuant to law in the same manner that such property would be assessed and taxed if it had not been approved for downtown redevelopment tax benefits.

All real property taxes assessed to the base year appraised value shall be credited to the fund for the purpose of returning all or part of the property tax increment to the taxpayer in the form of a rebate of 100% each year in years one through five, 80% in year six, 60% in year seven, 40% in year eight, and 20% in year nine. No rebate shall be paid on or after the tenth year.

#### **5. Comparison**

While many of the provisions of the Downtown Redevelopment Act and Neighborhood Revitalization Act are similar there are a few differences. It is important to review the mechanics of each to determine which is right for your needs.

	<b>Downtown Redevelopment Act</b>	<b>Neighborhood Revitalization Act</b>
Use	Only Well-defined core commercial districts	Commercial and residential districts
Threshold	Improvements must equal or exceed 25% of the property's appraised value	Left to discretion of governing body but generally 5% for Residential 15% for commercial/industrial
Tax Rebate Amount	Tiered Approach. 100% for years 1-5 and then reduced by 20% each year thereafter	Discretion given to governing body for up to 100% each year
Time	10 years	10 years

# *Chapter 4*

## *Tax Increment Financing*

One of the most powerful, yet complex, economic development tool available to cities is tax increment financing (also known as TIF). First enacted by the Legislature in 1976 to aid in the redevelopment of central business districts, the Legislature subsequently amended the TIF law to allow its use in certain enterprise zones, environmental contamination areas, conservation areas, and certain major tourism areas.

TIF provides for city financing of site acquisition and certain public improvements in a redevelopment district to compliment investments by a private developer in the district that will result in increased economic activity and tax revenue from the redevelopment. The public investment in the project is recovered from the stream of future increased property tax and/or sales tax from the property and new retail sales in the development district. The complex nature of the TIF Act, including state application procedures, makes working with bond counsel and other advisors a recommended practice.

In enacting the TIF Act, the Legislature described its economic development purposes in broad terms as follows:

**It is hereby declared to be the purpose of this act to promote, stimulate and develop the general and economic welfare of the state of Kansas and its communities and to assist in the development and redevelopment of eligible areas within and without a city thereby promoting the general welfare of the citizens of this state, by authorizing cities to acquire certain property and to issue special obligation bonds and full faith and credit tax increment bonds for the financing of redevelopment projects. It is further found and declared that the powers conferred by this act are for a public purpose and public use for which public money may be expended and the power of eminent domain may be exercised. The necessity in the public interest for the provisions of this act is hereby declared as a matter of legislative determination.**  
**K.S.A. 12-1770**

### **A. *TIF Basics***

Tax increment financing was enacted in 1976 for the purpose of redevelopment of property in statutorily defined “eligible areas.” Since then, TIF laws have been amended numerous times to add additional eligible areas, clarify the type of project expenses permitted, permit sales tax, and clarify the application process.

In general, TIF is a method to provide public funding in a public/private development project. Such project must be located within a city defined “redevelopment district” that meets one or more of the statutorily defined eligible areas. A redevelopment district may have one or more redevelopment projects within the district. A TIF may be initiated by a developer or the city. In either case, it is a procedurally intense process and a city should not attempt a TIF project without the assistance of bond counsel and other advisors familiar with the process.

Financing for such projects comes from private money (developers and investors) and public money. The source of the public money is usually through bonds issued by the city. There are statutory restrictions on the use of proceeds from TIF bonds. The restrictions generally permit land acquisition and construction of public infrastructure while prohibiting the financing of private buildings and personal property. The revenue for principal and interest payments on the bonds comes from the new (incremental) local taxes (property, sales, use, and franchise fees) generated by the project. The diversion of the incremental tax increases affects all taxing districts included within the redevelopment district.

If a project qualifies as a “star bond project”, STAR (sales tax and revenue) bond may be used as part of the public funding. The advantage of this to the city is that new state sales tax generated in the district is also used for repayment of bonding and project costs. Use of STAR bonds requires the approval of the Kansas Secretary of Commerce and imposes additional application requirements and restrictions on fund usage upon the issuing city.

The balance of this chapter will explore specifics and nuances of eligibility, types of TIFs and repayment options, the application process, and options to TIFs.

## ***B. Areas of Cities Eligible for TIF Financing***

A TIF redevelopment district may be established by a city in: (1) Blighted Areas; (2) Conservation Areas; (3) Enterprise Zones; (4) Intermodal Transportation Areas; (5) Major Tourism Areas; (6) Major Commercial Entertainment and Tourism Areas; (7) Bioscience Development Areas; and (8) a building(s) or buildings that are 65 years of age old or older and any contiguous vacant or condemned lots. The definitions for each of these areas are found in K.S.A. 12-1770a and amendments thereto. They are discussed below:

### **1. Blighted Areas – K.S.A. 12-1770a(c)**

Four types of areas can qualify for designation by a city governing body as a “blighted area”:

#### A. Substantial Deterioration/Dilapidation: [K.S.A. 12-1770a(c)(1)]

This type of blighted area is one that substantially impairs or arrests the sound development and growth of the city; constitutes an economic or social liability; or is a menace to the public health, safety, morals, or welfare in its present condition and use because of the presence of a majority of the following factors:

- A substantial number of deteriorated or deteriorating structures;
- Predominance of defective or inadequate street layout;
- Unsanitary or unsafe conditions;
- Deterioration of site improvements;
- Tax or special assessment delinquencies exceeding the fair value of the real estate;
- Defective or unusual conditions of title to the real estate (like cloudy or defective title or multiple or unknown ownership interests to the property);
- Improper subdivision or obsolete platting or land uses;
- The existence of conditions that endanger life or property by fire or other causes; or
- Conditions that create economic obsolescence.

B. Environmental Contamination Areas: [K.S.A. 12-1770a(c)(2)]

This area is one that has been identified by any state or federal environmental agency as being environmentally contaminated to an extent that requires a remedial investigation, feasibility study and remediation, or other similar state or federal action;

C. Floodplain Areas: [K.S.A. 12-1770a(c)(3)]

These areas require that a majority of the property be in a 100-year floodplain; or

D. Previously Designated Areas: [K.S.A. 12-1770a(c)(4)]

An area that was previously found by resolution of the governing body to be a slum or blighted area under K.S.A. 12-4742 *et seq.*, and amendments thereto.

**2. Conservation Areas – K.S.A. 12-1770a(d)**

Conservation areas can be thought of as precursors or indicators of blighted areas to come. Specifically, they are defined as an improved area in which 50% or more of the structures have an age of 35 years or more which are not yet blighted but may become blighted due to a combination of two or more of the following blighting factors:

- Dilapidation, obsolescence, or deterioration of the structures;
- Illegal use of individual structures;
- The presence of structures below the minimum code standards;
- Building abandonment;
- Excessive vacancies;
- Overcrowding of structures and community facilities; or
- Inadequate utilities and infrastructure.

A conservation area may comprise no more than 15% of the land area of a city.

**3. Enterprise Zones – K.S.A. 12-1770a(h)**

This includes areas that were designated as an enterprise zone under K.S.A. 12-17,107 through 12-17,113, before their repeal on July 1, 1992. To be eligible, the conservation, development, or redevelopment of such area is necessary to promote the general and economic welfare of the city. In many cities, these areas include properties that are undeveloped that may serve as future industrial/business park sites or residential subdivisions.

#### **4. Intermodal Transportation Area – K.S.A. 12-1770a(oo)**

An area can be designated an Intermodal Transportation Area if it: (1) is 800 acres or more; and (2) primarily handles the transfer, storage, and distribution of freight through trucking and railway operations.

#### **5. Major Tourism Area – K.S.A. 12-1770a(l)**

To be deemed a major tourism area a project area must meet the requirements found in K.S.A. 12-1770a(l):

- That capital improvements costing not less than \$100,000,000 will be built in the state to construct the project for such major tourism area; and
- That the project constructed will be an auto race track facility.

“Auto race track facility” is defined in K.S.A. 12-1770a(a), and amendments thereto. The addition of major tourism area as an eligible category in the TIF financing provisions allowed for the Unified Government of Kansas City/Wyandotte County to offer incentives for the development and construction of the Kansas International Speedway. Because this category may be used only for the development and construction of an auto race track facility with an initial capital investment of at least \$100,000,000, its use by other cities in Kansas is highly unlikely.

Numerous procedures were initially added to TIF statutes that applied only to the Unified Government’s auto race track redevelopment plan. As the race track project progressed and matured, however, many of these procedures were either broadened to include other types of projects and/or specific types of financing. Additional changes were also made to TIF statutes to clarify legislative intent, provide additional oversight in the application procedure, and to standardize the types of “redevelopment project costs” that could be paid for with TIF financing.

#### **6. Major Commercial Entertainment and Tourism Areas – K.S.A. 12-1770a(x)**

As defined by K.S.A. 12-1770a(x), this area may include, but is not limited to a major multi-sports complex.

Major multi-port athletic complex is defined in K.S.A.12-1770a(y) as “an athletic complex that is utilized for the training of athletes, the practice of athletic teams, the playing of athletic games or the hosting of events. Such project may include playing fields, parking lots and other developments including grandstands, suites and viewing areas, concessions, souvenir facilities, catering facilities, visitor centers, signage and temporary hospitality facilities, but excluding hotels, motels, restaurants and retail facilities, not directly related to or necessary to the operation of such facility.”

#### **7. Bioscience Development Areas – K.S.A. 12-1770a(aa)**

A bioscience development area is an area that:

- Is owned, operated, or leased by, or shall be owned, operated or leased by, or otherwise under the control of the Kansas bioscience authority;



- Is or shall be used and maintained by a bioscience company; or
- Includes a bioscience facility.

Cities and counties have limited involvement in the establishment of a bioscience development area, therefore no formal discussion is contained in this chapter. However, there may be incidental references to them within the chapter.

***C. Eligible Project Costs; Land Acquisition and Relocation Assistance – K.S.A. 12-1770a(o), 12-1773, and 12-1777***

Costs that may be paid are those necessary to implement a redevelopment project plan or a bioscience development plan, including costs incurred for:

- Acquisition of property within the redevelopment project area;
- Payment of relocation assistance pursuant to a relocation assistance plan;
- Site preparation including utility relocations;
- Sanitary and storm sewers and lift stations;
- Drainage conduits, channels, levees and river walk canal facilities;
- Street grading, paving, graveling, macadamizing, curbing, guttering, and surfacing;
- Street light fixtures, connection and facilities;
- Underground gas, water, heating and electrical services and connections within the public right-of-way;
- Sidewalks and pedestrian underpasses and overpasses;
- Drives and driveway approaches located within the public right-of-way;
- Water mains and extensions;
- Plazas and arcades;
- Major multi-sport athletic complex;
- Museum facility;
- Parking facilities, including multilevel parking facilities;
- Landscaping and plantings, fountains, shelters, benches, sculptures, lighting, decorations and similar amenities;
- All related expenses to redevelop and finance the redevelopment project.
- For purposes of an incubator project, such costs shall also include wet lab equipment including hoods, lab tables, heavy water equipment and all such other equipment found to be necessary or appropriate for a commercial incubator wet lab facility by the city in its resolution establishing such redevelopment district or a bioscience development district;
- Costs for the acquisition of land for and the construction and installation of publicly-owned infrastructure improvements which serve an intermodal transportation area and are located outside of a redevelopment district; and
- Costs for infrastructure located outside the redevelopment district but contiguous to any portion of the redevelopment district and such infrastructure is necessary for the implementation of the redevelopment plan as determined by the city.

Redevelopment project costs cannot include costs incurred to construct buildings or other structures to be owned by or leased to the developer. This prohibition does not apply to an auto race track facility.

Any city that has adopted a redevelopment plan may acquire real property within the redevelopment district by purchase or through eminent domain as authorized by K.S.A. 26-501b and amendments thereto.

A two-thirds vote of the governing body is required to authorize the acquisition of property by eminent domain. Eminent domain may not be used to acquire real estate in a conservation area.

In addition to any compensation that a city is required to pay for real estate acquisition, a city is also required to pay relocation expenses in accord with its relocation assistance plan. K.S.A. 12-1777. The relocation plan must be approved by the governing body before any redevelopment project is initiated. Relocation assistance is to be paid not only to those persons, businesses, etc., from whom real property is acquired, but also to those who have to move from real property located in the redevelopment district or have to move personal property or liquidate inventory because of the need to move from a redevelopment district.

#### ***D. “Tax Increment” Pays for Public Improvements***

Tax increment financing works because it allows for a diversion of all or a portion of the future growth in local taxes created by the project to be dedicated to the payment of the costs of the redevelopment project. K.S.A. 12-1774(c) provides for the collection and segregation of tax increment revenues into “...a special fund for the payment of the redevelopment project costs, including the payment of principal and interest on any special obligation bonds or full faith and credit tax increment bonds issued to finance such project pursuant to this act and may be pledged to the payment of principal and interest on such bonds.”

Excluded from the “diverted tax increment” is the 20 mills for school financing.. It continues to be levied, collected and distributed throughout the life of the project. See K.S.A. 12-1776a

As originally enacted, “tax increment” in the TIF Act meant that amount of real property taxes collected from real property located within the redevelopment district that was in excess of the amount of real property taxes that were collected from the assessed valuation of all the real property within the boundaries of the redevelopment district on the date that it was established. This is known as the base year assessed valuation. But, as TIF financing and the types of allowed projects have evolved, the concept of tax increment has changed and now can include all taxes generated in the redevelopment district, including not only the ad valorem taxes levied by all taxing entities within the district, but also local option sales and use tax and utility franchise fees. In addition, if the project qualifies for STAR bond financing, discussed later in this chapter, the TIF may also include state sales tax proceeds from the redevelopment district.

The expansion of the types of permissible projects also created the need to establish special financing increments that would be consistent with the type of project being developed. These special financing increments include the environmental increment and the flood-plain increment. The environmental and flood-plain increments are very similar in nature. Each permits a city to annually use not more than 20% of the total taxes produced by all taxing entities in the redevelopment district, based upon the year that the

district was first established, to pay annual direct costs for investigation and remediation. Direct costs include principal and interest on bonds issued to finance remediation and investigation.

Under traditional tax increment financing, the following is a graphical comparison of “base” and “increment”. The comparison is based upon these assumptions:

Base Year Assessed Value:.....\$1,000  
 Total Mill Levy - all taxing units ..... 100  
 Total Tax Revenue ..... 100

Total Assessed Value  
 After Development .....\$1,000,000  
 Total Mill Levy - all taxing units ..... 100  
 Total Tax Revenue ..... 100,000

<u>After Development Tax Increment:</u>			
Total Assessed Valuation	\$1,000,000	\$78,400	Amounts Change Based Upon Changes in Annual Valuation and mill levy change
Total Revenue @ 100 Mills	\$100,000	Property Tax Increment	
Less:			
Base Year Revenue	<100>	Used to	
20 Mills - State School Finance	<20,000>	pay off TIF bonds and project costs	
Total Increment	\$79,900		
		\$20,000 20 Mill School Finance	
<u>Base Year Assessed Value:</u>			
Total Assessed Value	\$1,000	\$100	Amount Remains Constant - subject to mill levy change
Total Revenue @ 100 Mills	\$100	Base	

The above example presupposes that 100% of the ad valorem tax growth attributed to redevelopment has been pledged for reimbursement of redevelopment costs. This does not always have to be the case. K.S.A. 12-1775(d), and amendments thereto, permits a city to adopt a project plan in which only a specified percentage or amount of the ad valorem tax increment realized in the redevelopment district are pledged to the redevelopment project. This may be desirable to assure other taxing subdivisions that not all future tax revenue growth within a redevelopment project will be diverted to finance the TIF project. In other words, by agreement, that portion of the increment not diverted to project financing will finance other city, county, school district, etc., services.

## ***E. Funding Methods and Repayment Options***

### **1. Developer Reimbursement – “Pay as You Go”**

Under this option, the developer finances the approved TIF costs and is reimbursed by the city as the tax increment is received. In other words, the city would use the tax increment to repay the development costs overtime without the issuance of tax increment bonds.

Under this scenario, the developer proposes to do a “pay as you go” project where the developer funds the cost of the redevelopment project. Each year thereafter, until the agreed upon termination date, the city would use a percentage of the available tax increment revenues actually received by the city to reimburse the developer. This type of proposal is not unlike where the city issues special obligation bonds; the developer, or investors of the developer, purchase all of the bonds; the city uses the bond proceeds to finance the project; and the city then uses the tax increment revenues to pay principal and interest to developer (bond holder).

Attorney General Opinion No. 96-45 addresses the developer pay as you go plan. In the opinion, the Attorney General agreed that such a plan could be used, pointing out that “[w]hile the statute [12-1774] seems to contemplate that the first use of tax increment revenues will be the payment of principal and interest on any bonds issued, clearly, surplus revenues may be used to pay any authorized TIF costs.” The Attorney General noted the Act refers to the use of the tax increment for repayment of financing costs associated with redevelopment district projects, including principal and interest on bonds, recognizing a legislative awareness that other finance mechanisms may be utilized by cities for which the tax increment may also legitimately be applied.

The opinion cautions that in any such financing mechanism, the city and the developer must have a clear contractual understanding at the inception of the project as to all matters relating to the funding of the project and the reimbursement to the developer. “Any such contract should articulate the project costs, how they will be paid by the developer, how the developer will be reimbursed for the costs and the precise repayment schedule as would be found in a standard bond agreement.”

## **2. Bond Financing**

The Act permits the issuance of one or more series of special obligation or full faith and credit (i.e., general obligation) tax increment bonds to finance a redevelopment project. If bonds are issued, K.S.A. 12-1774 provides that the tax increment is to be used first to repay any general obligation or special obligation bonds issued to finance a redevelopment project, and if there is any surplus, to finance projects directly.

Special obligation bonds are most frequently used to finance TIF projects since they generally meet the immediate need for tax exempt financing and do not constitute a general obligation or debt on the city. In contrast, full faith and credit TIF bonds are general obligations of the city [K.S.A. 12-1774(b)(5)], and the Act limits the amount of such indebtedness and prescribes additional procedural safeguards in the event of their issuance (see below).

The Act provides that any general obligation or special obligation bonds issued to finance a project may have no maturity of more than 20 years. However, certain special obligation bonds for the Kansas International Speedway have been granted maturity periods up to 30 years. It is the 20-year limitation on bond maturity dates that makes it practical to do multiple, staged projects within one redevelopment district. Thus, extending the financing period beyond the base 20 years. This concept is discussed more in section F, below.

In the event that the bonds should be paid in full before the completion of the project and before the expiration of the bond maturity date, K.S.A. 12-1775(b) allows a city to continue to use moneys received from real property taxes within a redevelopment district for any purpose authorized by the act, but not to exceed 20 years from the date of approval of the project plan.

### **a. Special Obligation Revenue Bonds**

Special obligation bonds are the most commonly used financing mechanism used for TIF projects. Special obligation bonds are issued by the city, but are a limited obligation of the city because the bonds are payable only out of funds and revenue streams (tax increments) that the city has pledged for such purpose. Therefore, such bonds are neither general obligations of the city nor give rise to a charge against the city's general credit or taxing powers.

Special obligation bonds are to be payable, as to both principal and interest from:

- Property tax increments generated within the redevelopment district;
- Revenues of the city derived from or held in conjunction with the undertaking and carrying out of any redevelopment project or projects under the act, including environmental increments;
- Private sources, contributions or other financial assistance from the state or federal government;
- A pledge by the city of all the revenue collected from transient guest and local sales use taxes;
- A pledge of increased franchise fees collected from utilities and other businesses using public rights-of-way within the redevelopment district;
- A pledge of local sales and use taxes collected pursuant to K.S.A. 12-187, and amendments thereto;

- A pledge of county transient guest tax and local sales and use taxes with approval from the county;  
or
- Any combination of these methods.

It is not uncommon for the developer to purchase or guarantee the issuance of special obligation revenue bonds. Later, after the project is up and operating and has established a “track record,” the developer may resell the bonds. In the alternative, the original bond issuance may be refinanced and the proceeds from the refinance issuance used to payoff the developer. Depending upon bond market conditions, the refinancing of the original issuance bonds can result in lower interest rates because the development has moved from a “green field” project to an operating, revenue producing project that poses a lower risk factor to bond investors.

#### **b. Full Faith and Credit Tax Increment Bonds**

A city may issue full faith and credit tax increment bonds to finance any redevelopment project. However, this authority does not extend to a project that would create a major tourism area.

Principal and interest payments on full faith and credit bonds may be paid from the same sources generally available for payment of special obligation bonds, or any combination of those revenue sources. But they are also payable from a pledge of the city’s full faith and credit to use its ad valorem taxing authority for repayment thereof in the event that all other authorized sources of revenue are insufficient to make such payments. Thus, full faith and credit bonds are often referred to as “general obligation bonds.”

The issuance of full faith and credit bonds requires compliance with strict statutory procedures. These include the completion of a feasibility study demonstrating that the benefits derived from the project will exceed the cost and that the income therefrom will be sufficient to pay the costs of the project. The fact that it is permissible to pledge the incremental sales tax and franchise tax revenues for the payment of tax increment bonds makes it more likely that a feasibility study can show that there will be sufficient revenues to pay redevelopment costs. (Such a feasibility study is also required for the adoption of a redevelopment plan before a redevelopment project is undertaken and before special obligation bonds are issued.)

The city must also give advanced notice of its intent to issue full faith and credit tax increment bonds in the resolution setting the hearing on the adoption of the redevelopment plan. If within 60 days of the public hearing on the adoption of the redevelopment plan, a protest petition is filed and signed by 3% of the qualified voters of the city, an election must be held on the issuance of such bonds and a majority of voters voting thereon must approve the issuance. The failure of the voters to approve the issuance of full faith and credit tax increment bonds does not prevent the city from issuing special obligation bonds.

As an alternative, if the city has adopted a redevelopment plan, but failed to state its intent to issue full faith and credit tax increment bonds in the resolution setting the hearing on the adoption of the plan, and if it has not yet acquired property for the project area, it may hold an election, and issue such bonds upon the approval of a majority of the voters.



### 3. STAR Bonds

#### *(a) Areas Eligible for STAR bonds – K.S.A. 12-17,162(f)*

The Kansas Legislature enacted the STAR Bonds Financing Act, K.S.A. 12-17,160 *et seq.*, in 2007. A copy of the **Act** can be found in **Appendix D**. The Act permits cities to acquire certain property and issue sales tax and revenue bonds for the financing of STAR Bond projects. Areas eligible for STAR bond financing include:

- Historic Theaters;
- Major Tourism Areas;
- Major Motorsports Complexes;
- Auto Race Track Facilities;
- River walk Canal Facilities;
- Major Multi-Sport Athletic Complexes;
- Major Business Facilities;
- Major Commercial Entertainment and Tourism Areas or a major professional sports complex as determined by the Secretary of Commerce.

#### *(b) STAR Bond Projects Defined – K.S.A. 12-17,162(aa)*

State statute places limits on the types of developments that may be financed with STAR Bonds. “Star Bond project” is defined as “an approved project to implement a project plan for the development of the established STAR bond project district that:

- (A)(i) Has at least a \$75,000,000 capital investment and \$75,000,000 in projected gross annual sales; or
- (ii) for metropolitan areas with a population of between 50,000 and 75,000, has at least a \$40,000,000 capital investment and \$40,000,000 in projected gross annual sales, if the project is deemed of high value by the secretary; or
- (B) for areas outside of metropolitan areas with a population of more than 50,000, the secretary finds the project:
  - (i) Is an eligible area as defined in subsection (f); and
  - (ii) would be of regional or statewide importance;
- (C) is a major tourism area;
- (D) is a major motorsports complex; or
- (E) is a rural redevelopment project; or

A project approved or pursuant to an authorized agreement as provided by K.S.A. 12-17,181, and amendments thereto, to implement one or more project plans for the development of a major professional sports complex with a combined capital investment of not less than \$1,000,000,000.

(c) *Building Blocks*

(i) *STAR Bond Project District – K.S.A. 12-17,165*

Similar to a redevelopment district described in section F, a STAR bond project district is the base or foundation of the entire STAR bond process. Several steps must be followed before a STAR bond project district can be established. First, the city must adopt a resolution stating that it is considering establishing a STAR bond project district. The resolution must provide notice of a public hearing, among other things. Second, the Secretary of Commerce must determine if the STAR bond project district is an eligible area, as described above. Third, once the public hearing is held and the Secretary determines the project district is an eligible area, the city must pass an ordinance. This ordinance should be passed within 30 days from the public hearing, or the STAR bond project district will not be established.

(ii) *STAR Bond Projects – K.S.A. 12-17,166*

A STAR bond project district may have one or more star bond projects. To begin a STAR bond project in an approved STAR bond district, a city must prepare a feasibility study. The study must be completed by consultants selected and approved by the Secretary of Commerce. For a list of things that the feasibility study must include, review K.S.A. 12-17,166(b). If the city finds the project is feasible, it's next step is to create a project plan. Cities need to deliver this plan to the county and school district that levies taxes on the property within the STAR bond project area. Next, the city planning commission must make a finding that the STAR bond project is consistent with the intent of the comprehensive plan for the development of the city. Once this occurs, the city is required to adopt a resolution stating that it is considering a STAR bond project plan. The resolution must provide notice of a public hearing, among other things. The public hearing should be held not less than 30 days before nor more than 70 days after the resolution is adopted. Notice of the public hearing must be sent to the taxing districts and the property owners within the STAR bond project area. The resolution should be published once in the official city newspaper. At the public hearing, a city representative needs to present the STAR bond project plan and permit all interested parties to speak on the subject. After the public hearing, the city may adopt the STAR bond project plan by ordinance. Two-thirds of the governing body is required to approve the ordinance for the plan to pass. Like redevelopment project areas, STAR bond projects must be completed within 20 years from the date of the approval of the STAR bond project plan.

(iii) *Secretary's Approval – K.S.A. 12-17,167*

In addition to the steps described above, the Secretary of Commerce must approve the STAR bond project plan. **Appendix D** contains the Secretary of Commerce's **Guidance to STAR Bond Applicant**.

**c. Funding Methods and Repayment Options – Special Obligation Bonds**

A city may issue special obligation bonds to finance the STAR bond project. It should be noted that as a general rule, STAR Bond financing should not constitute more than 50% of the total project costs. Special obligation bonds are payable, as to both principal and interest from:

- Revenues of the city derived from or held in connection with the undertaking and carrying out of any STAR bond project or projects under the act, including historic theater sales tax increments;
- Private sources, contributions, or other financial assistance from the state or federal government;
- A pledge by the city of all the increment revenue collected from the local sales and use taxes from taxpayers doing business within the STAR bond project district;
- An optional pledge by the county of all the tax increment revenue it collects from taxpayers doing business within the city's STAR bond project district;
- A pledge of all or a portion of the tax increment revenue received from any state sales tax that is collected from taxpayers doing business within the STAR bond project district;
- The city's or county's transient guest tax (with approval by the Secretary of Commerce);
- A portion of the increased franchise fee revenue collected from utilities and other businesses using the right-of-way within the STAR bond project district (with approval from the Secretary of Commerce) or a pledge of all or a portion of revenue received by the city from local sales taxes, use taxes, or transient guest taxes; or
- Any combination of these methods. K.S.A. 12-17,169

Please note, unlike TIFs, cities may only issue full faith and credit tax increment bonds under this Act if they are financing the undertaking, establishment, or redevelopment of a major motorsports complex.

**d. Land Acquisition and Relocation Assistance**

Any city that has adopted a STAR bond project plan may purchase or acquire real property in connection with the plan. A two-thirds vote of the governing body is required to authorize the acquisition of property by eminent domain. The governing body must follow K.S.A. 26-501b and amendments thereto, to acquire land by eminent domain. In addition, the city must pay relocation expenses in accordance with its relocation assistance plan. K.S.A. 12-17,172; 12-17,173

**F. TIF Procedures – K.S.A. 12-1771 and 12-1772**

Tax increment financing involves the creation of a *redevelopment district*, as defined in K.S.A. 12-1770a(p), by the city. The redevelopment district area is defined by the city. The entire redevelopment district must be an "eligible area" as discussed earlier in this chapter. Each redevelopment district may contain one or more *redevelopment project areas*, 12-1770a(r) and 12-1772(a).

In addition to K.S.A. 12-1771 and 12-1772, there are statutory provisions for the establishment of redevelopment projects involving environmentally contaminated areas, K.S.A. 12-1771a; or designating a flood plain district, K.S.A. 12-1771e. While these are important and can play a significant role in a city's

economic development plans, the balance of the discussion regarding procedure will be devoted to the general procedure for the establishment of redevelopment districts and plans.

### **1. Three “Building Blocks”**

#### **a. Redevelopment District**

The redevelopment district is the base or foundation of the process. It is defined by the city and must consist of an area that is an “eligible area”, as discussed in Section B, above. The identification of the redevelopment district is the first piece of the redevelopment puzzle.

A redevelopment district may be located entirely within the city, partially in the city and partially in the county, or entirely outside of the corporate limits of the city. In the latter case, written consent of the county is required and the notice and hearing requirements, discussed below, fall upon the county. Once formed, a city may expand, divide, or otherwise change a redevelopment district. Such change may require additional notice and hearing.

#### **b. Redevelopment Project Areas**

A redevelopment project area may encompass an entire redevelopment district or a redevelopment district can have multiple redevelopment project areas within it. The use of more than one redevelopment project area does have advantages. Under K.S.A. 12-1772(g) a redevelopment project must be completed within 20 years from the date of the approval of the project plan. Thus, if the development district is large, it can be beneficial to stage projects and use separate project areas to extend the 20-year completion block. This can be thought of in this manner:

Redevelopment Project Area No. 1 2005 – 2025	Redevelopment Project Area No. 2 2006 - 2026
Redevelopment Project Area No. 3 2008 – 2028	Redevelopment Project Area No. 4 2009 - 2029

#### **c. Redevelopment Plan and Project**

The redevelopment project plan is the overall blueprint for the assistance of development in a given redevelopment project area. Some commentators refer to it as the “deal” document. The redevelopment project is where specifics of the redevelopment plan are set forth. As discussed above, it is possible for each redevelopment plan to have multiple projects.

## **2. Initiating a TIF**

A TIF may be initiated in one of two ways. It is estimated that about 90% of all TIF projects are initiated by a developer expressing an interest to redevelop an area. In such a case, the developer contacts the city seeking some kind of incentives. Today's sophisticated developer will come looking for specific incentives, as more than one type of incentive may be blended in with a TIF. Industrial revenue bonds are specifically permitted within a redevelopment project. A less sophisticated developer may simply come to the city looking for help and it will become incumbent upon the city to propose incentive types, and perhaps even explain them to the developer.

The second method is a city initiated TIF. In this case, the city has an area that it desires to redevelop. The city may seek out a developer to redevelop an eligible area and offer TIF or other incentives to help generate interest. Or, more preferably, the city issues a request for proposal ("RFP") seeking developers. The RFP may specifically indicate what the city is willing to offer in way of incentives or may simply allude to the "city's willingness to help."

## **3. Procedures**

Once a city has determined that it wants to establish a redevelopment district and the accompanying redevelopment plan, whether self-initiated or developer initiated, the Act requires compliance with a series of complex procedural steps. Careful attention to detail is paramount. Notice to the county and to any school district within the redevelopment district is necessary both in the formation of the redevelopment district and in the approval of the redevelopment project(s). Either the county or the school can block the redevelopment district.<sup>2</sup>

In an abbreviated form, the required statutory procedures are as follows:

- Adopt resolution calling public hearing on redevelopment district;
- Give notice to taxing districts: county and school district(s) with property in proposed redevelopment district;
- Mail notices to property owners;
- Publish notice;
- Hold public hearing on redevelopment district;
- Adopt ordinance approving redevelopment district;
- Prepare redevelopment plan and submit to city;
- Negotiation of redevelopment agreement;
- Adopt city resolution to call public hearing on redevelopment plan;

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<sup>2</sup> K.S.A. 12-1771(d) appears to allow the county or school district to be selective in objecting to the inclusion of some, but not all, of the property proposed for inclusion in the redevelopment district by adopting a resolution within 30 days of the public hearing stating that the proposed redevelopment district will have an adverse effect on the taxing subdivision. The practical way to avoid such a result is to consult on both the staff and the elected official level with county and school district officials in the development of the proposed redevelopment district. This is also the time to negotiate, if necessary, the amount of the tax increment dedicated to the financing of the redevelopment project.

- Mail notices to taxing districts;
- Mail notices to property owners;
- Publish notices;
- Hold public hearing on approval of redevelopment plan;
- Adopt ordinance approving redevelopment plan and agreement.

In a best case scenario, the above process would take 101 days. However, the “normal” time for all of the procedural items to be completed will generally run from four to six months.

### ***G. Working with a Developer***

The ability to use tax increment financing is dependent upon a successful working relationship with the developer. The keys to this are the developer agreement, the interim financing agreements, the accuracy of developer projections, and the way in which the construction of the project is handled.

#### **Governance Tip**

The city-developer agreement is the most important foundation for a successful TIF project. Plan it carefully.

#### **1. Developer Agreements**

The ability to use tax increment financing depends on development occurring within the district on schedule to produce the tax increment necessary to service the principal and interest payments on the TIF bonds. As a general rule, this happens because the developer keeps the commitments made in the initial agreement with the city. In fact, the feasibility study prepared at the outset of the projects depends in large measure on the commitments made and security agreements contained in the developer-city agreement.

A city wishing to finance a redevelopment project with tax increment revenues should take precautionary measures to be sure that the developer is serious about pursuing the development by securing an agreement with the developer. Among the provisions that such an agreement may contain include:

- A description of the project;
- If the project will be carried out in phases;
- What the developer will do in each phase;
- What property, if any, will be acquired;
- Whether any property will be condemned;
- What the costs of the project are anticipated to be;
- How the costs will be financed (e.g., developer funding the start-up and initial expenses);
- Necessity for the developer to comply with city, state, and federal laws;
- A requirement for the developer to indemnify the city from damages relating to the project;
- A statement that the developer is wholly responsible for environmental problems.



Provisions regarding interim funding and final funding should either be an integral portion of the agreement with the developer or be in one or more separate stand-alone documents. Such agreement(s) should be prepared working in conjunction with the city's financial advisors, planners, and legal counsel, including bond counsel. Interim funding should address the payment of, or the method of, sharing by the city and developer of the city's out of pocket expenses.

Items that often become points of contention between the city and the developer also need to be addressed. These may include the way in which TIF bond proceeds are used, i.e., what is to be public versus private cost. Also, the use of performance guarantees and cost caps should be addressed. The agreements should be clear that excess revenue should be used to prepay debt. This permits earlier pay down and an earlier return of the tax increment to the regular revenue stream of the taxing subdivisions.

Although not directly related to the developer agreement, the city should review all projections prepared by the developer regarding construction timing, cash flow, revenue, etc., and be comfortable with such projections. The review(s) should be done by independent advisors working for the city or, where the city has such resources in house, by city staff.

**Governance Tip**

Consult with bond counsel and a financial advisor early in the process of planning a TIF redevelopment district. Do not inadvertently jeopardize the tax-exempt status of project bonds.

## **2. Potential Financing Difficulties**

All TIF projects are a mix of public and private money. Therefore, not only does the city need to be concerned about how the public money is funded but it also needs to be concerned about the availability and "quality" of the private funding. In other words, questions need to be asked and answered as to the developer's experience and financial stability: What is the track record of the developer; Is private financing in place; Will there be independent investors beyond the developer; What is their financial ability; and the like.

Other issues that the city should be concerned about, but may have little input on, regard tenants of the facility or project. The value of the project and the tax increment generated therefrom is directly related to the quality of the tenant locating to the development. Cities want to be aware of the commitment of the tenant to the project, credit quality of the tenant or business owner, and lease terms. In some cases a tenant may be an active participant in the development. This role needs to be identified and the city satisfied with the participation of such third party.

Finally, a city needs to be concerned about possible changes in property tax or sales tax rates. The tax increment provides the financing for the project and anything that could alter the amount of the increment has a direct affect on the financing of the project. Thus, all revenue projections need to be well founded and, perhaps, a bit conservative.

## **H. Other “TIF-like” Options**

### **1. Sales Tax and/or Property Tax Rebate Agreement**

A tax rebate agreement is an alternative to TIF financing. In its most basic form it is a contract between the city and a developer to rebate some or all growth in sales tax or property tax attributed to growth by reason of the development to the developer. The purpose of the agreement is to reimburse costs of the improvements. Of course, repayment is limited only to the incremental sales tax and property tax revenues that the city would receive from the new project, i.e., the increment is generally smaller because it does not include county, school, or special taxing district money.

Smaller projects are more conducive to rebate agreements than large projects because the smaller projects may not support the complexity of TIF arrangements. With a rebate agreement there are no plans or other formalities, only a contract between the city and the developer setting forth the terms and conditions of the rebate.

Although a rebate agreement lacks, or does not require, the formalities of a TIF, it still comes with its concerns. These concerns are basically policy issues of concern to the city. These include:

- What new taxes, if any, will be generated by the project;
- Will the rebate of the new taxes, or a portion thereof, be adequate to be seen as a development incentive; or
- If sales tax is involved, is it new tax money or just a reallocation of current sales tax revenue from a current business to a new business?

In many ways a tax rebate agreement is similar to the usage of the Downtown Redevelopment Act, but without the qualification factors that are required and the designation by the secretary of commerce. Rebate agreements are not always popular with developers because of the need to pay the tax and then wait for the rebate.

### **2. Transportation Development District – K.S.A. 12-17,140, *et seq.***

#### **a. Transportation Development District Basics**

The Transportation Development District Act (“TDD”) was created in 2002. The Act is available to all cities and counties for the purpose of providing a method of financing public infrastructure costs that are transportation related, including roads, traffic signals, parking lots, land acquisition, sidewalks, and utilities within or without the public right-of-way. See K.S.A. 12-17,140 and amendments thereto.

#### **b. TDD: How does it Work**

TDDs use special assessments or new transportation sales tax within the TDD to finance the transportation project. Often these are small projects such as the addition of right and left hand turn bays and enhanced traffic control at the site of a new “big box” development.

If special assessments are used, the assessment procedure set forth in K.S.A. 12-6a01, *et seq.*, must be followed. In lieu of, or in addition to, special assessments, a transportation development district sales tax may be imposed in the TDD. The sales tax is a local sales tax and is imposed in increments of either .10% or .25%, but not to exceed 1.0%. Such sales tax is in addition to any other sales tax that the city is authorized to levy. The tax may not be imposed after a sufficient amount to pay the cost of the project is received or when the bonds mature.

Developers like the use of the transportation sales tax rather than special assessments. They see the use of sales tax as a shifting of the costs to those using the improvements to the customer, much like a user fee. National retailers have also been quite receptive for the same reason. One significant advantage to the city is that a TDD has no current impact on other taxing jurisdictions that are located in the TDD because there is no diversion of current taxes.

#### **c. Funding Method**

Funding for a TDD is similar to a TIF project. Special obligation revenue bonds are issued by the city with the new tax pledged for repayment of principal and interest. This imposes only a limited obligation on the city. The city may not issue full faith and credit (general obligation) bonds to finance a TDD.

#### **d. Initiating a TDD**

Only the property owner or owners may initiate the formation of a TDD. This is done by the filing of a petition signed by 100% of the property owners. The petition is required to contain:

- The general nature of the proposed project;
- Maximum cost of the project;
- Proposed method of financing of the project;
- Proposed amount and method of assessment;
- Proposed amount of transportation development district sales tax; and
- A map or boundary description of the proposed district.

Notice and public hearing is required only if special assessments are to be used in financing the project. In the absence of special assessments, the city may proceed immediately to the adoption of a resolution stating its intent to establish the district and levy the transportation district sales tax. Following hearing upon the resolution of intent, the governing body may adopt an ordinance to create the district, levy the sales tax, and approve the method of financing. The ordinance becomes effective upon publication. A certified copy of the ordinance levying the sales tax is sent to the director of taxation and the tax then becomes effective.

**e. Financing Difficulties**

Financing difficulties associated with TDDs are not dissimilar to those seen with TIF projects. Generally, they can include: contract and payment and performance bond issues; developer experience and financial experience; availability and quality of private financing; and tenant commitment and quality issues.

***I. Conclusion***

Tax increment financing can be an extremely useful tool for a city in financing economic development projects. It can be complex, but it should not be avoided for this reason. City officials working with competent in-house staff or with the assistance of outside bond counsel, financial, and other needed advisors should be able to proceed with TIF projects without much concern.

# *Chapter 5*

## *Community Improvement Districts*

The Legislature enacted the Community Improvement District Act, K.S.A. 12-6a26 *et seq.*, in 2009 to help cities incentivize revitalization in designated areas or districts. A copy of the **Act** can be found in **Appendix E**. Setting this legislation apart from other economic developments tools is the flexibility it offers. The Act's statutory language is so broad that the range of projects is limited only by creativity and financial and political capital.

### **A.     *Eligible Projects***

K.S.A. 12-6a27(m) provides a long list of projects eligible under this Act. Eligible projects include, but are not limited to, funding all phases of the development or redevelopment process of:

- Buildings, structures, and facilities;
- Transportation improvements;
- Utility improvements;
- Parking facilities;
- Streetscapes and lighting improvements;
- Parks, lawns, trees and other landscaping;
- Transit facilities;
- Paintings, murals, sculptures, and other art; and
- Lakes and dams.

Eligible projects also include providing or contracting for certain services, including services relating to:

- Recreation and entertainment;
- Child care;
- Operation of transit and parking facilities;
- Security;
- Cleaning and maintenance;
- Tourism promotion;
- Economic development; and
- Business training.

One of the Act's greatest appeals is the wide range of projects authorized by the statutory language. The lists provided in this section are by no means the only eligible projects available under the Act. Cities should review the extensive list found in K.S.A. 12-6a27(m) to determine if a project they are interested in, will meet the eligibility requirements.

## **B. *Creating a District***

To start an eligible project, the city must create a community improvement district (CID). The Act authorizes cities to create a CID in one of two ways; cities can form a special assessment district or a sales tax district. The main difference between the two districts is the financing methods involved.

### **1. Special Assessment District – K.S.A. 12-6a28**

A city may create a special assessment district upon receipt of a petition signed by all of the landowners within the proposed district. The petition must contain:

- The general nature of the proposed project;
- The estimated cost;
- The proposed method of financing;
- The proposed amount and method of assessment;
- A map of the proposed district; and
- A legal description of the boundaries of the proposed district.

As the name suggests, the landowners requesting the special assessment district must seek financing only by assessments; full faith and credit bonds cannot be issued to finance this district. Once the petition is filed, the governing body – without notice or a hearing – may make findings by ordinance as to the nature, advisability, and cost of the project; the boundaries of the district; and the amount and method of assessment. Once the governing body makes these findings, it may authorize the CID by passing a regular ordinance by a majority vote. The ordinance should be published once in the official city newspaper and submitted for recording to the office of the register of deeds of the county.

### **2. Sales Tax District – K.S.A. 12-6a29**

The process for creating a sales tax district begins upon receipt of a petition signed by the owners of more than 55% of the land area proposed in the district, along with signatures by owners who own more than 55% of the assessed land value in the proposed district. The petition must contain:

- The general nature of the proposed project;
- The estimated cost;
- The proposed method of financing, including the issuance of full faith and credit bonds, if applicable;
- The proposed amount and method of assessment, if applicable;
- The proposed amount of community improvement district sales tax, if applicable;
- A map of the proposed district.
- A legal description of the proposed district.

Once the petition is filed, the city must adopt a resolution to give notice of a public hearing to discuss the creation of the sales tax district. The resolution should be published once each week for two consecutive



weeks in the official city newspaper. The second newspaper publication must occur at least seven days before the hearing date. Notice of the hearing must also be given to all landowners within the proposed sales tax district. This notice must be provided by certified mail at least 10 days before the hearing. To meet all notice requirements, the resolution should provide:

- The time and place of the hearing;
- The general nature of the proposed project;
- The estimated cost of the project;
- The proposed method of financing the project, including the issuance of full faith and credit bonds, if applicable;
- The proposed amount of the community improvement district sales tax, if applicable;
- The proposed amount and method of assessment, if applicable;
- A map of the proposed district; and
- A legal description of the proposed district.

Following the public hearing, the governing body may – by a majority vote – pass an ordinance creating the district. The ordinance should:

- Authorize the project;
- Approve the estimated cost of the project;
- Contain the legal description of the district;
- Contain a map of the district;
- Levy the community improvement district sales tax, if applicable;
- Approve the maximum amount and method of assessment, if applicable; and
- Approve the method of financing (the issuance of full faith and credit bonds, if applicable).

The ordinance will go into effect after it is published in the official city newspaper. Once approved, the ordinance should be submitted for recording to the office of the register of deeds of the county.

## **C.     *Financing***

Projects in a CID are funded by the pay-as-you-go method, by the issuance of bonds, or by a combination of both. Projects financed by the pay-as-you-go method are financed either by special assessments, CID sales tax, or a combination of both. Projects financed by bonds are financed by the issuance of special obligation bonds or the issuance of full faith and credit bonds.

### **1.       Special Assessments – K.S.A. 12-6a30**

Cities are authorized to levy and collect special assessments upon property in either a special assessment district or sales tax district to pay for all or part of the costs of an eligible project. Cities should follow the statutory procedures found in K.S.A. 12-6a01 *et seq.*, to levy such assessments, with two exceptions. First, no assessments can be levied against the city at large. Second, the city may reduce or eliminate the

assessment if the project is also financed by a community improvement sales tax and the city has received sufficient funds from the sales tax to pay the debt service on any issued bonds.

## **2. Community Improvement District Sales Tax – K.S.A. 12-6a31**

A city may impose a CID sales tax on the sale of tangible personal property at retail or the furnishing of taxable services. The tax must be in increments of .10% or .25% and cannot exceed 2%. The tax is then used to pay the bonds issued to finance the project or to reimburse the cost of the project under the pay-as-you-go financing. If the sales tax is used for payment of bond debt service, the tax will expire no later than the bonds date of maturity. If the sales tax is used for pay-as-you-go financing, the tax shall expire 22 years from the date the state begins collection or when the project bonds or pay-as-you-go costs have been paid.

To collect the tax, the city must send the state director of taxation a certified copy of the ordinance authorizing the levy of the CID sales tax. The Kansas Department of Revenue will collect the sales tax and remit it to the state treasurer. The Act gives the state treasurer the authority to retain 2% of the sales tax collected to defray administrative expenses, as long as it does not exceed \$200,000 in a state fiscal year. At least every quarter, the state treasurer will remit the CID sales tax to the city treasurer. The money will be placed in a separate fund specifically designated for the project in which it was collected.

## **3. Special Obligation Bonds – K.S.A. 12-6a35**

A city may issue special obligation bonds to finance an eligible project. Such bonds are made payable solely from special assessments, CID sales tax, or from any other funds pledged to the payment of the bonds.

## **4. Full Faith and Credit Bonds – K.S.A. 12-6a36**

Under K.S.A. 12-6a36, a city may issue full faith and credit bonds to finance an eligible project in a sales tax district. Such bonds will be considered general obligation bonds of the city. The bonds shall be payable from special assessments levied on the CID, revenues received from the CID sales tax, and a pledge of the city to use its ad valorem taxing authority if project revenues are inadequate. But the city will not issue general obligation bonds if, within 60 days of the public hearing creating a sales tax district, the city receives a protest petition signed by 5% of the qualified voters of the city. In this case, the general obligation bonds cannot be issued until they are approved by a majority of voters in an election. Such petition, however, will not stop the city from issuing special obligation bonds.

## **D. Conclusion**

The Community Improvement District Act can be an extremely useful tool for a city in financing economic development projects. CIDs offer several advantages. Cities do not have to divert taxes from other taxing subdivisions; CIDs blend with other types of funding mechanisms, like TIFs and TDDs; CIDs are relatively easy to set up; and the increased CID sales tax may be “invisible” to consumers, where an increase in property taxes would be viewed less favorably. But CIDs do not come without disadvantages. CIDs are new and may be unfamiliar to investors; the increased sales tax could cause consumers to shop outside the

district; the city could be seen as subsidizing a business or project that would have been developed anyway; and there is a risk of default on special obligation bonds if projected revenues are not adequate to meet debt service requirements. A city must weigh all of these options before it goes down the path of approving a CID. In addition, it is important for city officials to work with in-house staff or with the assistance of outside bond counsel to ensure the process is followed properly.

# *Chapter 6*

## *Kansas Department of Commerce*

### *Incentives and Programs*

The following programs are offered through the State of Kansas as various economic development tools for local governments and businesses. While their overall goals are generally to improve the business climate and economic development process in Kansas, each address issues in slightly different ways.

A brief overview of the many programs available is provided in this chapter along with select web addresses for additional information. Some programs are more appropriate for some cities than others. It will depend on a case-by-case and city-by-city or county-by-county basis whether a program is right for your situation.

Programs are developed and modified from time to time by the state legislature and input on them is always appreciated by the State and the League. It is important to pay close attention to the programs because rules, deadlines, and requirements necessary to be eligible for one program or another can change. The following discussion will hopefully provide a steppingstone for your city or county to determine what programs, if any, are right for your situation.

Visit [kansascommerce.gov/initiatives-and-incentives/](https://kansascommerce.gov/initiatives-and-incentives/) for an interactive menu of programs available.

#### ***Kansas Department of Commerce***

As the state's lead economic development agency, the Kansas Department of Commerce strives to empower individuals, businesses, and communities to achieve prosperity in Kansas. Commerce accomplishes its mission by developing relationships with corporations, site location consultants and stakeholders in Kansas, the nation and world. Strong partnerships allow Commerce to help create an environment for existing Kansas businesses to grow and foster an innovative, competitive landscape for new businesses. Through Commerce's project successes, Kansas was awarded Area Development Magazine's prestigious Gold Shovel award in 2021, 2022, 2023 and 2024, and was awarded the 2021 and 2022 Governor's Cup by Site Selection Magazine.

#### **Business Development Division**

The Business Development Division at the Kansas Department of Commerce includes the In-State Business Development and Business Recruitment teams. Every region of the state is served by an In-State Business Development Regional Director, and every region of the United States is served by a Business Recruitment Regional Director. Information about the regions and the team members can be found at [kansascommerce.gov](https://kansascommerce.gov).

The Regional Directors work to enhance the state's business climate by attracting businesses and assisting businesses that already call Kansas home. The business development team is available as a resource during the site selection process for businesses. The team creates customized incentive proposals based on capital investment, job creation, employee compensation and training. They also coordinate with community economic development professionals and municipal leaders to develop proposals that include local incentives such as discounted building and land purchases, property tax abatements build-to-suit agreements, and other financing packages. It is important that the Commerce team are included in any business capex spending plans before contracts are signed or monies are spent to ensure qualifications to the incentive programs are met.

*Commerce Tip:* All potential projects receive a project name to protect the identity of a firm or company, which is standard practice in the economic development field. It is of utmost importance to the Kansas Department of Commerce that confidentiality is maintained for the company, ensuring our reputation of handling all business dealings with high integrity. Municipal leaders may be asked to sign a non-disclosure agreement if they are involved in conversations between Commerce and the company during any phase of the recruitment process.

### **Business Finance Assistance**

The Kansas Department of Commerce Business Development Finance department provides a wide array of services and resources to help businesses locate, expand, hire, invest and grow in Kansas.

### **Promoting Employment Across Kansas (PEAK)**

PEAK is a business incentive where companies may retain or be refunded up to 95% of the payroll withholding tax of qualified employees for new jobs created in Kansas. Basic projects that create at least ten (net) new jobs in metropolitan counties, or at least five net, new jobs in non-metropolitan counties, within two years may be eligible for up to seven years of payroll withholding tax savings. Larger, high-impact projects that create at least 100 (net) new jobs within two years, regardless of county, may be eligible for up to ten years of payroll withholding tax savings. To be eligible, companies must pay a median wage for new employees that is at or above the median wage for the county in which the business is located. Companies must also offer "adequate" health insurance for their employees and pay at least 50% of the premiums for the employee.

### **High Performance Incentive Program (HPIP)**

HPIP provides tax incentives to qualifying employers that pay above average wages and make new capital investment in their operation. HPIP provides a 10% state income tax credit on eligible capital investment that exceeds \$50,000 in non-metro counties and \$1 million in the metro counties of Douglas, Johnson, Sedgwick, Shawnee, and Wyandotte. The tax credit has a 16-year carryforward, provided facilities can re-certify for HPIP. HPIP allows companies to sell or transfer up to 50% of the credits earned. This incentive program also includes a sales tax exemption benefit for eligible purchases of goods and services.

### **Kansas Industrial Training (KIT)**

The Kansas Industrial training (KIT) program may be used to assist firms involved in net-new job creation. Training can include subjects that provide knowledge and specific skills necessary for job entry including

instruction on the company's own production equipment on the plant floor, or on similar machinery in a classroom setting. To be eligible, a company must create at least one net new position at an average wage equal to or greater than the median wage for their county. The company must also offer "adequate" health insurance coverage for their new employees. Eligible expenditures include: instructor salaries, curriculum planning and development, materials, supplies, textbooks, manuals, minor training equipment, and some travel-related expenditures.

### **Kansas Industrial Retraining (KIR)**

The Kansas Industrial Retraining (KIR) program is a job retention tool that helps restructuring companies retrain employees who are likely to be displaced because of obsolete or inadequate job skills and knowledge and/or the training of existing employees on new technology that is being implemented into the company. To be eligible, a company must show how they are restructuring their current business operations, retrain at least one existing position at an average wage equal to or greater than the median wage for their county and offer "adequate" health insurance. Eligible expenditures include instructor salaries, curriculum planning and development, materials, supplies, textbooks, manuals, minor training equipment, and some travel-related expenditures.

### **Machinery & Equipment Personal Property Tax Exemption**

A bill passed during the 2006 legislative session requires this program to provide an automatic exemption of personal property tax on eligible machinery and equipment purchased or leased by Kansas companies after June 30, 2006. This exemption pertains to new or used equipment as well as equipment relocated into Kansas from an out-of-state facility.

### **Kansas Training and Retention Aligned with Industry Need (KTRAIN)**

Industry demand for skilled workers in Kansas is significant, and the skills gap faced by many Kansas employers requires new, creative solutions to overcome the challenges and create a pipeline of qualified employees. In partnership with the Kansas Board of Regents, the Kansas Department of Commerce developed KTRAIN to address the skills gap currently challenging companies across the state.

KTRAIN partners with employers and educators to develop demand-driven training and talent management solutions that address critical workforce needs. Employers play an expanded leadership role in collaborative efforts with education and workforce professionals to align talent strategies with demand and train critical skills. As a result, unemployed and underemployed workers gain enhanced critical skills necessary for success in high-demand, high-wage careers in Kansas. KTRAIN projects focus on critical needs in high-wage, high-demand positions. Approved programs are reimbursed at 50% of training cost and must result in a living wage that meets or exceeds county median wage (all thresholds are based on most recent Kansas Department of Labor statistics).

### **Sales Tax and Revenue (STAR) Bonds**

Sales Tax and Revenue (STAR) Bonds are a financing tool that allows Kansas municipalities, both rural and urban, to issue bonds to finance the development of major commercial, entertainment and tourism projects. The bonds are paid off through the sales tax revenue generated by the development. The intent is to increase regional and national visitation to Kansas.

STAR Bonds are used to assist the development of major entertainment or tourism destinations in Kansas. State and local sales tax revenue generated by the attraction and associated retail development are used to pay back the bonds. In metropolitan areas, STAR Bonds can be used only for projects with an anticipated capital investment of \$75 million and with at least \$75 million in projected gross annual sales. In rural areas, STAR Bond projects have no specific financial threshold, but must be of major regional or statewide significance. The creation of a STAR Bond district requires approval by the Kansas Secretary of Commerce.

### **Tax Increment Financing (TIF)**

TIF Districts allow a city to use new funds generated by the tax increment —new property taxes generated by a project in the project area. TIF Districts may exist for up to twenty years per project. In accordance with Kansas Laws, these funds may only be used for TIF-eligible expenses, which include but are not limited to:

- Land Acquisition.
- Public Improvements (curbs, sidewalks, streets).
- Site Preparation (site clearing, demolition, new parking).

### **Industrial Revenue Bonds (IRB)**

IRB's are used in Kansas to finance the acquisition and construction of various industrial, commercial, and industrial properties under K.S.A. 12-1740 et seq on behalf of private businesses or non-profit agencies. IRB's require a governmental entity, like a city, to act as the "Issuer" of the bonds, who will hold an ownership interest in the property for as long as the IRBs are outstanding. The businesses gain several benefits with IRB's, including the possibility of tax exemption for up to ten years.

### **Community Improvement Districts (CIDs)**

Under Kansas Statute KSA 12-6a29, cities may create districts that help to fund community improvement. A CID is an area where businesses collect and pay an additional sales tax, at 2% or less, or a special assessment that is used to fund improvements within that district. Some examples of where these districts are found in Kansas include tourism areas or locations next to highways where visitor dollars can be captured and help pay for some of the infrastructure needed to develop the project.

### **Transportation Development Districts (TDD)**

TDD's are special taxing districts whereby a petitioner of 100 percent of the landowners in an area request either the levy of special assessments or the imposition of a sales tax of up to one percent on goods and services sold within a given area. These districts are typically done around new development to assist with the demands for new infrastructure.

### **Neighborhood Revitalization Act (NRA)**

The Neighborhood Revitalization Act was designed to provide incentives to revitalize designated areas or districts determined by the governing body to need improvement. The Legislature expanded the act in 1996 to allow for the designation of a single dilapidated structure as an eligible project. Whether the act is used as a mechanism for the improvement of whole neighborhoods or specific structures, it can be used to form



a partnership between citizens and government working together to improve the quality of life in Kansas communities. For more information see Chapter 3.

### **Downtown Redevelopment Act**

The Kansas Downtown Redevelopment Act promotes, stimulates, and develops the general and economic welfare of the State of Kansas and its rural and low-income communities by encouraging the rehabilitation of vacant or minimally utilized property located in downtown areas. Like its counterpart, the Neighborhood Revitalization Act, eligible areas are designated and then property tax rebates may apply to properties that have undergone approved improvements. Improvements must equal or exceed 25% of the appraised value of the property. For more information see Chapter 3.

### **Benefit Districts**

Benefit Districts are a financing and development tool where cities can issue General Obligation Bonds (GO Bonds) for the construction of public improvements and assess the cost to the properties that benefit. For example, an area of the community may not have sanitary sewer lines, which are needed in order to develop new properties. A benefit district can be established along the route of the newly proposed line. The city can then issue the bonds and build the new sewer lines. Property owners in the district will see the special assessment, which will pay for the bonds, with their annual tax bill for their improved property.

### **Kansas Certified Sites**

A Kansas Certified Site designation is issued to properties that have successfully completed a set of program requirements to demonstrate that the property is primed for development and ready for investment. A property with a Kansas Certified Site designation is attractive to investors and site selectors because it: provides important background information on your site's availability, utilities, site access, environmental records and potential site development costs; encourages faster site selection decisions; and can help greenfield or expansion projects get started. The Kansas Certified Site designation is valid for three years\*, unless the property is sold or leased within that time.

Successful recipients of the Kansas Certified Site designation receive many benefits, including marketing and investment attraction support. Kansas Certified Sites will be incorporated into a variety of marketing campaigns and strategies that attract investors, which may also include: a profile on the Kansas Department of Commerce website and visibility on Kansas Department of Commerce social media channels.

### **Certified Sites Support Grant**

Commerce will provide matching dollars up to \$10,000 for eligible entities to utilize towards completion of the Certified Sites program application. The funding is available for non-metro counties with a population less than 50,000. Applications from the following counties are not eligible: Butler, Douglas, Johnson, Leavenworth, Reno, Riley, Saline, Sedgwick, Shawnee, & Wyandotte.

### **Kansas Entrepreneurship and Small Business Office**

The Kansas Entrepreneurship and Small Business Office is dedicated to empowering small businesses with the resources, connections and support they need to thrive. By fostering innovation and driving economic

growth, through resources such as NetWork Kansas, the office aims to help entrepreneurs transform their ideas into impactful ventures that shape the future of Kansas.

### **Office of Innovation**

Established in 2021, the Kansas Office of Innovation (KOI) is a dedicated division to build and nurture a thriving innovation ecosystem in Kansas that supports cutting-edge industries, vibrant communities, and produces high-quality jobs. Guided by the state's motto, "*Ad Astra per Aspera*," the KOI aims to secure Kansas's global competitiveness by making the state a hub and magnet for investment, top talent, advanced technologies, problem-solving, and future industries.

KOI's primary functions also include:

- Fostering economic growth and development through innovation
- Supporting entrepreneurship and startups
- Nurturing collaboration and partnership
- Fostering workforce development and talent attraction
- Encouraging digital transformation and technology adoption
- Promoting stability, sustainability, and resiliency

### **Kansas Angel Investor Tax Credit (KAITC)**

The Kansas Angel Investor Tax Credit (KAITC) Program is designed to support the growth of early-stage businesses in Kansas by incentivizing private investment. Qualified investors may be eligible for an income tax credit of up to 50% on their investment in Kansas-based companies.

This program serves a dual purpose: it increases access to capital for entrepreneurs while offering a financial incentive for investors who support innovation-driven businesses. KAITC has played a role in job creation, economic diversification, and the expansion of the state's innovation economy. The program is subject to eligibility criteria and funding availability.

### **Accelerating Concept to Commercialization in Kansas (ACCEL-KS)**

The ACCEL program aims to provide comprehensive support to Kansas-based innovators, startups, and businesses, helping them progress from initial concepts to market-ready solutions. The goal is to deliver high-potential projects that contribute to Kansas's economic growth and competitive edge. This program is built for Kansas organizations that are identified as business incubators to ensure innovators are connected to wrap-around services that can support them on their journey to produce commercialization.

### **Board of Tax Appeals Liaison**

In 1998, the Kansas legislature adopted K.S.A. 79-213, a statute authorizing the Kansas Department of Commerce to provide aid to businesses and government entities applying for economic development or industrial revenue bond tax abatements. The Board of Tax Appeals (BOTA) Liaison provides instructions and technical assistance to parties interested in property tax abatement. If you are a business, community official, city, county, or simply in need of information, this free tax abatement assistance is available to you.

Commerce will work to make your tax abatement application and review process smooth and ultimately successful. The BOTL Liaison works closely with the Board of Tax Appeals to facilitate exemptions. Additionally, the liaison reviews applications and related documents submitted for tax abatement, explains policy and procedures, makes recommendations regarding statutory guideline compliance, and assists in certification completion. Their objective is to improve teamwork, enhance communication, and increase satisfaction with the tax abatement process. For more information about this service, call Commerce at (785) 296-3481.

### ***To The Stars Business Awards***

*To The Stars Business Awards* is an annual recognition for Kansas businesses and entrepreneurs. The award honors the best across the state in numerous categories, including: **AgriBusiness** – companies that stand out in the agribusiness industry – including agricultural production, products and services, and agri-tourism; **Apprenticeship Champions and Partners** – companies and other entities that excel providing registered apprenticeship programs in Kansas; **Business Innovation** – companies from any sector incorporating innovative technologies in their business; **Healthcare/Nonprofit** – noteworthy services provided by either healthcare facilities or nonprofit organizations; **Manufacturing/Distribution** – outstanding achievement for companies large and small involved in manufacturing and distribution; **Non-Traditional Talent Pools** – companies that have gone above and beyond to hire those with prior involvement in the justice system, youth, seniors or individuals with disabilities; **Retail/Service** – exceptional performance by businesses selling goods, products and/or services; **Under 30 Entrepreneurs** – young entrepreneurs achieving business success under the age of 30; **Welcome Back** – entrepreneurs and businesspeople who once left Kansas but have returned to make their mark in the Sunflower State. Nominations are accepted online at <https://www.kansascommerce.gov/tothestars/>.

### **International Division**

The international team at Commerce has the tools and experience to assist companies to reach their goals faster and with fewer obstacles. Whether a company is looking to diversify markets or expand sales through exports, looking for new markets, or just starting to explore selling outside of the U.S., the International Division can help.

### **Kansas Global Business Expansion Program (KGLOBE)**

The K-GLOBE program assists Kansas companies in boosting their export business through exhibiting products at foreign trade shows and conducting export-related marketing activities. Eligible businesses may receive reimbursement for 50% of eligible direct expenses up \$10,000 every fiscal year (July 1-June 30) regardless of previous program award history.

### **State Trade Expansion Program (STEP)**

The STEP program assists both new exporters in entering international markets and experienced exporters in expanding their global reach. The program is open to eligible Kansas small businesses that either manufacture in Kansas or perform significant value-added activities in the state.

## **Kansas Tourism**

The Kansas Tourism Division works to inspire travel to and throughout Kansas to maximize the positive impacts that tourism has on our state and local communities.

### **Tourism Marketing Grant**

The Tourism Marketing Grant Program was developed as an ongoing grant program designed to assist organizations in new and innovative, dedicated tourism advertising and marketing.

### **Attraction Development Grant**

The Attraction Development Grant is designed to provide strategic economic assistance to public and private entities, as well as not-for-profit groups, that are developing new or enhancing existing tourism attractions in the state. These attractions are expected to create economic impact through job creation, capital investment, revenue, and increased visitation. Ideal projects will bring new visitors to Kansas. All projects should have a direct connection to the tourism industry.

### **TravelKS.com**

As the official State of Kansas Tourism website, this site provides travelers with a wealth of information about visiting Kansas. Visitors to the site can order a free visitor's guide or find places to stay, eat, and shop in any city. The site also provides trip itineraries for travelers interested in arts & culture, culinary delights, history, etc. There is no charge for tourism related business and events to be listed on this site.

### **KANSAS! Magazine**

The subscription lifestyle Kansas! Magazine is published five times per year, features articles about the people and places of Kansas attractions, events, restaurants, and other unique and interesting sites in Kansas. Editorial content and photography are only of the highest quality. The Winter issue features the popular Kansas! calendar, highlighting the beautiful sites across Kansas. Kansas! Magazine is distributed through subscriptions and retail sales.

### **Tourism Signage Program**

The Tourism Signage Program was developed to increase awareness for travelers and residents of tourism operations and attractions. The program defines the eligibility, use, design, and authority for Tourist Oriented Directional Signs, Brown Supplemental Guide Signs, and Blue Attraction Logo Signs. Kansas Tourism is the first step in applying for each of type of signage. The Tourism Attraction Signage Program also ensures that road signage for tourism attractions is consistent with road safety and other road and traffic objectives and provides effective guidance in directing tourists and visitors to tourism facilities.

### **Agritourism**

Agritourism attracts tourists who are interested in working farms, ranches, wineries, or other agricultural operations. Registration with the program provides marketing of the Agritourism business and activities, plus provides limited liability for the agricultural business.

## **Kansas Arts Commission**

The Kansas Arts Commission (KAC) at the Kansas Department of Commerce is dedicated to promoting, supporting, and expanding Kansas' creative industries, as well as enriching communities through arts and culture. KAC offers a range of programs and services to support cultural programming across Kansas and enhance the role the arts play in all levels of education, community service, workforce development, and quality of life in our state.

KAC has four major grant categories awarded each year:

**General Operating Support** grants provide funding for Kansas public and private non-profit arts and cultural organizations, including museums, local arts councils and commissions, statewide arts and cultural service organizations, and organizations that have cultural program activities in any of the art and cultural disciplines: music, dance, theatre, creative writing, literature, painting, sculpture, folk arts, photography, crafts, media arts, visual arts, programs of museums, and other such allied, major art forms. The organization's mission must directly support arts and cultural programming.

**Arts Everywhere** grants provide funding for cultural projects, programs, exhibitions, series, arts education projects, and other arts programming. This program provides funding for educational institutions, arts organizations, and community service non-profits to use the arts to increase student success, foster creative thinking, develop critical job skills, enhance community development, and increase participation in the arts across Kansas. Projects must relate to an arts and culture discipline: music, dance, theatre, creative writing, literature, painting, sculpture, folk arts, photography, crafts, media arts, visual arts, programs of museums, and other such allied, major art forms.

**Public Art and Murals** grants aim to activate public spaces through permanent and semi-permanent art installations. This program is designed to utilize artists and arts organizations to increase community vibrancy and provide space for artistic expression and public engagement through the creation of permanent, publicly accessible art installations with community involvement. KAC supports public art programs across all Kansas communities.

**Visiting Artist(s)** grants focus on bringing professional artists into communities to engage and deepen the impact of arts programming on local and underserved audiences through exposure to and interaction with professional visiting artists. It has two tracks: one for the Kansas Touring Roster with ongoing rolling applications, and another for other visiting artists not listed on the Touring Roster, which are awarded annually. Both require at least one public presentation and a complementary activity, with the visiting artist needing to be at least 60 miles away from the applicant.

### **Artist INC**

**Artist INC** is a cutting-edge training program that empowers individual artists in all disciplines to take control of their careers by connecting them to the tools, resources and opportunities necessary to develop their entrepreneurial skills and strengthen their artistic practice. Through KAC's partnership with **Mid-America Arts Alliance**, Artist INC seminars provide a host of benefits to artists, including:

- Skills in arts planning, marketing, finance, law and technology
- Increased knowledge and the ability to access local and national art business resources
- Strategic planning for pursuing, marketing and sustaining their art
- Long-term network of cross-discipline, diverse artists to provide peer learning and support into the future.

## **Quality Places Division**

### **Community Service Program (CSP) Tax Credit**

The Community Service Program (CSP) Tax Credits help non-profit organizations and public health care entities fund important projects related to community improvements, children and family services, crime prevention, youth apprenticeship or training, and healthcare. Under this program, certain non-profits are authorized to offer tax credits to donors supporting approved projects. Organizations in rural areas with a population of less than 15,000 can receive a 70% credit, while those in urban areas with a population of more than 15,000 can receive a 50% credit. Eligible applicants are Kansas non-profit corporations and foundations, not city and county governments.

### **Supporting Innovation Growth Through New Signage (SIGNS)**

SIGNS is designed to improve the attractiveness of downtown retail and commercial business storefront signs. The purpose of this program is to encourage property owners or business tenants to design and install high-quality, creative, and interesting signs that add to the vitality, livability, and overall welcoming atmosphere of a rural downtown commercial district, while following standard sign guidelines that will support the long-term aesthetics and historical character of Kansas downtowns.

## **Community Development Block Grant (CDBG)**

### **Blueprint to Build**

The Blueprint to Build grant program is designed to make it easier and more affordable for small communities to build new public community centers. By offering three pre-designed, modern and energy-efficient blueprints — already paid for with CDBG funds — cities can skip most of the costly design work and long planning timelines. While some flexibility exists for additional features, major modifications are not allowed. Minor modifications to the approved design are permitted but must be funded by the applicant and approved by Commerce on a case-by-case basis.

### **Commercial Rehabilitation**

This program funds projects assisting private property owners in the rehabilitation of downtown structures resulting in a commercial business. Eligible expenses include: Construction costs for building rehabilitation to correct code violations, historic preservation or for job creation; improvements to the exterior of the building, abatement of asbestos hazards and lead-based paint hazards evaluation and reduction; rehabilitation of a property designated as being in a slum or blighted area.



### **Community Facilities: Large Grants**

The Community Facilities: Large Grants Program allows cities and counties to propose any CDBG-eligible facility project — such as libraries, childcare centers, large parks, and public infrastructure — without being limited to a specific subcategory to support impactful, long-term improvements to community services and quality of life. Eligible uses include large-scale projects that enhance community engagement, safety and health, such as renovations to public facilities, construction of nonprofit childcare centers, park and infrastructure upgrades, public safety enhancements, educational facilities and associated professional services.

### **Community Facilities: Small Grants**

This program offers cities and counties the flexibility to propose any CDBG-eligible facility project, with a focus on smaller-scale improvements that make a meaningful and lasting impact. Eligible uses include cost-effective upgrades such as facility modernization, ADA improvements, public safety features, and park enhancements that help foster community engagement, accessibility and vibrancy.

### **Economic Development**

This program funds projects aiming to create or retain jobs in the state. Funds assist for-profit businesses or agricultural cooperatives with infrastructure improvements, land acquisition, site preparation, building construction or renovation, machinery, equipment, lease payments, inventory, payroll and other working capital items. Through partnerships with local governments, the program provides grants to cities or counties, which are then loaned to assisted businesses for infrastructure improvements, building construction or renovation, and business financing. Projects must directly result in the creation or retention of permanent jobs, with at least 51% of those jobs benefiting low- and moderate-income individuals. Eligible expenses include: Infrastructure improvements including roads, sidewalks, water lines and sewer lines  
Business financing for a new or existing business expanding in a Kansas community.

### **Housing Rehabilitation & Demolition**

This program provides funding to improve housing to benefit low- to moderate-income households in a city. Funds are targeted for housing rehabilitation/demolition or neighborhood development. Eligible expenses include: Single-family/owner-occupied or rental housing rehabilitation, upper-story housing or renovation of a building to create housing; Demolition of housing units and outbuildings on the same property; Neighborhood development for housing rehabilitation or demolition, plus public facility improvements including street, drainage, curbs and public sidewalks; Up to 20% of rehabilitation funds may be used in emergencies

### **Regional Water Implementation**

To promote collaboration and cooperation between water systems throughout the state of Kansas, this program provides funding for consolidation of two or more water systems. Eligible expenses include: Projects that will result in system consolidation where two or more systems merge, resulting in one public water supply system with a single governing body; Projects that result in the creation or expansion of a Public Wholesale Water Supply District; Projects that benefit a minimum of two public water supply systems.



### **Urgent Need from Disasters**

This program helps communities address an urgent need resulting from a sudden and severe natural or other disaster where no other financial resources are available. Eligible expenses include: Activities designed to meet urgent health and welfare needs for which no other financial resources are available to meet such needs; Activities on the approved list of eligible expenditures adopted from Title I of the Housing and Community Development Act of 1974, as amended.

### **Water & Sewer Infrastructure**

This program provides funding to assist with water and sewer infrastructure projects, with an emphasis on developing regional facilities wherever possible. Eligible expenses include: Improvement to water and sewer infrastructure; Construction or rehabilitation of water towers, water wells, treatment plants and sewer lagoons; Installation of water or sewer lines; Purchase of easements and property using the Uniform Relocation Act (URA); Engineering costs related to these projects; Administration costs for grant funds.

### **Youth Job Training**

This program addresses the need to support youth (ages 12-19) in workforce training and engagement. Funding provides youth with training and skill development, encouraging self-sufficiency and independence and aims to address the shortage of skilled trade workers in Kansas.

## **Kansas Main Street**

Main Street is a self-help, technical assistance program that targets the revitalization and preservation of downtown districts through the development of a comprehensive strategy. The program has a long history of success throughout the United States, as well as in Kansas. What began as a small pilot program in the late 1970s has now expanded to include nearly 2,000 communities across more than 40 states. Throughout the country, communities have utilized the *Main Street Approach<sup>TM</sup>* to rally residents around a focused plan of action that transforms their community and enhances their quality of life.

### **Residential Opportunities on Main Street (ROOMS)**

Funds to support new upper-floor housing in Designated Kansas Main Street communities.

## **Housing Programs and Resources**

### **Housing Assessment Tool (HAT)**

The Housing Assessment Tool (HAT) is a self-assessment guide for communities to gather and analyze data on their housing inventory, partner with relevant stakeholders, and develop priorities for local housing investment. Communities can use this tool to make data-driven decisions in addressing housing investment opportunities. The recommended timeline for completing the HAT is approximately one to three months but can be dependent on the community's capacity. Once the HAT is complete, communities have the option to meet with the *Housing Interagency Advisory Committee*. This is an opportunity for the community to present their housing priorities to discuss state and federal funding opportunities with state representatives.

### **Housing Interagency Committee (HIAC)**

The purpose of the *Housing Interagency Advisory Committee* (HIAC) is to provide guidance and direction to communities seeking funding for housing projects. The HIAC comprises representatives from federal and state agencies, including the Kansas Department of Commerce, the Kansas Housing Resource Corporation, USDA Rural Development, and the Federal Home Loan Bank. Communities can attend an optional HIAC meeting to present their HAT key findings and housing priorities. The goal of an HIAC meeting is for communities to receive HAT feedback and for the state agencies to describe how their programs can address the community's housing needs. Communities can connect with program managers to determine the next steps in addressing their housing goals. There is no requirement for communities to meet with the HIAC for funding.

### **Reinvestment Housing Incentive District (RHID)**

RHID is a program designed to aid developers in building housing within communities by assisting in the financing of renovations and public infrastructure improvements. RHID captures the incremental increase in real property taxes created by a housing development project for up to 25 years. The revenue can be used for reimbursement for incurred costs or to pay debt service on bonds. All cities and counties with a population of less than 85,000 are eligible to utilize RHID.

### **Office of Rural Prosperity**

The Office of Rural Prosperity (ORP) advocates for and promotes rural Kansas and focuses on efforts designed to aid rural improvements. Through ongoing conversations with rural stakeholders, ORP identifies key policy priorities and blends administrative action with legislative work to remove barriers to prosperity.

### **Historic Economic Asset Lifeline (HEAL)**

Realizing the need to rehabilitate downtown buildings with funding that can be disbursed quickly and efficiently, HEAL provides matching grant funds to assist communities in revitalizing dilapidated, deteriorated or underutilized vacant, downtown buildings. The grants are intended to bring buildings back into productive use as spaces with new or expanding businesses, childcare, housing, arts and culture, civic engagement, or entrepreneurship.

### **Rural Murals**

This program provides funding for communities with populations of 15,000 or less to reinvigorate spaces by creating new murals or public art that incorporate the community's history, culture, heritage, tourism, or other community-led art pieces. This mural and public art grant program is intended to support projects in rural communities that are immediately ready to begin work, with community engagement, location selection, site approvals, and the selection of a muralist, completed before the award is made.

### **Rural Champions**

The program is designed to create a grassroots network of Rural Champions who possess the necessary tools to resolve critical community needs in rural areas in a quick and effective manner. These Rural Champions will receive strategic training and compensation and will be connected to resources to assist

them. Funds provide a stipend to hire a Champion to fill a gap in capacity, as well as an implementation grant to complete the needed project.

### **Strategic Economic Expansion & Development (SEED)**

The purpose of SEED grants is to support the economic revitalization of Kansas communities under 5,000 population through investments in quality-of-life initiatives including community vibrancy projects, childcare and senior programming, libraries and food retail. SEED grants are funded under the Technology-Enabled Fiduciary Financial Institutions Development and Expansion Act (KS Stat § 9-2324 [2021]), which was enacted in 2021 to promote and facilitate the development and growth of trust banks in Kansas; regulate fiduciary financial activities and custodial services and Kansas; and to locate trust bank office space in economic growth zones in rural Kansas.

### **Towns Grant**

Recognizing the value that rural communities add to the culture of our state, Commerce launched this new grant program to support small-scale quality of place projects that create quick, meaningful results in rural communities that have not received Commerce funding since 2019.

## **Office of Broadband Development**

The Office of Broadband Development at the Kansas Department of Commerce offers multiple grants and programs to municipalities, counties, non-profits, and businesses to provide high-quality internet connections to all communities across the state. Grant programs include both federal and state sources that fund both infrastructure and digital access and adoption by individuals.

### **Broadband Acceleration Grant (BAG)**

Launched in 2020, the BAG program is poised to invest \$85 million over 10 years toward bridging the digital divide in Kansas, thanks to broadband modernization funding provided through the Kansas Department of Transportation's Eisenhower Legacy Transportation Program (IKE). Funds will be targeted to areas that are unlikely to receive broadband service without state or federal funding support. Grant awards of up to \$1 million dollars with a required 50% match will be invested in the construction of high-quality, reliable broadband infrastructure throughout Kansas with priority given to applications that address: unserved areas, economically distressed communities, and areas of compelling need.

Partnership projects that accelerate broadband infrastructure through collective investments are encouraged such as: projects proposed in KDOT construction corridors or 'dig once' efforts, municipal, county or regional projects that are part of a community's strategic broadband plan, scalable, robust co-investment projects.

### **Developing Online Opportunities and Ready Skills (DOORS)**

The DOORS program will provide capacity-building subgrants to nonprofits, local and tribal governments, and businesses to promote digital opportunities, including digital literacy, skills training, e-government, civic engagement, device distribution, and economic development. These efforts will ensure all Kansans

have access to and use affordable, reliable high-speed broadband to meet their digital needs and improve their lives.

### **Broadband Ready Communities**

Municipalities can become a Broadband Ready Community. The program aims to assist communities in preparing for future grant funding opportunities by providing an efficient and accessible path to broadband readiness. Communities seeking certification under KBRC must adopt an ordinance that aligns with the minimum requirements outlined by the program.

## **KANSASWORKS**

**KANSASWORKS** operates Workforce Centers in various communities across the state. The Workforce Centers provide a range of services and programs to help job seekers, businesses, and communities thrive. Here are some services offered by **KANSASWORKS**:

### **For Jobseekers:**

- Assistance with creating or refining resumes to showcase skills and experience, guidance on searching and applying for job openings that align with career goals, support with completing job applications, and coaching to prepare for interviews.
- Insights on in-demand jobs, wages, and employment trends to help make informed decisions. Regular opportunities to connect with employers actively hiring in their area by participating in Job Fairs and hiring events, either in-person or virtually.
- Potential funding opportunities through the Workforce Innovation and Opportunity Act (WIOA) for job training, career counseling, and support services for eligible individuals, including dislocated workers, low-income adults, and youth.
- Dedicated services for special populations and eligible individuals such as veterans, justice involved individuals, dislocated workers, youth and older workers, individuals with disabilities, and migrant seasonal farmworkers.

### **For Employers:**

- Comprehensive support to include assistance with posting job openings on **KANSASWORKS.com**, the statewide job board which can reach a broad talent pool; help with pre-screening applicants to ensure candidates meet the job requirements, saving time for employers; and facilitating connections with qualified job seekers through recruitment events, job fairs and direct referrals, to support businesses in finding the right talent efficiently.
- Connections with programs and partners that can benefit them such as the Work Opportunity Tax Credit program, which provides tax incentives for employers who hire individuals from target groups facing barriers to employment; WIOA, which can offer On-the-Job Training support, help businesses upskill their current workforce to improve productivity and competitiveness with

Incumbent Worker Training, support employers in developing customized or registered apprenticeship programs and connect them with a pipeline of jobseekers who have received training tailored to industry needs.

**KANSASWORKS** also offers Layoff prevention and Rapid Response services. This provides businesses with support during economic downturns to either retain employees or aid with transitional services in the case of layoffs or closings.

Mobile Centers are also available to provide job seeker and employer services. These are traveling units equipped with computers, internet access, and staff assistance, bringing job search and training services to rural and underserved areas.

[www.kansasworks.com/contact](http://www.kansasworks.com/contact)

## **Kansas Office of Registered Apprenticeship**

### **Apprenticeship to Educator Grant**

Educators at all levels play a critical role in preparing the next generation of Kansans for gainful employment and success in life. Kansas HB 2292 (2023) authorizes the Kansas Department of Commerce to develop grant programs that support eligible Teacher Educator Apprentices in their hands-on training to fill critical and in-demand teaching jobs in our state.

### **Kansas Non-Profit Apprenticeship Grant Program**

This grant program is open to eligible nonprofit employers having 501(c)3 status and nonprofit healthcare employers that employ an apprentice pursuant to a registered apprenticeship agreement. The amount of the grant is up to \$2,750 for each employed apprentice, not to exceed 20 such grants in any taxable year per eligible employer and up to four years per apprentice.

### **Apprenticeship Tax Credit for For-Profit Organizations**

The Kansas Apprenticeship Tax Act Grant authorizes the Kansas Department of Revenue to award tax credits up to \$2,750 (\$2,500 for each employed apprentice, not to exceed 20 such credits in any taxable year per eligible employer and up to four years per apprentice). The tax credit is to be claimed by an eligible employer for the taxable year in which the apprentice completed the probationary period or the taxable year succeeding the calendar year in which the apprentice completed the probationary period while employed by the eligible employer.

## ***Partner Programs and Services***

### **Network Kansas**

Network Kansas is a statewide network of non-profit business-building resources that help entrepreneurs and small business owners start up and grow successful businesses. They offer business support through the Impact Investment Center and provide loan and equity programs, as well as GrowKS SSBCI funding and E-Community resources. Visit <https://networkkansas.com/> for more information.

**KDOT Economic Development Program**

Funding transportation improvements that support job growth and capital investment in the state. Visit <https://www.ksdot.gov/programs/economic-development-programs/economic-development-program> for more information.

**Utility Incentive Programs**

Many state utility partners can offer discounted rates or other cost-saving tools to assist companies looking to establish or grow their operations in Kansas.

Senate Bill 339 recently passed, allowing public investor-owned utilities access to a tool designed to attract new, very large electric utility economic development opportunities to the State of Kansas. With final approval from the Kansas Corporation Commission, this incentive offers a competitive rate to new customers with an electric demand of 50 MW or greater.

Eligible customers include non-retail industries such as data centers, aviation, and other large-scale industrial development. Customers benefit from the special rate for 10 years. A new load of at least 50 MW must be located at a single location. Renewable resources can be incorporated into the rate making, providing for additional savings and allowing customers to meet their corporate goals.

In addition, companies committed to meeting corporate sustainability goals from renewable sources have several options to reach those targets, including a Renewables Direct program offered by the state's largest utility that allows commercial and industrial customers to offset a percentage of their energy usage through a renewable resource. This program is designed to provide large customers a path toward their sustainability goals with abundant, affordable renewable energy. A number of utilities across the state also have wind and solar energy as part of their electricity portfolio, and other arrangements such as energy efficiency incentives may be offered by some service providers.

More information is available through your In-State Business Regional Director and they will connect you with the appropriate utility partner.

**Kansas Manufacturing Solutions**

Kansas Manufacturing Solutions, formerly MAMTC, a non-profit 501(c)(3) organization, provides consulting services of all kinds to small and medium-sized manufacturers in Kansas. They are the Kansas partner of the National Institute of Standards and Technology Manufacturing Extension Partnership (NIST MEP) and have several offices throughout the state to provide manufacturing management advising services to the entire Kansas manufacturing community. Visit <https://www.wearekms.com/> for more information.

**Kansas Association of Certified Development Companies (KACDC)**

A Kansas Certified Development Company is authorized to market and service SBA loan guarantees, including 7a and 504 business loans. Contact should be made directly with the CDC servicing the county in which the business resides or plans to reside. For more information about services visit [www.kacdc.com](http://www.kacdc.com).

**Kansas Business One Stop**

One-stop shop for interacting with the Kansas government. Here, you can learn how to organize a business, locate information and resources needed to start or maintain a business, and more. <https://ksbiz.kansas.gov/>

**Small Business Development Centers (SBDC)**

The Kansas Small Business Development Center network is a statewide, inter-institutional program to enhance economic growth in Kansas by providing management, marketing, and technical assistance to small businesses. Professional business advisors are available at eight Small Business Development Centers (SBDCs) and several outreach centers across the state. Whether it's an existing business looking to boost sales or a start-up trying to get off the ground, we provide our customers with quality and professional care. For more information visit <https://www.kansassbdc.net/>.



# **APPENDIX A**

Property Tax Exemption Policy

City Application for Exemption

BOTA Application for Exemption

Annual Claim Form for Exemption

The Constitutional Provision

Statutes Affecting Constitutional Tax Exemptions

# PROPERTY TAX EXEMPTION POLICY

RESOLUTION NO. \_\_\_\_\_

POLICY MANUAL

City of \_\_\_\_\_, Kansas

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Subject	Policy No.	Effective Date _____, 20__
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## PROPERTY TAX EXEMPTIONS/ABATEMENTS FOR ECONOMIC DEVELOPMENT

### A. BACKGROUND

On August 5, 1986, Kansas voters approved a constitutional amendment that authorizes tax abatement and exemptions for purposes of economic development. The constitutional amendment permits counties and cities to exempt from property taxes all or any part of buildings, land, and tangible personal property used by new business exclusively for manufacturing, research and development, or the storing of goods traded in interstate commerce. An exemption/abatement may also be granted for existing buildings or new expansions to existing buildings, the land, and associated new personal property for these same purposes to facilitate the expansion of an existing business if new employment is created. The exemption/abatement may extend for up to 10 years. In 1994 the State of Kansas required Cities to perform a cost-benefit analysis before granting any exemption/abatement.

### B. PURPOSE

The two primary objectives of the City of \_\_\_\_\_ in granting tax exemptions/abatements for economic development are to provide needed jobs and expand the economic tax base of the City. It is the policy of the City that private businesses should not be subsidized with public funds, the indirect consequences of tax exemption incentives, unless the public benefits exceed the costs, as determined by the Governing Body.

The purpose of the policy is to establish standards for considering property tax exemption/abatement requests. In addition, the Governing Body has recognized the need for the responsible application of economic development abatements, because of the potential impact on the taxing authority of other units of government.

While each request for a tax exemption/abatement must be considered on its own merits, the Governing Body recognizes the need and desirability of a policy statement outlining its general attitude toward such requests. This statement is intended to provide a guide to the Governing Body's position regarding tax exemption/abatements for industrial prospect, to businesses considering relocation or expansion and to organizations in \_\_\_\_\_ concerned with promoting economic development.

## C. GENERAL ABATEMENT DEFINITIONS

1. For the purpose of this policy, the following definitions shall apply:
  - a. "Abatement" refers to a partial reduction of property taxes for the applicant firm.
  - b. "Applicant" shall mean and include the business, property owner or owners, and their officers, employees and agents.
  - c. "Associated Therewith" as used with respect to tangible personal property shall mean being located within, upon or adjacent to buildings or added improvements to buildings.
  - d. "Commenced Operations" shall mean the start of the business activity housed in the building for which a tax exemption-incentive is requested.
  - e. "Economic Development Purposes" shall mean the establishment of a new business, the expansion of an existing business engaged in manufacturing articles of commerce, conducting research and development, or storing goods or commodities that are sold or traded in interstate commerce that results in additional employment.
  - f. "Exemption" refers to a 100% reduction of property taxes for the applicant firm.
  - g. "Expansion" shall mean the enlargement of a building or construction of a new building, the addition of tangible personal property, or any combination thereof, that increases the employment capacity of a business eligible for a tax exemption-incentive and that results in the creation of new employment.
  - h. "Manufacturing Articles of Commerce" shall mean a business engaged in the mechanical or chemical transformation of materials or substances into new projects, as defined in the Standard Industrial Classification Manual.
  - i. "Research and Development" shall mean the application of science or technology to the improvement of either the process of manufacturing or manufactured products or both.
  - j. "Storing Goods or Commodities which are sold or traded in interstate commerce" shall refer to the business of storing property that may be exempt from ad valorem taxation under the provisions of K.S.A. 79-201f.
  - k. "Tangible Personal Property" shall mean machinery and equipment used during the term of the tax exemption that may be granted.

#### D. POLICY

1. Only those firms that qualify under current Kansas law will be eligible for an exemption/abatement. In general, this applies only to manufacturing, research and development, and interstate warehousing businesses.
2. In order to be eligible, a business must create jobs and make a capital investment in new construction, a business must meet a 10% minimum abatement threshold, based on the cost-benefit model.
3. Special Assessments are not eligible for exemption.
4. Exemptions/abatements for businesses that would compete directly with existing businesses will not be encouraged unless the competing businesses have received or been offered similar incentives or unless there is substantial overriding benefit to the City as a whole.
5. The period of exemption/abatement shall not exceed 10 years.
6. The City will consider granting property tax exemptions/abatements only upon a clear and factual showing of a positive net public benefit through the advancement of its economic development goals, including the creation of quality jobs and the stimulation of additional private investment. The Governing Body, in determining the amount and term of a tax exemption/abatement to be granted, may consider various factors including, but not limited to the following in regard to the cost-benefit analysis:
  - a. The net benefit to the city, county, and school district for not more than 10 years;
  - b. The length of time it takes for the net benefits to equal the amount of property taxes abated for the city, county, and school district;
  - c. The length of time it takes for total benefits to equal total costs for the city, county, and school district.
7. The Governing Body reserves the right to grant or not to grant a tax exemption/abatement under circumstances beyond the scope of this policy. However, no such action or waiver shall be taken or made except upon a finding by the Governing Body that a compelling or imperative reason exists and is declared to be in the public interest.
8. No exemption/abatement granted by the City shall be transferred as a result of a change in the majority ownership of the business. Any new owner shall file a new application for a property tax abatement. Further, the City shall be notified by the business of any substantive change in the use of a tax exempt property.
9. The Governing Body must make a finding that the exemption/abatement for personal property is necessary in order to retain jobs in Kansas.

## E. PROCEDURES

1. All firms interested in requesting consideration for a property tax exemption/ abatement shall complete an application form and the required information on the firm. All information submitted to the City must be verifiable. The application will be submitted to the \_\_\_\_\_.
2. The \_\_\_\_\_ will perform a cost-benefit analysis using the requested property tax exemption/abatement level and term, and submit the analysis to the \_\_\_\_\_ and the \_\_\_\_\_, if applicable.
3. The Governing Body may issue a letter of intent, setting forth in general terms its proposed plans for granting a property tax exemption/abatement and any conditions thereto. Such letters of intent shall be issued only with the approval of the Governing Body and as an expression of good faith intent, but shall not in any way bind the City to the granting of an exemption/abatement. Letters of intent will be considered only if the eligible business has made proper application. Such letters of intent shall expire six months after issuance, but may be renewed.
4. Before the granting of any initial tax exemption/abatement, the Governing Body shall hold a public hearing on the granting of such exemption/abatement. Notice of the public hearing shall be published at least once seven days before the hearing in the official city newspaper and shall indicate the purpose, time, and place of the public hearing. In addition to the public hearing notice, the City Clerk shall notify in writing the Governing Body of the County and School District about the public hearing and the proposed property tax abatement/exemption as early as possible, and provide the two Governing Bodies with a copy of the cost-benefit analysis and all background materials.

The Governing Body of the County and School District will be encouraged to provide input to the City regarding the impact of the proposed exemption/abatement on the property tax base as well as other issues.

5. Before making a decision to grant a tax exemption/abatement, the Governing Body shall adopt a resolution finding that the property being considered for exemption is to be used exclusively for an Article 11, Section 13 purpose. If the business is relocating within the state, the resolution will state that the secretary of commerce has determined that such relocation is necessary to prevent the business from leaving the state.
6. After the public hearing, the Governing Body shall adopt an ordinance specifying the percentage of abatement each year and the length of the abatement. The ordinance will require two readings.
7. The City Clerk will submit all necessary documentation to the County Appraiser's office. The owner(s) of the firm will also complete the forms prescribed by the Director of Property valuation.
8. After the first year of exemption/abatement the City Administration will review actual payroll, investment, construction, firm, and visitor numbers and then perform another cost-benefit analysis. If the numbers do not support the original abatement, then another ordinance will be adopted with the new abatement percentages. In no case will

the abatement percent or term be increased as a result of this new analysis. The City Clerk will certify the new abatement percentages and ordinance to the County Appraiser.

9. Exemptions/abatements will be reviewed annually by the City Administration and approved by the Governing Body. By January 1 of each year the owner(s) of all property that has been exempted/abated shall present to the City Clerk all necessary information so that the City Administration can calculate an updated exemption/abatement percentage, using the cost-benefit model.

The City Clerk shall supply a written statement to the owner(s) by February 1 of each year stating that the property does or does not continue to meet the terms and conditions of the exemption. In the event the owner(s) do not continue to meet the terms and conditions of the exemption/abatement, the abatement will be lowered or discontinued by the Governing Body. Any change in the abatement percentage will require an ordinance change.

By March 1 of each year if the owner(s) continue to meet the terms and conditions of the exemption/abatement, the owner(s) shall claim such exemption by submitting forms prescribed by the Director of Property Valuation along with the City Clerk's report to the County Appraiser's office.

PASSED BY THE GOVERNING BODY THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_.

ATTEST: \_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Mayor

S E A L

# APPLICATION TO CITY FOR EXEMPTION

## CITY OF \_\_\_\_\_, KANSAS APPLICATION FOR PROPERTY TAX EXEMPTION FOR ECONOMIC DEVELOPMENT PURPOSES

Abatement from ad valorem property taxation pursuant to Article II, '13 of the Kansas Constitution is requested for all or any portion of the appraised valuation of property used for the purpose of manufacturing articles of commerce, conducting research and development, or storing goods or commodities which are sold or traded in interstate commerce, as described herein. This application is submitted in conformance with the applicable Statement of Policy and Procedures of the City and it is understood that the City may require in lieu of payments for property that becomes tax exempt. The attached sheets, if any, are submitted as a part of this application.

### Part I: Applicant Identification

Name of Applicant Firm: \_\_\_\_\_

Contact Person (Name and Title): \_\_\_\_\_

Address: \_\_\_\_\_

Street or P.O. Box

City

State

Zip

Telephone Number: \_\_\_\_\_

Names and percent of ownership of all principal owners and officers of the Applicant Firm:

\_\_\_\_\_

\_\_\_\_\_

If applicant is a tenant, identify property owner(s):

Name(s): \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Street or P.O. Box

City

State

Zip

Telephone Number: \_\_\_\_\_



**Part II: Property Identification.** List only taxable property in which an abatement is requested.

\_\_\_\_\_ Land. Attach legal description of property and plat showing location of buildings, added improvements to buildings, or both.  
\_\_\_\_\_ Buildings(s). Attach description.  
\_\_\_\_\_ Added improvements to buildings. Attach description and estimated cost.  
\_\_\_\_\_ Tangible personal property. Attach list of each item with identifying nomenclature and cost. Proof of purchase after August 5, 1986, must be provided for each item on list.

**Part III: Business Information**

Type of business organization \_\_\_\_\_  
(i.e. corporation, subsidiary, partnership, sole proprietorship, etc.)

Date and place business organized or incorporated \_\_\_\_\_

Name and parent company, if applicable \_\_\_\_\_

Type of business \_\_\_\_\_

Line or lines or products manufactured or research and development conducted, or goods or commodities stored in buildings, in which tax exemption is requested.

\_\_\_\_\_

Percentage of building occupied by applicant business qualifying for tax abatement: \_\_\_\_\_ %

List principal competition of the business within the City.

Name and location of firms: \_\_\_\_\_

Describe nature of competition: \_\_\_\_\_

Business is (\_\_\_\_ new) or (\_\_\_\_ existing). (Please check one)

If new business:

Date operations will begin \_\_\_\_\_

If business is relocated to this City, give previous location(s):

\_\_\_\_\_

If construction of a new building for a new business is involved, give anticipated date of completed construction: \_\_\_\_\_

If existing business:

Date expansion will be completed \_\_\_\_\_

Purpose of expansion \_\_\_\_\_

Does expansion involve?

\_\_\_\_\_ Acquisition of existing building  
\_\_\_\_\_ Enlargement of existing building  
\_\_\_\_\_ Construction of new building

Describe how property identified above facilities the expansion of such existing business:

\_\_\_\_\_  
\_\_\_\_\_

#### **Part IV: Employment Data:**

Existing Business: Describe how expansion has or will create new employment:

\_\_\_\_\_  
\_\_\_\_\_

#### **Part V: Description of Public Benefits**

Please attach a narrative description, of not to exceed two pages, of the public benefits that you believe will occur if the requested exemption is granted.

#### **Part VI: Financial Responsibility**

Attach a description of the business' financial situation. This may include a financial statement, audit and other relevant information to assess the stability of the business. Indicate if there is any pending or threatening litigation affecting the viability of the business.

#### **Part VII c Certification of Applicant**

I, \_\_\_\_\_, hereby certify that the foregoing attached information is true and correct to the best of my knowledge.

Further, it is understood that additional information may be requested by the city to assist the Governing Body in its consideration of this matter.

Date Signed

\_\_\_\_\_

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

**Part VIII C Acknowledgment of Receipt:**

Receipt is hereby acknowledged:

Date \_\_\_\_\_ Finance Director \_\_\_\_\_

BEFORE THE BOARD OF TAX APPEALS OF THE STATE OF KANSAS

TAX EXEMPTION  
(K.S.A. 79-213)

APPLICANT:

\_\_\_\_\_  
Applicant Name (Owner of Record)

\_\_\_\_\_  
Applicant Address (Street or Box No.)

\_\_\_\_\_  
City State Zip

Applicant Phone #:(\_\_\_\_)\_\_\_\_\_

Applicant E-mail: \_\_\_\_\_

ATTORNEY OR REPRESENTATIVE: (If applicable)\*

\_\_\_\_\_  
Representative Name Title

\_\_\_\_\_  
Representative Address

\_\_\_\_\_  
City State Zip

Atty/Rep Phone #:(\_\_\_\_)\_\_\_\_\_

Representative E-mail: \_\_\_\_\_

Taxing County: \_\_\_\_\_

Year/Years at issue: \_\_\_\_\_

Property at issue:

Real Property---Street address, city: \_\_\_\_\_

Personal Property---Description: \_\_\_\_\_

(For State of Kansas use only)

DOCKET NO. \_\_\_\_\_-TX

Fee: \_\_\_\_\_ Amt Rec. \_\_\_\_\_

Rec. Date: \_\_\_\_\_ Ck # \_\_\_\_\_

No Fee: \_\_\_\_\_ Reason: \_\_\_\_\_

(For County use only)

Parcel ID #/Personal Property ID #  
or Vehicle ID #:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

County's valuation: \$ \_\_\_\_\_

LBCS Function Code: \_\_\_\_\_

1. Real Property—For real property, provide a description of all improvements, and attach a copy of the deed.  

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2. Personal Property—For personal property, provide an itemized list of all items, including the acquisition date(s) and any legal documentation of ownership. (If the description is lengthy, attach additional pages to this form.)  

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3. If subject property is a vehicle, please complete one of the following forms:  

(1) Addition to Exemption Application Vehicles Form  
or  
(2) Addition to Exemption Application Active Military Personnel Vehicles Form
4. If personal property, where was the property located on January 1 of the year you request the exemption to begin? (Provide the street address, city, county and state.)  

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5. Is the subject property leased? \_\_\_\_ No \_\_\_\_ Yes If yes, attach a copy of the lease agreement.
6. Indicate all uses you make of the subject property: (Explain in detail).  

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7. Indicate how often you use the subject property for this purpose(s).  

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8. Indicate all other individuals, groups or organizations that use the subject property. Explain in detail how each individual or entity uses the property.  

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9. Indicate whether or not a fee is charged in relation to the use of the subject property. If a fee is charged, please explain why there is a fee, how that fee is determined or calculated, and what purpose the fee serves. Include a copy of any fee schedules.  

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10. Date (mm/dd/yyyy) you acquired ownership of subject property: \_\_\_\_\_  
Date (mm/dd/yyyy) the property was first used for exempt purposes: \_\_\_\_\_  
Date (mm/dd/yyyy) you are requesting the exemption to begin: \_\_\_\_\_  
Date (mm/dd/yyyy) construction commenced and ended\*: \_\_\_\_\_

\*(If property is new construction)

11. Which statute authorizes the exemption: \_\_\_\_\_

12. Do you request a hearing on the application for exemption? \_\_\_\_ Yes \_\_\_\_ No

VERIFICATION

I, \_\_\_\_\_, do solemnly swear or affirm that the information set forth herein is true and correct, to the best of my knowledge and belief. So help me God.

\_\_\_\_\_  
Signature of Applicant

\_\_\_\_\_  
Printed Name and Title

State of \_\_\_\_\_ )  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ by \_\_\_\_\_.

Seal

\_\_\_\_\_  
Signature of Notary Public

My appointment expires: \_\_\_\_\_

COUNTY APPRAISER RECOMMENDATIONS AND COMMENTS

TO COUNTY APPRAISER:

Pursuant to K.S.A. 79-213, and amendments thereto, the County Appraiser is required to review each application and recommend whether the relief sought should be granted or denied. Therefore, please answer the following questions and provide any additional comments you believe are necessary to support your recommendation. The County Appraiser shall provide a copy of the completed comments and recommendations to the applicant.

1. Do you find the facts as stated by the applicant represent the true situation? \_\_\_\_\_ Yes \_\_\_\_\_ No
2. Do you recommend that the exemption herein requested be granted? \_\_\_\_\_ Yes \_\_\_\_\_ No
3. Do you request a hearing on this application? \_\_\_\_\_ Yes \_\_\_\_\_ No

Indicate the year the County first placed the subject property on the tax rolls under the name of the current owner: \_\_\_\_\_

Please provide any additional comments as to the County's position regarding the applicant's request.

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VERIFICATION

I, \_\_\_\_\_, do solemnly swear or affirm that the information set forth herein is true and correct, to the best of my knowledge and belief. So help me God.

\_\_\_\_\_  
Signature of County Official

\_\_\_\_\_  
Printed Name and Title

State of \_\_\_\_\_ )  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ by \_\_\_\_\_.

Seal

\_\_\_\_\_  
Signature of Notary Public

My appointment expires: \_\_\_\_\_



TAX EXEMPTION  
INSTRUCTIONS

1. Each application for tax exemption must be filled out completely with all accompanying facts and attachments. The statement of facts must be in affidavit form. Applications or statements that have not been signed by the property owner before a Notary Public will not be considered. Pursuant to K.S.A. 79-213, and amendments thereto, the property owner is required to file the application. If the subject property is leased, the lessee can **not** file the application.
2. If you are applying for exemption pursuant to the following statutes, please provide the indicated additions to application.

K.S.A. 79-201 Ninth---Humanitarian service provider  
TX Addition 79-201 Ninth

K.S.A. 79-201 Seventh---Parsonage  
TX Addition 79-201 Seventh

K.S.A. 79-201b---Hospitals, adult care homes, children's homes, etc.  
TX Addition 79-201b

K.S.A. 79-201g---Watershed dam or reservoir  
TX Addition Watershed

K.S.A. 79-201k---Business aircraft or  
K.S.A. 79-220---Antique aircraft  
TX Addition Aircraft

K.S.A. 79-201t---Low producing oil lease  
TX Addition 79-201t

K.S.A. 79-201z---Community Housing Development Organizations  
TX Addition 79-201z

K.S.A. 79-5107(e) or 50 U.S.C.A. § 571  
TX Addition to Exemption Application Active Military Personnel Vehicles

3. Pursuant to Kansas law, the burden is on the applicant to prove affirmatively that relief is necessary. Failure to do so will result in the denial of the request for exemption.
4. Enclose any applicable filing fee(s) pursuant to K.A.R. 94-5-8. Checks or money orders should be made payable to the Board of Tax Appeals. For information regarding fees with the Board of Tax Appeals, visit [www.kansas.gov/bota/](http://www.kansas.gov/bota/) or contact the Board at (785) 296-2388. The County Appraiser's office also has fee schedules available.

**This form along with the applicable additions and attachments is to be filed with the County Appraiser for recommendations pursuant to K.S.A. 79-213(d). The County Appraiser will forward the application to the Board of Tax Appeals.**

# **ANNUAL CLAIM FOR EXEMPTION FROM PROPERTY TAXATION**

To Be Filed with the County Appraiser on or before March 1st

*See other side for instructions*

Name & Address of Taxpayer:

County: \_\_\_\_\_

\_\_\_\_\_

Parcel I.D. No.: \_\_\_\_\_

\_\_\_\_\_

Personal Prop No.: \_\_\_\_\_

\_\_\_\_\_

Tax Year: \_\_\_\_\_

## **County Use Only**

Description on file ☐ Check ☒ if Yes

If Yes mail copy of form and written statement to PVD

## **NOTICE**

**This Annual Claim for Exemption by law must be accompanied by:**

- (1) **A Written Statement** *See instructions, other side and*
- (2) **A Description/List of Exempt Property** *See instructions, other side*

1. I (we) \_\_\_\_\_, do hereby file a claim for property tax exemption for the tax year \_\_\_\_\_, on the attached list of property.
2. The basis for the exemption is:  
Board of Tax Appeals Order, Docket No. \_\_\_\_\_.
3. The Board Order indicates that the property is exempt pursuant to:  
A. K.S.A. 79-201a *Second* (Industrial Revenue Bond-Funded Property)  
B. Article 11, Section 13 of the Kansas Constitution  
C. K.S.A. 79-221 (Certain Leased Property)  
D. Other \_\_\_\_\_ (explain).
4. The period of exemption set forth in the Board's Order is:  
\_\_\_\_\_ through \_\_\_\_\_.
5. If the property is only partially exempt or if a payment in lieu of tax must be made, please attach the agreement and/or uniform policy setting forth the terms.
6. Are you filing a claim for any property acquired *after* the Board of Tax Appeals issued the order exempting disclosed in number 2 above? \_\_\_\_\_. If yes, please explain why you believe this property is exempt.
7. Has the *ownership* of the property for which you are filing a claim for exemption changed in the past year? \_\_\_\_\_. If yes, attach a full explanation.
8. Has the *use* of the property for which you are filing a claim for exemption changed in since the Board determined that it was exempt? \_\_\_\_\_. If yes, attach a full explanation.

I do hereby assert that the information furnished by me herein and in the attached schedules is true, accurate, and complete.

Applicant's Signature \_\_\_\_\_

Date: \_\_\_\_\_

Name & Title \_\_\_\_\_

Phone: \_\_\_\_\_

# **Instructions**

## **1. Who must file an Annual Claim for Exemption?**

K.S.A. 79-210 requires owners of *property that is exempt for a specified period of years* to file an annual claim for exemption, *except* for property exempted under:

- (1) K.S.A. 79-201g (dam and reservoir land) or
- (2) K.S.A. 79-201d Second (farm storage and drying equipment).

Owners of property exempted for economic development purposes pursuant to Article 11, Section 13 of the Kansas Constitution, or property exempted by virtue of being funded with industrial revenue bonds pursuant to K.S.A. 79-201a *Second* must file an annual claim for exemption.

## **2. When must the Annual Claim for Exemption be filed?**

The annual claim for exemption must be filed with the county appraiser on or before March 1st. The failure to file the annual claim for exemption may be just cause for the county appraiser to be in doubt as to whether the property continues to meet the terms and conditions of exemption. When in doubt, the county appraiser must construe in favor of taxation. (See Directive No. 92-025).

## **3. What items must accompany an Annual Claim for Exemption?**

A written statement from the clerk of the city or county originally approving the exemption, and a description/list of the exempt property.

## **4. What is a “Written Statement?”**

K.S.A. 79-210 requires the annual claim for exemption to include a written statement signed by the clerk of the city or county approving the exemption. The written statement from the city or county clerk must indicate whether the property sought to be exempt continues to meet all the terms and conditions of exemption.

Each year, the applicant should obtain a written statement from the appropriate city or clerk indicating whether the terms and conditions of exemption continue to be satisfied. The written statement should be submitted to the county appraiser along with the annual claim for exemption.

The terms and conditions of exemption should also be submitted to the county appraiser. It is acceptable to just submit the terms and conditions to the county appraiser once during the period of exemption, not every year, unless the terms and conditions are revised. When revisions occur, they should be submitted to the county appraiser by the following March 1st, along with the annual claim for exemption.

## **5. What constitutes a “Description/List of Exempt Property?”**

The description/list of exempt property that is submitted with the annual claim should be the description and/or list of property that was issued with the Board of Tax Appeals Order. If the description of the item(s) listed by the Board is vague, the applicant must provide further information. The description/list of exempt property should include (complete the exempt real property form):

1. The legal description of any land exempted and the date it was acquired;
2. A brief description of any improvements (i.e., buildings) and the date they were completed;
3. A list of all exempt personal property setting forth for each item:
  - a. A brief description
  - b. The date of purchase
  - c. Whether the item was purchased new or used
  - d. The age at the date of purchase
  - e. The purchase price (exclude sales tax or freight & installation that are charged separately)

Note: only the property specifically exempted by the Board of Tax Appeals qualifies for exemption. Property purchased subsequent to the Board’s order and not addressed therein is not exempt.

# EXEMPT REAL PROPERTY FORM

## *Supplemental page*

If more than one building exists on a parcel identification number (PIN), please report only one building on each copy of the Exempt Real Property Form. The requested information is parcel specific. Make as many copies of this form as is necessary to report your exempt real property.

Firm Name: \_\_\_\_\_ Parcel Id. #: \_\_\_\_\_

Docket Number: \_\_\_\_\_ Exempt Period: \_\_\_\_\_

Legal Description:

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Is land acquisition associated with this exemption? Yes \_\_\_\_ No \_\_\_\_

If land acquisition is associated with this exemption, then provide the following information:

What date was the land purchased? \_\_\_\_\_

What was the purchase price of the land? \_\_\_\_\_

- If this is an Industrial Revenue Bond (IRBX) exemption, provide the amount of bond funds spent on this parcel of land associated with this docket number:

\_\_\_\_\_

If an improvement(s) is/are associated with this exemption, then provide the following information:

Building name and number (if applicable): \_\_\_\_\_

Description of the improvement: \_\_\_\_\_

\_\_\_\_\_

Date of completion: \_\_\_\_\_

Total square footage of the improvement: \_\_\_\_\_

Provide the total cost of the improvement attributable to the exemption under this docket number: \_\_\_\_\_

- If this is an Industrial Revenue Bond (IRBX) exemption, provide the amount of bond funds spent on the improvement associated with this docket number:

\_\_\_\_\_

If an in-lieu-of payment agreement is associated with this exemption provide the following information:

Amount of in-lieu-of tax payment for \_\_\_\_ for this parcel: \_\_\_\_\_

Please attach a copy of the in-lieu-of tax agreement.

I do hereby assert that the information furnished by me herein and in the attached schedules is true, accurate, and complete.

## THE CONSTITUTIONAL PROVISION

Section 13 of Article 11 of the Constitution of the State of Kansas reads as follows:

Exemption of property for economic development purposes; procedure; limitations.

(a) The board of county commissioners of any county or the governing body of any city may, by resolution or ordinance, as the case requires, exempt from all ad valorem taxation all or any portion of the appraised valuation of: (1) All buildings, together with the land upon which such buildings are located, and all tangible personal property associated therewith used exclusively by a business for the purpose of: (A) Manufacturing articles of commerce; (B) conducting research and development; or (C) storing goods or commodities which are sold or traded in interstate commerce, which commences operations after the date on which this amendment is approved by the electors of this state; or (2) all buildings, or added improvements to buildings constructed after the date on which this amendment is approved by the electors of this state, together with the land upon which such buildings or added improvements are located, and all tangible personal property purchased after such date and associated therewith, used exclusively for the purpose of: (A) Manufacturing articles of commerce; (B) conducting research and development; or (C) storing goods or commodities which are sold or traded in interstate commerce, which is necessary to facilitate the expansion of any such existing business if, as a result of such expansion, new employment is created.

(b) Any ad valorem tax exemption granted pursuant to subsection (a) shall be in effect for not more than 10 calendar years after the calendar year in which the business commences its operations or the calendar year in which expansion of an existing business is completed, as the case requires.

(c) The legislature may limit or prohibit the application of this section by enactment uniformly applicable to all cities or counties.

(d) The provisions of this section shall not be construed to affect exemptions of property from ad valorem taxation granted by this constitution or by enactment of the legislature, or to affect the authority of the legislature to enact additional exemptions of property from ad valorem taxation found to have a public purpose and promote the general welfare.

# KANSAS STATUTES

## AFFECTING CONSTITUTIONAL TAX EXEMPTIONS

### **K.S.A. 79-210**

**Property exempt from taxation; claim to be filed each year; forms, content and filing of claims; rules and regulations.**

The owner or owners of all property which is exempt from the payment of property taxes under the laws of the state of Kansas for a specified period of years, other than property exempt under K.S.A. 79-201d and 79-201g, and amendments thereto, shall in each year after approval thereof by the board of tax appeals claim such exemption on or before March 1 of each year in which such exemption is claimed in the manner hereinafter provided. All claims for exemption from the payment of property taxes shall be made upon forms prescribed by the director of property valuation and shall identify the property sought to be exempt, state the basis for the exemption claimed and shall be filed in the office of the assessing officer of the county in which such property is located. The assessing officers of the several counties shall list and value for assessment, all property located within the county for which no claim for exemption has been filed in the manner hereinbefore provided. The secretary of revenue shall adopt rules and regulations necessary to administer the provisions of this section. The provisions of this section shall apply to property exempted pursuant to the provisions of section 13 of article 11 of the constitution of the state of Kansas. The claim for exemption annually filed by the owner of such property with the assessing officer shall include a written statement, signed by the clerk of the city or county granting the exemption that the property continues to meet all the terms and conditions established as a condition of granting the exemption.

### **K.S.A. 79-213**

**Property exempt from taxation; initial request for exemption; forms, content and filing of request for exemption; recommendations by county appraiser; determination and order by state board of tax appeals; tax not required to be paid during pendency of application; abatement or refund of taxes by court; nonapplicability of provisions to certain exempt property.**

(a) Any property owner requesting an exemption from the payment of ad valorem property taxes assessed, or to be assessed, against their property shall be required to file an initial request for exemption, on forms approved by the state board of tax appeals and provided by the county appraiser.

(b) The initial exemption request shall identify the property for which the exemption is requested and state, in detail, the legal and factual basis for the exemption claimed.

(c) The request for exemption shall be filed with the county appraiser of the county where such property is principally located.

(d) After a review of the exemption request, and after a preliminary examination of the facts as alleged, the county appraiser shall recommend that the exemption request either be granted or denied, and,

if necessary, that a hearing be held. If a denial is recommended, a statement of the controlling facts and law relied upon shall be included on the form.

(e) The county appraiser, after making such written recommendation, shall file the request for exemption and the recommendations of the county appraiser with the state board of tax appeals. With regard to a request for exemption from property tax pursuant to the provisions of K.S.A. 79-201g and 82a-409, and amendments thereto, not filed with the board of tax appeals by the county appraiser on or before the effective date of this act, if the county appraiser recommends the exemption request be granted, the exemption shall be provided in the amount recommended by the county appraiser and the county appraiser shall not file the request for exemption and recommendations of the county appraiser with the state board of tax appeals. The county clerk or county assessor shall annually make such adjustment in the taxes levied against the real property as the owner may be entitled to receive under the provisions of K.S.A. 79-201g, and amendments thereto, as recommended by the county appraiser, beginning with the first period, following the date of issue of the certificate of completion on which taxes are regularly levied, and during the years which the landowner is entitled to such adjustment.

(f) Upon receipt of the request for exemption, the board shall docket the same and notify the applicant and the county appraiser of such fact

(g) After examination of the request for exemption and the county appraiser's recommendation related thereto, the board may fix a time and place for hearing, and shall notify the applicant and the county appraiser of the time and place so fixed. A request for exemption pursuant to: (1) Section 13 of article 11 of the constitution of the state of Kansas; or (2) K.S.A. 79-201a *Second*, and amendments thereto, for property constructed or purchased, in whole or in part, with the proceeds of revenue bonds under the authority of K.S.A. 12-1740 through 12-1749, and amendments thereto, prepared in accordance with instructions and assistance which shall be provided by the department of commerce, shall be deemed approved unless scheduled for hearing within 30 days after the date of receipt of all required information and data relating to the request for exemption, and such hearing shall be conducted within 90 days after such date. Such time periods shall be determined without regard to any extension or continuance allowed to either party to such request. In any case where a party to such request for exemption requests a hearing thereon, the same shall be granted. Hearings shall be conducted in accordance with the provisions of the Kansas administrative procedure act. In all instances where the board sets a request for exemption for hearing, the county shall be represented by its county attorney or county counselor.

(h) Except as otherwise provided by subsection (g), in the event of a hearing, the same shall be originally set not later than 90 days after the filing of the request for exemption with the court.

(i) During the pendency of a request for exemption, no person, firm, unincorporated association, company or corporation charged with real estate or personal property taxes pursuant to K.S.A. 79-2004 and 79-2004a, and amendments thereto, on the tax books in the hands of the county treasurer shall be required to pay the tax from the date the request is filed with the county appraiser until the expiration of 30 days after the board issued its order thereon and the same becomes a final order. In the event that taxes have been assessed against the subject property, no interest shall accrue on any unpaid tax for the year or years in



question nor shall the unpaid tax be considered delinquent from the date the request is filed with the county appraiser until the expiration of 30 days after the board issued its order thereon. In the event the board determines an application for exemption is without merit and filed in bad faith to delay the due date of the tax, the tax shall be considered delinquent as of the date the tax would have been due pursuant to K.S.A. 79-2004 and 79-2004a, and amendments thereto, and interest shall accrue as prescribed therein..

(j) In the event the board grants the initial request for exemption, the same shall be effective beginning with the date of first exempt use except that, with respect to property the construction of which commenced not to exceed 24 months prior to the date of first exempt use, the same shall be effective beginning with the date of commencement of construction.

(k) In conjunction with its authority to grant exemptions, the board shall have the authority to abate all unpaid taxes that have accrued from and since the effective date of the exemption. In the event that taxes have been paid during the period where the subject property has been determined to be exempt, the board shall have the authority to order a refund of taxes for the year immediately preceding the year in which the exemption application is filed in accordance with subsection (a).

(l) The provisions of this section shall not apply to: (1) Farm machinery and equipment exempted from ad valorem taxation by K.S.A. 79-201j, and amendments thereto; (2) personal property exempted from ad valorem taxation by K.S.A. 79-215, and amendments thereto; (3) wearing apparel, household goods and personal effects exempted from ad valorem taxation by K.S.A. 79-201c, and amendments thereto; (4) livestock; (5) all property exempted from ad valorem taxation by K.S.A. 79-201d, and amendments thereto; (6) merchants' and manufacturers' inventories exempted from ad valorem taxation by K.S.A. 79-201m, and amendments thereto; (7) grain exempted from ad valorem taxation by K.S.A. 79-201n, and amendments thereto; (8) property exempted from ad valorem taxation by K.S.A. 79-201a *Seventeenth*, and amendments thereto, including all property previously acquired by the secretary of transportation or a predecessor in interest, which is used in the administration, construction, maintenance or operation of the state system of highways. The secretary of transportation shall at the time of acquisition of property notify the county appraiser in the county in which the property is located that the acquisition occurred and provide a legal description of the property acquired; (9) property exempted from ad valorem taxation by K.S.A. 79-201a *Ninth*, and amendments thereto, including all property previously acquired by the Kansas turnpike authority which is used in the administration, construction, maintenance or operation of the Kansas turnpike. The Kansas turnpike authority shall at the time of acquisition of property notify the county appraiser in the county in which the property is located that the acquisition occurred and provide a legal description of the property acquired; (10) aquaculture machinery and equipment exempted from ad valorem taxation by K.S.A. 79-201j, and amendments thereto. As used in this section, "aquaculture" has the same meaning ascribed thereto by K.S.A. 47-1901, and amendments thereto; (11) Christmas tree machinery and equipment exempted from ad valorem taxation by K.S.A. 79-201j, and amendments thereto; (12) property used exclusively by the state or any municipality or political subdivision of the state for right-of-way purposes. The state agency or the governing body of the municipality or political subdivision shall at the time of acquisition of property for right-of-way purposes notify the county appraiser in the county in which the property is located that the acquisition occurred and provide a legal description of the property acquired;

(13) machinery, equipment, materials and supplies exempted from ad valorem taxation by K.S.A. 79-201w, and amendments thereto; (14) vehicles owned by the state or by any political or taxing subdivision thereof and used exclusively for governmental purposes; (15) property used for residential purposes which is exempted pursuant to K.S.A. 79-201x, and amendments thereto, from the property tax levied pursuant to K.S.A. 72-5142, and amendments thereto; (16) from and after July 1, 1998, vehicles which are owned by an organization having as one of its purposes the assistance by the provision of transit services to the elderly and to disabled persons and which are exempted pursuant to K.S.A. 79-201 *Ninth*, and amendments thereto; (17) from and after July 1, 1998, motor vehicles exempted from taxation by K.S.A. 79-5107(e), and amendments thereto; (18) commercial and industrial machinery and equipment exempted from property or ad valorem taxation by K.S.A. 79-223, and amendments thereto; (19) telecommunications machinery and equipment and railroad machinery and equipment exempted from property or ad valorem taxation by K.S.A. 79-224, and amendments thereto; (20) property exempted from property or ad valorem taxation by K.S.A. 79-234, and amendments thereto; (21) recreational vehicles exempted from property or ad valorem taxation by K.S.A. 79-5121(e), and amendments thereto; (22) property acquired by a land bank exempt from property or ad valorem taxation pursuant to K.S.A. 12-5909 or K.S.A. 19-26,111, and amendments thereto; (23) property belonging exclusively to the United States and exempted from ad valorem taxation by K.S.A. 79-201a *First*, and amendments thereto, except that the provisions of this subsection (l)(23) shall not apply to any such property that the congress of the United States has expressly declared to be subject to state and local taxation; (24) watercraft exempted from property or ad valorem taxation by K.S.A. 79-5501, and amendments thereto; and (25) property exempted from property or ad valorem taxation by section 2, and amendments thereto.

(m) The provisions of this section shall apply to property exempt pursuant to the provisions of section 13 of article 11 of the constitution of the state of Kansas.

(n) The provisions of subsection (k) as amended by this act shall be applicable to all exemption applications filed in accordance with subsection (a) after December 31, 2001.

(o) No exemption authorized by K.S.A. 79-227, and amendments thereto, of property from the payment of ad valorem property taxes assessed shall be granted unless the requesting property owner files an initial request for exemption pursuant to this section within two years of the date in which construction of a new qualifying pipeline property began. The provisions of this subsection shall be applicable to all requests for exemptions filed in accordance with subsection (a) after June 30, 2017.

#### **K.S.A. 79-221**

#### **Property exempt from taxation; leased real and personal property of certain economic development corporations.**

The following described property, to the extent herein specified, shall be exempt from all property or ad valorem taxes levied under the laws of the state of Kansas:

(a) All buildings, together with the land upon which such buildings are located, and all tangible personal property rented or leased from a lessor having a 51% or more ownership interest in the lessee, from a lessor in which the lessee has a 51% or more ownership interest or from a lessor which is a community

based not-for-profit economic development corporation organized under the laws of this state which is exempt from federal income taxation pursuant to paragraphs (4) and (6) of subsection (c) of section 501 of the federal internal revenue code of 1986 as in effect on January 1, 1990, if: (1) Such rented or leased property is integrally associated with other property which has been exempted pursuant to section 13 of article 11 of the Kansas constitution, and (2) such leased property is otherwise used exclusively for the same exempt purpose for which the exemption was granted pursuant to section 13 of article 11 of the Kansas constitution.

(b) For the purposes of this section, a based not-for-profit economic development corporation shall mean a corporation organized and existing solely for the purpose of engaging in economic development activities and improving the economic climate of the county wherein lies the principal office of the corporation.

(c) The exemption granted pursuant to this section shall expire at the expiration of the same period of years for which the exemption was granted by the county or city for property owned by such lessee.

(d) The provisions of this section shall apply to all taxable years commencing after December 31, 1993.

#### **K.S.A. 79-250**

#### **Poultry and rabbit confinement facilities and swine production facilities not allowed to be exempt from ad valorem taxation.**

No city or county may grant any exemption from ad valorem taxation under section 13 of article 11 of the Constitution of the state of Kansas for all or any portion of the appraised valuation of all or any part of the buildings, improvements, tangible personal property and land of any poultry confinement facility, rabbit confinement facility or swine production facility which is on agricultural land and which is owned or operated by a corporation or limited liability company. As used in this section, "corporation," "limited liability company," "agricultural land," "poultry confinement facility," "rabbit confinement facility" and "swine production facility" have the meanings respectively ascribed thereto by K.S.A. 17-5903, and amendments thereto.

#### **K.S.A. 79-251**

#### **Procedure governing grant of property tax exemptions pursuant to section 13 of article 11 of constitution.**

Prior to the granting of an exemption for any property from ad valorem taxation pursuant to the provisions of section 13 of article 11 of the Kansas constitution, the court of county commissioners of any county or the governing body of any city, as the case requires, shall be required to do the following:

(a) Develop and adopt official policies and procedures for the granting of such exemptions including:

(1) The required preparation of an analysis of the costs and benefits of each exemption, including the effect of the exemption on state revenues, prior to the granting of such exemption;

(2) a procedure for monitoring the compliance of a business receiving an exemption with any terms or conditions established by the governing body for the granting of the exemption;

(b) Conduct a public hearing on the granting of such exemption. Notice of the public hearing shall be published at least once seven days prior to the hearing in the official city or county newspaper, as the case requires, and shall indicate the purpose, time and place thereof. In addition to such publication notice, the city or county clerk, as the case requires, shall notify in writing the governing body of the city or county and unified school district within which the property proposed for exemption is located; and

(c) adopt a resolution containing the following findings of fact:

(1) That the property for which the exemption is to be granted will be used exclusively for the purposes specified in section 13 of article 11 of the constitution of the state of Kansas; and

(2) if the business using the property is relocating from one city or county to another within this state, that the business has received approval of the secretary of commerce prior to qualifying for the exemption upon a finding by the secretary that such relocation is necessary to prevent the business from relocating outside this state.

(d) Any listing of property submitted by the business as part of the exemption process shall not constitute a classification of the property. Classification of any property acquired during the tax exemption shall be determined at the end of the exemption period in accordance with K.S.A. 79-262, and amendments thereto.

#### **K.S.A. 79-252a**

#### **Exemption of certain property pursuant to section 13 of article 11 of constitution not applicable to school district taxation**

No ad valorem tax exemption for real or personal property, located within a redevelopment district established pursuant to K.S.A. 74-8921, and amendments thereto, granted after the effective date of this act by the governing body of any city or the board of county commissioners of any county pursuant to the provisions of section 13 of article 11 of the Kansas constitution shall be deemed to exempt any such property from the ad valorem property tax levied by or on behalf of a school district.

# **APPENDIX B**

Industrial Revenue Bond Informational Statement

Application for Exemption with County Appraisers Recommendations and  
Comment Sheet (Industrial Revenue Bond Property)

Industrial Revenue Bond Statutes

BEFORE THE BOARD OF TAX APPEALS OF THE STATE OF KANSAS

Industrial Revenue Bond Informational Statement  
(K.S.A. 12-1744a)

APPLICANT:

\_\_\_\_\_  
City or County issuing I.R.B.s

\_\_\_\_\_  
County in which City is located

Please answer all questions. If a question is not applicable, please indicate (N/A).

1. Proposed lessee name and address  
for whom bonds issued:

Guarantor for Bonds, if any:

Paying (Fiscal) Agent:

Underwriter, if any:

Attorney(s) who issued opinion:

Bond Counsel:

Tenant Counsel:

City Attorney:

Underwriter's Counsel:

(For State of Kansas use only)

IRB Statement No. \_\_\_\_\_-IRB

Fee: \_\_\_\_\_ Amt Rec. \_\_\_\_\_

Rec. Date: \_\_\_\_\_ Ck # \_\_\_\_\_

2. Will an exemption of the property be requested? Yes \_\_\_\_\_ No \_\_\_\_\_

If exemption will be sought:

- a. Provide the legal description of the property. (If legal description is lengthy, attach additional pages.)
- b. Provide the appraised valuation (not assessed) as listed by the county appraiser of property to be acquired, purchased, etc. as of the next preceding January 1.

Land: \$ \_\_\_\_\_

Improvements: \$ \_\_\_\_\_

Equipment and Machinery \$ \_\_\_\_\_

3. Estimated TOTAL cost of the property:

Land: \$ \_\_\_\_\_

Improvements: \$ \_\_\_\_\_

Equipment and Machinery \$ \_\_\_\_\_

4. If facility financed is an addition or improvement to existing facility already financed by prior IRB issuance, supply following:

Date prior I.R.B.s issued: \_\_\_\_\_

If existing facility exempted,  
period of exemption: \_\_\_\_\_

Board of Tax Appeals #: \_\_\_\_\_

5. IRB principal amount to be issued: \_\_\_\_\_

6. Please provide the following:

- a. Itemized list of any payments in lieu of taxes.
- b. The amount of any service fee or charges with detailed description of services to be rendered by city for same.
- c. Detailed description of ultimate use of bond proceeds (e.g. acquisition of real estate, remodeling of physical plant) with the amount of IRB proceeds to be used for each purpose.

7. What is the proposed date of issuance of these I.R.B.s? (Must be a least 7 days after receipt of preliminary filing with the Board of Tax Appeals.)



VERIFICATION

I, \_\_\_\_\_, do solemnly swear or affirm that the information set forth herein is true and correct, to the best of my knowledge and belief. So help me God.

\_\_\_\_\_  
Signature of Applicant

\_\_\_\_\_  
Printed Name and Title

State of \_\_\_\_\_ )  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ by \_\_\_\_\_.

Seal

\_\_\_\_\_  
Signature of Notary Public

My appointment expires: \_\_\_\_\_

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Send this statement along with the filing fee to:

Kansas Board of Tax Appeals  
Eisenhower State Office Building  
700 SW Harrison, Ste 1022  
Topeka, KS 66603

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BEFORE THE BOARD OF TAX APPEALS OF THE STATE OF KANSAS

INDUSTRIAL REVENUE BOND EXEMPTION  
(K.S.A. 79-213)

APPLICANT:

\_\_\_\_\_  
Applicant Name (Owner of Record)

\_\_\_\_\_  
Applicant Address (Street or Box No.)

\_\_\_\_\_  
City State Zip

\_\_\_\_\_  
Applicant Phone #:(\_\_\_\_\_)\_\_\_\_\_

\_\_\_\_\_  
Applicant E-mail: \_\_\_\_\_

ATTORNEY OR REPRESENTATIVE: (If applicable)\*

\_\_\_\_\_  
Representative Name Title

\_\_\_\_\_  
Representative Address

\_\_\_\_\_  
City State Zip

\_\_\_\_\_  
Atty/Rep Phone #:(\_\_\_\_\_)\_\_\_\_\_

\_\_\_\_\_  
Representative E-mail: \_\_\_\_\_

\_\_\_\_\_  
Taxing County: \_\_\_\_\_

\_\_\_\_\_  
Year/Years at issue: \_\_\_\_\_

Property at issue:

Real Property---Street address, city: \_\_\_\_\_

Parcel ID No(s): \_\_\_\_\_

Personal Property---Description: \_\_\_\_\_

(For State of Kansas use only)

DOCKET NO. \_\_\_\_\_-IRBX

Fee: \_\_\_\_\_ Amt Rec. \_\_\_\_\_

Rec. Date: \_\_\_\_\_ Ck # \_\_\_\_\_

No Fee: \_\_\_\_\_ Reason: \_\_\_\_\_

(For County use only)

Parcel ID #/Personal Property ID #  
or Vehicle ID #:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

County's valuation: \$ \_\_\_\_\_

LBCS Function Code: \_\_\_\_\_

1. Real Property – For real property, provide a detailed description of all improvements, and attach a copy of the deed.

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2. Personal Property – For personal property, provide an itemized list of all items, including the acquisition date(s) and any legal documentation of ownership. (If the description is lengthy, attach additional pages to this form.)

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3. Provide the lessee's:

Company Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone #: \_\_\_\_\_

Company Contact: \_\_\_\_\_

4. The Informational Statement required pursuant to K.S.A. 12-1744a, and amendments thereto, must be on file before an exemption can be considered. Provide the filing number assigned to that statement by the Board of Tax Appeals. \_\_\_\_\_

5. Indicate the issuance date of the IRBs: \_\_\_\_\_

6. Indicate the total principal amount issued in IRBs. \$ \_\_\_\_\_

Of this total, how much in bond funds was expended to acquire, purchase, remodel, etc., in each of the following categories?

Land	\$ _____
Improvements	\$ _____
Machinery, Equipment	\$ _____
Property exempt	
pursuant to K.S.A. 79-223	\$ _____
Other (describe)	\$ _____
_____	\$ _____

TOTAL SPENDING \$ \_\_\_\_\_

7. Indicate the total cost from all sources of acquiring, purchasing, remodeling or renovating this property (by category):

Land	\$ _____
Improvements	\$ _____
Machinery, Equipment	\$ _____
Property exempt	
pursuant to K.S.A. 79-223	\$ _____
Other (describe)	\$ _____
_____	\$ _____

TOTAL SPENDING \$ \_\_\_\_\_

8. Indicate whether the lessee is a corporation, a partnership, a limited liability company, etc.
- 
9. Describe specifically the nature of lessee's business. Copies of company brochures may be attached.
- 
- 
10. Describe specifically the use of the property financed by the IRBs.
- 
- 
- 
11. Is the bond-funded property at issue located in a Redevelopment Project Area as defined by K.S.A. 12-1770 *et seq*? ☐ No ☐ Yes
12. Is the subject property, or any portion of it, used in a retail enterprise, poultry confinement facility, rabbit confinement facility, or swine production facility? ☐ No ☐ Yes  
If yes, list all property used for any of the above listed purposes.
- 
13. Has a previous application for exemption pursuant to K.S.A. 79-201a, or Article 11, §13 of the Kansas Constitution of the subject property been submitted to the Board? ☐ No  
☐ Yes Years @ issue: \_\_\_\_\_ BOTA Docket No.: \_\_\_\_\_
14. Has a previous application for exemption pursuant to K.S.A. 79-201a, or Article 11, §13 of the Kansas Constitution for other property been submitted to the Board? ☐ No  
☐ Yes Years @ issue: \_\_\_\_\_ BOTA Docket No.: \_\_\_\_\_
15. Enclose:
- a. The prepared cost-benefit analysis, which includes the effect of granting the exemption on state revenues.
  - b. Proof of publication of the notice of public hearing concerning the granting of the economic development exemption and attach a publisher's affidavit showing publication at least 7 days prior to the hearing.
  - c. A copy of the letter of notice of public hearing sent to the governing body of any city or county and unified school district within which the subject property is located.
  - d. A copy of the ordinance or resolution adopted by the local governing body authorizing issuance of the IRBs.
  - e. A copy of any lease or payment in lieu of tax agreements.
16. Did you receive assistance from the Kansas Department of Commerce? ☐ Yes ☐ No
17. Do you request a hearing on the application for exemption? ☐ Yes ☐ No

VERIFICATION

I, \_\_\_\_\_, do solemnly swear or affirm that the information set forth herein is true and correct, to the best of my knowledge and belief. So help me God.

\_\_\_\_\_  
Signature of Applicant

\_\_\_\_\_  
Printed Name and Title

State of \_\_\_\_\_ )  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ by \_\_\_\_\_.

Seal

\_\_\_\_\_  
Signature of Notary Public

My appointment expires: \_\_\_\_\_

COUNTY APPRAISER RECOMMENDATIONS AND COMMENTS

TO COUNTY APPRAISER:

Pursuant to K.S.A. 79-213, and amendments thereto, the County Appraiser is required to review each application and recommend whether the relief sought should be granted or denied. Therefore, please answer the following questions and provide any additional comments you believe are necessary to support your recommendation. The County Appraiser shall provide a copy of the completed comments and recommendations to the applicant.

1. Do you find the facts as stated by the applicant represent the true situation? \_\_\_\_\_ Yes \_\_\_\_\_ No
2. Do you recommend that the exemption herein requested be granted? \_\_\_\_\_ Yes \_\_\_\_\_ No
3. Do you request a hearing on this application? \_\_\_\_\_ Yes \_\_\_\_\_ No
4. What was the total appraised valuation of the subject property as of January 1<sup>st</sup> of the year after the IRBs were issued? \$ \_\_\_\_\_
5. What was the appraised valuation of the existing property prior to the IRB statement? \$ \_\_\_\_\_
6. What is the mill levy for the subject property for the coming year (if set) or for the current year?  
Year \_\_\_\_\_ Mill Levy \_\_\_\_\_

Comments:

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VERIFICATION

I, \_\_\_\_\_, do solemnly swear or affirm that the information set forth herein is true and correct, to the best of my knowledge and belief. So help me God.

\_\_\_\_\_  
Signature of County Official

\_\_\_\_\_  
Printed Name and Title

State of \_\_\_\_\_ )  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ by \_\_\_\_\_.

Seal

\_\_\_\_\_  
Signature of Notary Public

My appointment expires: \_\_\_\_\_

INDUSTRIAL REVENUE BOND EXEMPTION  
INSTRUCTIONS

(For assistance, contact the Kansas Department of Commerce (785) 296-5298)

1. Each application for tax exemption must be filled out completely with all accompanying facts and attachments. The statement of facts must be in affidavit form. Applications or statements that have not been signed by the property owner before a Notary Public will not be considered. Pursuant to K.S.A. 79-213, and amendments thereto, the property owner is required to file the application. If the subject property is leased, the lessee can **not** file the application.
2. Pursuant to Kansas law, the burden is on the applicant to prove affirmatively that relief is necessary. Failure to do so will result in the denial of the request for exemption.
3. Enclose any applicable filing fee(s) pursuant to K.A.R. 94-5-8. Checks or money orders should be made payable to the Board of Tax Appeals. For information regarding fees with the State Board of Tax Appeals, visit [www.kansas.gov/bota/](http://www.kansas.gov/bota/) or contact the Board at (785) 296-2388. The County Appraiser's office also has fee schedules available.

**This form along with the applicable attachments is to be filed with the County Appraiser for recommendations pursuant to K.S.A. 79-213(d). The County Appraiser will forward the application to the Board of Tax Appeals.**



# INDUSTRIAL REVENUE BOND STATUTES

## **K.S.A. 12-1740.**

### **Purpose of act; revenue bonds.**

It is the purpose of this act to promote, stimulate and develop the general welfare and economic prosperity of the state of Kansas through the promotion and advancement of physical and mental health, industrial, commercial, agricultural, natural resources and of recreational development in the state; to encourage and assist in the location of new business and industry in this state and the expansion, relocation or retention of existing business, industry and health development; and to promote the economic stability of the state by providing greater employment opportunities, diversification of industry and improved physical and mental health, thus promoting the general welfare of the citizens of this state by authorizing all cities and counties of the state to issue revenue bonds, the proceeds of which shall be used for the purpose of paying all or part of the cost of purchasing, acquiring, constructing, reconstructing, improving, equipping, furnishing, repairing, enlarging or remodeling facilities for agricultural, commercial, hospital, industrial, natural resources, recreational development and manufacturing purposes and to enter into leases or lease-purchase agreements with any person, firm or corporation for such facilities. For the purpose of this act, the term facility shall include a site and the necessary site preparation, structures, easements, rights-of-way and appurtenances necessary and convenient to the particular type of facility being financed.

## **K.S.A. 12-1740a.**

### **Use of eminent domain power.**

No city or county shall exercise its power of eminent domain to acquire property as a site for a facility which is to be financed by revenue bonds issued pursuant to K.S.A. 12-1740 *et seq.*, and amendments thereto. Nothing in this section shall be construed to prohibit a city from issuing revenue bonds for the purpose of paying all or a part of the cost of constructing, reconstructing, improving, equipping, furnishing, repairing, enlarging or remodeling facilities located on property acquired by the exercise of eminent domain under the provisions of K.S.A. 12-1770 *et seq.*, and amendments thereto.

## **K.S.A. 12-1741.**

### **Issuance of revenue bonds by cities; lease-purchase agreements.**

Subject to the provisions of K.S.A. 12-1744a and 12-1744b, and amendments thereto, any city shall have power to issue revenue bonds, the proceeds of which shall be used for the purpose of paying all or part of the cost of purchasing, acquiring, constructing, reconstructing, improving, equipping, furnishing, repairing, enlarging or remodeling facilities for agricultural, commercial, hospital, industrial, natural resources, recreational development and manufacturing purposes. Any city shall also have power to enter into leases or lease-purchase agreements by ordinance with any person, firm or corporation for the facilities.

Except as otherwise provided in K.S.A. 12-1741a, and amendments thereto, the facilities may be constructed within the city or its environs without limitation as to distance, providing the governing body of the city declares that the facility, if in being, would promote the welfare of the city.

**K.S.A. 12-1741a.**

**Location of facilities; letter of intent, resolution of intent or inducement resolution; approval required, when.**

(a) No city shall issue revenue bonds authorized herein to finance facilities located outside the issuing city's limits without such city having first received approval of the issuance of a letter of intent or the adoption of a resolution of intent or inducement resolution to issue such bonds from the board of county commissioners of the county in which such facility is to be located. No city shall issue revenue bonds authorized herein to finance facilities located within the corporate limits of another city without the issuing city first having received approval of the issuance of a letter of intent or the adoption of a resolution of intent or inducement resolution to issue such bonds from the governing body of the city in which the facility is to be located.

(b) No city shall issue revenue bonds authorized herein to finance a facility located outside the county or counties in which any portion of such city is located without such city having first received approval for the issuance of a letter of intent or the adoption of a resolution of intent or inducement resolution to issue such bonds from the board of county commissioners of the county in which the facility is to be located.

(c) No city or county shall issue revenue bonds for facilities to be located on property which is owned by another city or county without the issuing city or county first having received approval of a letter of intent or the adoption of a resolution of intent or inducement resolution to issue such bonds from the governing body of the city or county which owns the property.

(d) Approval of a board of county commissioners shall not be required with respect to a letter of intent, resolution of intent or inducement resolution to issue revenue bonds to finance construction of facilities located on real estate in which the city issuing the revenue bonds has any title interest or in which any title interest is in another entity which acquired such interest in the real estate in whole or in part with funds of the city issuing the revenue bonds.

(e) The issuance of a letter of intent, resolution of intent or inducement resolution shall be deemed to have received the approval of a city or county for purposes of this section unless such city or county provides the city or county proposing such issuance with a written notification specifically disapproving the issuance within seven business days after the next regular meeting of the governing body of the city or county having such approval authority that follows receipt of a request for approval.

(f) The provisions of this section requiring approval of a letter of intent, resolution of intent or inducement resolution as a condition to issuance of revenue bonds shall not be applicable with respect to the issuance of any revenue bonds for which a city or county has issued a letter of intent, resolution of intent or inducement resolution prior to the effective date of this act.

**K.S.A. 12-1741b.**

**Issuance of revenue bonds by counties; lease-purchase agreements; location of facilities; letter of intent, resolution of intent or inducement resolution, approval required, when.**

(a) Subject to the provisions of K.S.A. 12-1744a and 12-1744b, and amendments thereto, any county shall have power to issue revenue bonds, the proceeds of which shall be used for the purpose of paying all or part of the cost of purchasing, acquiring, constructing, reconstructing, improving, equipping, furnishing, repairing, enlarging or remodeling of facilities for agricultural, commercial, hospital, industrial, natural resources, recreational development and manufacturing purposes. Any county shall also have the power to enter into leases or lease-purchase agreements by resolution with any person, firm or corporation for the facilities. Except as otherwise provided in subsection (b) of this section, the facilities may be constructed within the county or its environs without limitation as to distance, providing the board of county commissioners declares that the facility, if in being, would promote the welfare of the county.

(b) No county shall issue revenue bonds authorized herein to finance facilities located within the corporate limits of a city or within three miles of the corporate limits of a city or within another county without the issuing county having first received approval of the issuance of a letter of intent or the adoption of a resolution of intent or inducement resolution to issue such bonds from the governing body of the city or county in which the facility is to be located. Approval of a city governing body shall not be required to finance the construction of facilities located on real estate, the title to which is in the county issuing the revenue bonds. The use of such real estate shall be subject to all zoning regulations, subdivision regulations and building code regulations of the city.

(c) The issuance of a letter of intent or the adoption of a resolution of intent or inducement resolution shall be deemed to have received the approval of a city or county for purposes of this section unless such city or county provides the county proposing such issuance with a written notification specifically disapproving the issuance within seven business days after the next regular meeting of the governing body of the city or county having such approval authority that follows receipt of a request for approval.

(d) The provisions of this section requiring approval of a letter of intent, resolution of intent or inducement resolution as a condition to issuance of revenue bonds shall not be applicable with respect to the issuance of any revenue bonds for which a county has issued a letter of intent, resolution of intent or inducement resolution prior to the effective date of this act.

**K.S.A. 12-1742.**

**Conditions of leases and lease-purchase agreements; origination fee; apportionment of payments in lieu of taxes; administrative costs.**

Such agreements shall provide for a rental sufficient to repay the principal of and the interest on the revenue bonds. Such agreements also may provide that the lessee shall reimburse the city or county for its actual costs of administering and supervising the issue. The city or county may charge an origination fee. Such fee shall not be deemed a payment in lieu of taxes hereunder. Such fee shall be used exclusively for local

economic development activities but shall not be used to pay any administrative costs of the city or county. Except for the origination fee, all other fees paid in excess of such actual costs and any other obligation assumed under the contract shall be deemed payments in lieu of taxes and distributed as provided herein. If the agreement provides for a payment in lieu of taxes to the city or county, such payment, immediately upon receipt of same, shall be transmitted by the city or county to the county treasurer of the county in which the city is located. Payments in lieu of taxes received pursuant to agreements entered into after the effective date of this act shall include all fees or charges paid for services normally and customarily paid from the proceeds of general property tax levies, except for extraordinary services provided for the facility or an extraordinary level of services required by a facility. Payments in lieu of taxes may be required only upon property for which an exemption from ad valorem property taxes has been granted by the state board of tax appeals. The county treasurer shall apportion such payment among the taxing subdivisions of this state in the territory in which the facility is located. Any payment in lieu of taxes shall be divided by the county treasurer among such taxing subdivisions in the same proportion that the amount of the total mill levy of each individual taxing subdivision bears to the aggregate of such levies of all the taxing subdivisions among which the division is to be made. For purposes of this section, the total mill levy shall not include the mill levy imposed pursuant to K.S.A. 72-53,113, and amendments thereto. The county treasurer shall pay such amounts to the taxing subdivisions at the same time or times as their regular operating tax rate mill levy is paid to them. Based upon the assessed valuation which such facility would have if it were upon the tax rolls of the county, the county clerk shall compute the total of the property taxes which would be levied upon such facility by all taxing subdivisions within which the facility is located if such property were taxable

#### **K.S.A.12-1743**

***Same; obligations payable solely from rentals; bonds, requirements.***

Nothing in this act shall be so construed as to authorize or permit any city or county to make any contract or to incur any obligation of any kind or nature except such as shall be evidenced by the issuance of revenue bonds payable solely out of the rentals received from such facilities.

Revenue bonds issued under the provisions of this act are declared to be negotiable instruments, shall be executed by the mayor and clerk of the city or the chairperson of the board of county commissioners and the clerk of the county and the corporate seal of the city or county shall be affixed to or imprinted thereon.

#### **K.S.A. 12-1744**

***Same; pledge of facility and earnings.***

The governing body of the city by ordinance or the board of county commissioners by resolution may pledge the facility and the net earnings therefrom to the payment of the revenue bonds and the interest thereon, and may provide that the net earnings thereof shall be set apart as a sinking fund for that purpose.

**K.S.A. 12-1744a.**

**Issuance of revenue bonds; statements filed with board of tax appeals, contents; filing fee; annual informational report required.**

(a) At least seven days prior to the issuance of any revenue bonds, the city or county shall file a statement with the state board of tax appeals of such proposed issuance containing the following information:

(1) The name of the city or county proposing to issue the revenue bonds, the lessee, the guarantor, if any, the paying or fiscal agent, the underwriter, if any, and all attorneys retained to render an opinion on the issue;

(2) a legal description of any property to be exempted from ad valorem taxes, including the city or county in which the facility will be located;

(3) the appraised valuation of the property to be exempted from ad valorem taxes as shown on the records of the county as of the next preceding January 1. Any listing of property shall not constitute a classification of the property. Classification of any property acquired during the tax exemption period shall be determined at the end of the exemption period in accordance with K.S.A. 79-262, and amendments thereto;

(4) the estimated total cost of the facility showing a division of such total cost between real and personal property;

(5) if the facility to be financed is an addition to or further improvement of an existing facility the cost of which was financed by revenue bonds issued under the provisions of this act, the date of issuance of such revenue bonds, and if such facility or any portion thereof is presently exempt from property taxation, the period for which the same is exempt;

(6) the principal amount of the revenue bonds to be issued;

(7) the amount of any payment to be made in lieu of taxes;

(8) an itemized list of service fees or charges to be paid by the lessee together with a detailed description of the services to be rendered therefor;

(9) a reasonably detailed description of the use of bond proceeds, including whether they will be used to purchase, acquire, construct, reconstruct, improve, equip, furnish, enlarge or remodel the facility in question; and

(10) the proposed date of issuance of such revenue bonds.

(b) Any change in the information or documents required to be filed pursuant to subsection (a) which does not materially adversely affect the security for the revenue bond issue may be made within the fifteen-day

period prior to issuance of the revenue bonds by filing the amended information or document with the state board of tax appeals.

(c) Any notice required to be filed pursuant to the provisions of subsection (a) shall be accompanied by a filing fee, which shall be fixed by rules and regulations of the state board of tax appeals, in an amount sufficient to defray the cost of reviewing the information and documents required to be contained in the notice.

(d) Information required to be filed by subsection (a) of this section shall be in addition to any filing required by K.S.A. 79-210, and amendments thereto.

(e) The state board of tax appeals may require any information listed under subsection (a) deemed necessary, to be filed by a city or county concerning agreements entered into prior to the effective date of this act.

(f) The state board of tax appeals shall prepare and compile annually a report containing the information required to be filed pursuant to subsection (a) for each issuance of revenue bonds made pursuant to K.S.A. 12-1740 et seq., and amendments thereto. Such report shall be published in convenient form for the use and information of the legislature, taxpayers, public officers and other interested parties, and shall be available on January 10 of each year.

**K.S.A. 12-1744b.**

**Same; findings by state court of tax appeals; filing.**

Revenue bonds for which notice is required to be filed pursuant to K.S.A. 12-1744a, and amendments thereto, shall not be issued unless the chairperson of the state board of tax appeals finds all information and documents required to be contained in such notice are complete and timely filed. The state board of tax appeals shall establish, by rules and regulations, procedures for the filing of the required information and documents in the event that the information and documents originally filed are not found to be complete and timely filed, and such bonds may be issued upon compliance therewith.

**K.S.A. 12-1744c.**

**Same; certification of issuance and verification by bond counsel.**

Upon the issuance of revenue bonds for which notice is required to be filed pursuant to K.S.A. 12-1744a, and amendments thereto, a certificate evidencing such issuance shall be filed with the chairperson of the state board of tax appeals, along with verification thereof by the appropriate bond counsel within 15 days after the date of such issuance.

**K.S.A. 12-1744d.**

**Same; failure to file notice; ouster of members of governing body.**

Failure to comply with the notice filing requirements of this act shall subject all members of the governing body of the issuing city or county who participated in the issuance of the revenue bonds to ouster from office upon complaint filed by the state board of tax appeals in the office of the attorney general.

**K.S.A. 12-1744e.**

**Same; notice of intent to enter lease-purchase agreement with retailer to be published in paper; inducement resolution on file.**

Whenever any city or county proposes to issue revenue bonds under the authority of K.S.A. 12-1740 et seq., and amendments thereto, and to enter into a lease or lease-purchase agreement with a retailer, as defined in K.S.A. 79-3602, and amendments thereto, the governing body of such city or county shall, at least seven days prior to adopting an ordinance or resolution authorizing the issuance of such revenue bonds cause a notice of such intent to be published once in the official city or county newspaper. Such publication shall also state that a copy of the inducement resolution is on file with the city or county clerk and is available for public inspection during normal business hours.

**K.S.A. 12-1745.**

**Same; amount of revenue bonds.**

In no case in which revenue bonds are issued under and by virtue of this act shall any revenue bonds be issued for the cost of the facility, including the site therefor, in excess of the actual cost of the same.

**K.S.A. 12-1746.**

**Same; bonds and income therefrom exempt from taxation.**

All revenue bonds issued by cities or counties pursuant to this act and all income or interest therefrom shall be exempt from all state taxes.

**K.S.A. 12-1747.**

**Same; revenue bonds defined; recitals.**

Revenue bonds, as the term is used in this act, are defined to be bonds issued by any such city or county to be paid exclusively from the revenue produced by the facilities purchased, acquired, constructed, reconstructed, improved, equipped, furnished, repaired, enlarged or remodeled by the proceeds of such revenue bonds. The revenue bonds shall not be general obligations of the city or county, and shall not contain the recitals set forth in K.S.A. 10-112, or any amendments thereto. The revenue bonds shall, however, contain the following recitals, viz.: Such bonds shall recite the authority under which such revenue bonds are issued, and that they are issued in conformity with the provisions, restrictions and limitations thereof, and that such bonds and the interest thereon are to be paid from the money and revenue received from the fees charged and rental received for the use of the property and facilities purchased, acquired,

constructed, reconstructed, improved, equipped, furnished, repaired, enlarged or remodeled by the proceeds, in whole or in part, of such revenue bonds when issued and sold.

**K.S.A. 12-1748.**

***Same; construction of act.***

The enumeration of any object, purpose, power, manner, method or thing in this act shall not be deemed to exclude like or similar objects, purposes, powers, manners, methods or things.

**K.S.A. 12-1749.**

***Same; act supplemental.***

This act shall be cumulative of any other law or laws relating to the subject of this act and shall be supplemental thereto.

**K.S.A. 12-1749a.**

***Issuance of refunding bonds; conditions and restrictions.***

Any city or county which has or may hereafter issue revenue bonds under the provisions of K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, may issue refunding revenue bonds, in the manner prescribed by and subject to the provisions of K.S.A. 10-116a, to refund any previous issue or issues, or part thereof, of such revenue bonds outstanding.

Except as herein provided, the issuance of refunding revenue bonds, the security thereof and the rights, duties and obligations of the city or county with respect thereto shall be governed by the provisions of K.S.A. 12-1740 to 12-1749, inclusive, and any amendments thereto.

**K.S.A. 12-1749b.**

***Issuance of revenue bonds; certain purposes prohibited.***

No revenue bonds shall be issued under authority of K.S.A. 12-1740 to 12-1749a, inclusive, and amendments thereto, in which all or part of the proceeds of such bond issue are to be used to purchase, acquire, construct, reconstruct, improve, equip, furnish, repair, enlarge or remodel property for any swine production facility on agricultural land which is owned, acquired, obtained or leased by a corporation. As used in this section, "corporation," "agricultural land" and "swine production facility" have the meanings respectively ascribed thereto by K.S.A. 17-5903, and amendments thereto.



**K.S.A. 12-1749c.**

**Issuance of revenue bonds; notice to school districts.**

Prior to the approval of an inducement resolution or letter of intent which includes an agreement for ad valorem tax abatement for property to be financed by issuance of any industrial revenue bonds under K.S.A.12-1740 through 12-1749a, and amendments thereto, the county or city clerk, as the case requires, shall notify in writing the governing board of the unified school district within which the property proposed for exemption is located.

**K.S.A. 12-1749d.**

**Issuance of revenue bonds; cost and benefit analysis; hearing.**

Prior to issuing any revenue bonds pursuant to K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, for any business the property of which will be eligible for an exemption from ad valorem taxation pursuant to K.S.A. 79-201a Second, and amendments thereto, the board of county commissioners of any county or the governing body of any city, as the case requires, shall be required to:

- (a) Prepare an analysis of the costs and benefits of each exemption which shall include the effect of the exemption on state revenues; and
- (b) Conduct a public hearing on the granting of such exemption. Notice of the public hearing shall be published at least once seven days prior to the hearing in the official city or county newspaper, as the case requires, and shall indicate the purpose, time and place thereof. In addition to such publication notice, the city or county clerk, as the case requires, shall notify in writing the governing body of any city or county and unified school district within which the property proposed for exemption is located.

**K.S.A. 79-201a.**

**Property exempt from property and ad valorem taxes.**

The following described property, to the extent herein specified, shall be exempt from all property or ad valorem taxes levied under the laws of the state of Kansas:

*First.* All property belonging exclusively to the United States, except property which congress has expressly declared to be subject to state and local taxation.

*Second.* All property used exclusively by the state or any municipality or political subdivision of the state. All property owned, being acquired pursuant to a lease-purchase agreement or operated by the state or any municipality or political subdivision of the state, including property which is vacant or lying dormant, which is used or is to be used for any governmental or proprietary function and for which bonds may be issued or taxes levied to finance the same, shall be considered to be used exclusively by the state, municipality or political subdivision for the purposes of this section. The lease by a municipality or political subdivision of the state of any real property owned or being acquired pursuant to a lease-purchase agreement for the purpose of providing office space necessary for the performance of medical services by a person licensed to practice medicine and surgery or osteopathic medicine by the board of healing arts pursuant to K.S.A. 65-2801 et seq., and amendments thereto, dentistry services by a person licensed by the Kansas dental board pursuant to K.S.A. 65-1401 et seq., and amendments thereto, optometry services by a person licensed by the board of examiners in optometry pursuant to K.S.A. 65-1501 et seq., and amendments thereto, or K.S.A. 74-1501 et seq., and amendments thereto, podiatry services by a person licensed by the board of healing arts pursuant to K.S.A. 65-2001 et seq., and amendments thereto, or the practice of psychology by a person licensed by the behavioral sciences regulatory board pursuant to K.S.A. 74-5301 et seq., and amendments thereto, shall be construed to be a governmental function, and such property actually and regularly used for such purpose shall be deemed to be used exclusively for the purposes of this paragraph. The lease by a municipality or political subdivision of the state of any real property, or portion thereof, owned or being acquired pursuant to a lease-purchase agreement to any entity for the exclusive use by it for an exempt purpose, including the purpose of displaying or exhibiting personal property by a museum or historical society, if no portion of the lease payments include compensation for return on the investment in such leased property shall be deemed to be used exclusively for the purposes of this paragraph. All property leased, other than motor vehicles leased for a period of at least one year and property being acquired pursuant to a lease-purchase agreement, to the state or any municipality or political subdivision of the state by any private entity shall not be considered to be used exclusively by the state or any municipality or political subdivision of the state for the purposes of this section except that the provisions of this sentence shall not apply to any such property subject to lease on the effective date of this act until the term of such lease expires but property taxes levied upon any such property prior to tax year 1989, shall not be abated or refunded. Any property constructed or purchased with the proceeds of industrial revenue bonds issued prior to July 1, 1963, as authorized by K.S.A. 12-1740 through 12-1749, and amendments thereto, or purchased with proceeds of improvement district bonds issued prior to July 1, 1963, as authorized by K.S.A. 19-2776, and amendments thereto, or with proceeds of bonds issued prior to July 1, 1963, as authorized by K.S.A. 19-3815a and 19-3815b, and amendments thereto, or any property improved,

purchased, constructed, reconstructed or repaired with the proceeds of revenue bonds issued prior to July 1, 1963, as authorized by K.S.A. 13-1238 through 13-1245, and amendments thereto, or any property improved, reimproved, reconstructed or repaired with the proceeds of revenue bonds issued after July 1, 1963, under the authority of K.S.A. 13-1238 through 13-1245, and amendments thereto, which had previously been improved, reconstructed or repaired with the proceeds of revenue bonds issued under such act on or before July 1, 1963, shall be exempt from taxation for so long as any of the revenue bonds issued to finance such construction, reconstruction, improvement, repair or purchase shall be outstanding and unpaid. Any property constructed or purchased with the proceeds of any revenue bonds authorized by K.S.A. 13-1238 through 13-1245, and amendments thereto, 19-2776, 19-3815a and 19-3815b, and amendments thereto, issued on or after July 1, 1963, shall be exempt from taxation only for a period of 10 calendar years after the calendar year in which the bonds were issued. Any property, all or any portion of which is constructed or purchased with the proceeds of revenue bonds authorized by K.S.A. 12-1740 through 12-1749, and amendments thereto, issued on or after July 1, 1963 and prior to July 1, 1981, shall be exempt from taxation only for a period of 10 calendar years after the calendar year in which the bonds were issued. Except as hereinafter provided, any property constructed or purchased wholly with the proceeds of revenue bonds issued on or after July 1, 1981, under the authority of K.S.A. 12-1740 through 12-1749, and amendments thereto, shall be exempt from taxation only for a period of 10 calendar years after the calendar year in which the bonds were issued. Except as hereinafter provided, any property constructed or purchased in part with the proceeds of revenue bonds issued on or after July 1, 1981, under the authority of K.S.A. 12-1740 through 12-1749, and amendments thereto, shall be exempt from taxation to the extent of the value of that portion of the property financed by the revenue bonds and only for a period of 10 calendar years after the calendar year in which the bonds were issued. The exemption of that portion of the property constructed or purchased with the proceeds of revenue bonds shall terminate upon the failure to pay all taxes levied on that portion of the property which is not exempt and the entire property shall be subject to sale in the manner prescribed by K.S.A. 79-2301 et seq., and amendments thereto. Property constructed or purchased in whole or in part with the proceeds of revenue bonds issued on or after January 1, 1995, under the authority of K.S.A. 12-1740 through 12-1749, and amendments thereto, and used in any retail enterprise identified under NAICS sectors 44 and 45, except facilities used exclusively to house the headquarters or back office operations of such retail enterprises identified thereunder, shall not be exempt from taxation. For the purposes of the preceding provision "NAICS" means the North American industry classification system, as developed under the authority of the office of management and budget of the office of the president of the United States. "Headquarters or back office operations" means a facility from which the enterprise is provided direction, management, administrative services, or distribution or warehousing functions in support of transactions made by the enterprise. Property purchased, constructed, reconstructed, equipped, maintained or repaired with the proceeds of industrial revenue bonds issued under the authority of K.S.A. 12-1740 et seq., and amendments thereto, that is located in a redevelopment project area established under the authority of K.S.A. 12-1770 et seq., and amendments thereto, shall not be exempt from taxation. Property purchased, acquired, constructed, reconstructed, improved, equipped, furnished, repaired, enlarged or remodeled with all or any part of the proceeds of revenue bonds issued under authority of K.S.A. 12-1740 through 12-1749a, and amendments thereto, for any poultry confinement facility on agricultural land that is owned, acquired, obtained or leased by a corporation, as such terms are defined by K.S.A. 17-5903, and

amendments thereto, shall not be exempt from such taxation. Property purchased, acquired, constructed, reconstructed, improved, equipped, furnished, repaired, enlarged or remodeled with all or any part of the proceeds of revenue bonds issued under the authority of K.S.A. 12-1740 through 12-1749a, and amendments thereto, for a rabbit confinement facility on agricultural land which is owned, acquired, obtained or leased by a corporation, as such terms are defined by K.S.A. 17-5903, and amendments thereto, shall not be exempt from such taxation.

*Third.* All works, machinery and fixtures used exclusively by any rural water district or township water district for conveying or production of potable water in such rural water district or township water district, and all works, machinery and fixtures used exclusively by any entity which performed the functions of a rural water district on and after January 1, 1990, and the works, machinery and equipment of which were exempted hereunder on March 13, 1995.

*Fourth.* All fire engines and other implements used for the extinguishment of fires, with the buildings used exclusively for the safekeeping thereof, and for the meeting of fire companies, whether belonging to any rural fire district, township fire district, town, city or village, or to any fire company organized therein or therefor.

*Fifth.* All property, real and personal, owned by county fair associations organized and operating under the provisions of K.S.A. 2-125 et seq., and amendments thereto.

*Sixth.* Property acquired and held by any municipality under the municipal housing law, K.S.A. 17-2337 et seq., and amendments thereto, except that such exemption shall not apply to any portion of the project used by a nondwelling facility for profit making enterprise.

*Seventh.* All property of a municipality, acquired or held under and for the purposes of the urban renewal law, K.S.A. 17-4742 et seq., and amendments thereto, except that such tax exemption shall terminate when the municipality sells, leases or otherwise disposes of such property in an urban renewal area to a purchaser or lessee that is not a public body entitled to tax exemption with respect to such property.

*Eighth.* All property acquired and held by the Kansas armory board for armory purposes under the provisions of K.S.A. 48-317, and amendments thereto.

*Ninth.* All property acquired and used by the Kansas turnpike authority under the authority of K.S.A. 68-2001 et seq., and amendments thereto, K.S.A. 68-2030 et seq., and amendments thereto, K.S.A. 68-2051 et seq., and amendments thereto, and K.S.A. 68-2070 et seq., and amendments thereto.

*Tenth.* All property acquired and used for state park purposes by the Kansas department of wildlife and parks. Property that is part of a state park listed in K.S.A. 32-837(a)(25) or (a)(26), and amendments thereto, and that is contained within or encumbered by any railroad rights-of-way that have been transferred or conveyed to the Kansas department of wildlife and parks for interim use, pursuant to 16

U.S.C. § 1247(d), shall be deemed to be acquired and used for state park purposes by the Kansas department of wildlife and parks for the purposes of this subsection.

*Eleventh.* The state office building constructed under authority of K.S.A. 75-3607 et seq., and amendments thereto, and the site upon which such building is located.

*Twelfth.* All buildings erected under the authority of K.S.A. 76-6a01 et seq., and amendments thereto, and all other student union buildings and student dormitories erected upon the campus of any institution mentioned in K.S.A. 76-6a01, and amendments thereto, by any other nonprofit corporation.

*Thirteenth.* All buildings, as the same is defined in K.S.A. 76-6a13(c), and amendments thereto, that are erected, constructed or acquired under the authority of K.S.A. 76-6a13 et seq., and amendments thereto, and building sites acquired therefor.

*Fourteenth.* All that portion of the waterworks plant and system of the city of Kansas City, Missouri, now or hereafter located within the territory of the state of Kansas pursuant to the compact and agreement adopted by K.S.A. 79-205, and amendments thereto.

*Fifteenth.* All property, real and personal, owned by a groundwater management district organized and operating pursuant to K.S.A. 82a-1020, and amendments thereto.

*Sixteenth.* All property, real and personal, owned by the joint water district organized and operating pursuant to K.S.A. 80-1616 et seq., and amendments thereto.

*Seventeenth.* All property, including interests less than fee ownership, acquired for the state of Kansas by the secretary of transportation or a predecessor in interest that is used in the administration, construction, maintenance or operation of the state system of highways, regardless of how or when acquired.

*Eighteenth.* Any building used primarily as an industrial training center for academic or vocational education programs designed for and operated under contract with private industry, and located upon a site owned, leased or being acquired by or for an area vocational school, an area vocational-technical school, a technical college, or a community college, as defined by K.S.A. 74-32,407, and amendments thereto, and the site upon which any such building is located.

*Nineteenth.* For all taxable years commencing after December 31, 1997, all buildings of an area vocational school, an area vocational-technical school, a technical college or a community college, as defined by K.S.A. 74-32,407, and amendments thereto, that are owned and operated by any such school or college as a student union or dormitory and the site upon which any such building is located.

*Twentieth.* For all taxable years commencing after December 31, 1997, all personal property that is contained within a dormitory that is exempt from property taxation and which is necessary for the accommodation of the students residing therein.

*Twenty-First.* All real property from and after the date of its transfer by the city of Olathe, Kansas, to the Kansas state university foundation, all buildings and improvements thereafter erected and located on such property, and all tangible personal property, that is held, used or operated for educational and research purposes at the Kansas state university Olathe innovation campus located in the city of Olathe, Kansas.

*Twenty-Second.* All real property, and all tangible personal property, owned by postsecondary educational institutions, as defined in K.S.A. 74-3201b, and amendments thereto, or by the board of regents on behalf of the postsecondary educational institutions, that is leased by a for profit company and is actually and regularly used exclusively for research and development purposes so long as any rental income received by such postsecondary educational institution or the board of regents from such a company is used exclusively for educational or scientific purposes. Any such lease or occupancy described in this section shall be for a term of no more than five years.

*Twenty-Third.* For all taxable years commencing after December 31, 2005, any and all housing developments and related improvements located on United States department of defense military installations in the state of Kansas, that are developed pursuant to the military housing privatization initiative, 10 U.S.C. § 2871 et seq., or any successor thereto, and are provided exclusively or primarily for use by military personnel of the United States and their families.

*Twenty-Fourth.* For all taxable years commencing after December 31, 2012, except as hereinafter provided, any property constructed or purchased in part with the proceeds of revenue bonds issued on or after July 1, 2013, under the authority of K.S.A. 12-1740 through 12-1749a, and amendments thereto, shall be exempt from taxation to the extent of the value of that portion of the property financed by the revenue bonds and only for a period of 10 calendar years after the calendar year in which the bonds were issued. The exemption of that portion of the property constructed or purchased with the proceeds of revenue bonds shall terminate upon the failure to pay all taxes levied on that portion of the property that is not exempt and the entire property shall be subject to sale in the manner prescribed by K.S.A. 79-2301 et seq., and amendments thereto. Property constructed or purchased in whole or in part with the proceeds of revenue bonds issued on or after January 1, 1995, under the authority of K.S.A. 12-1740 through 12-1749a, and amendments thereto, and used in any retail enterprise identified under NAICS sectors 44 and 45, except facilities used exclusively to house the headquarters or back office operations of such retail enterprises identified thereunder, shall not be exempt from taxation. For the purposes of the preceding provision "NAICS" means the North American industry classification system, as developed under the authority of the office of management and budget of the office of the president of the United States. "Headquarters or back office operations" means a facility from which the enterprise is provided direction, management, administrative services, or distribution or warehousing functions in support of transactions made by the enterprise. Property purchased, constructed, reconstructed, equipped, maintained or repaired with the proceeds of industrial revenue bonds issued under the authority of K.S.A. 12-1740 et seq., and amendments thereto, that is located in a redevelopment project area established under the authority of K.S.A. 12-1770 et seq., and amendments thereto, shall not be exempt from taxation. Property purchased, acquired, constructed, reconstructed, improved, equipped,



furnished, repaired, enlarged or remodeled with all or any part of the proceeds of revenue bonds issued under authority of K.S.A. 12-1740 through 12-1749a, and amendments thereto, for any poultry confinement facility on agricultural land that is owned, acquired, obtained or leased by a corporation, as such terms are defined by K.S.A. 17-5903, and amendments thereto, shall not be exempt from such taxation. Property purchased, acquired, constructed, reconstructed, improved, equipped, furnished, repaired, enlarged or remodeled with all or any part of the proceeds of revenue bonds issued under the authority of K.S.A. 12-1740 through 12-1749a, and amendments thereto, for a rabbit confinement facility on agricultural land that is owned, acquired, obtained or leased by a corporation, as such terms are defined by K.S.A. 17-5903, and amendments thereto, shall not be exempt from such taxation.

*Twenty-Fifth.* For all taxable years commencing after December 31, 2013, any and all utility systems and appurtenances located on United States department of defense military installations in the state of Kansas, that have been acquired after December 31, 2013, pursuant to the military utilities privatization initiative, 10 U.S.C. § 2688 et seq., or any successor thereto, or that have been installed after December 31, 2013, and that are provided exclusively or primarily for use by the military of the United States.

*Twenty-Sixth.* All land owned by a municipality that is a part of a public levee that is leased pursuant to K.S.A. 13-1243, and amendments thereto.

Except as otherwise specifically provided, the provisions of this section shall apply to all taxable years commencing after December 31, 2010.

#### **K.S.A. 79-210.**

#### **Property exempt from taxation; claim to be filed each year; forms, content and filing of claims; rules and regulations.**

The owner or owners of all property which is exempt from the payment of property taxes under the laws of the state of Kansas for a specified period of years, other than property exempt under K.S.A. 79-201d and 79-201g, and amendments thereto, shall in each year after approval thereof by the state board of tax appeals claim such exemption on or before March 1 of each year in which such exemption is claimed in the manner hereinafter provided. All claims for exemption from the payment of property taxes shall be made upon forms prescribed by the director of property valuation and shall identify the property sought to be exempt, state the basis for the exemption claimed and shall be filed in the office of the assessing officer of the county in which such property is located. The assessing officers of the several counties shall list and value for assessment, all property located within the county for which no claim for exemption has been filed in the manner hereinbefore provided. The secretary of revenue shall adopt rules and regulations necessary to administer the provisions of this section. The provisions of this section shall apply to property exempted pursuant to the provisions of section 13 of article 11 of the constitution of the state of Kansas. The claim for exemption annually filed by the owner of such property with the assessing officer shall include a written statement, signed by the clerk of the city or county granting the exemption, that the property continues to meet all the terms and conditions established as a condition of granting the exemption.

# **APPENDIX C**

Neighborhood Revitalization Plan

Neighborhood Revitalization Notice Resolution

Neighborhood Revitalization Adopting Ordinance

Neighborhood Revitalization Application for Tax Rebate

Neighborhood Revitalization Interlocal Agreement

Downtown Redevelopment Application for Tax Rebate

Revitalization and Redevelopment Statutes



# NEIGHBORHOOD REVITALIZATION PLAN

## ***Purpose and Factual Findings***

This plan is intended to promote the revitalization of the area of the City of \_\_\_\_\_ through the rehabilitation, conservation, or redevelopment of the area to protect the public health, safety, or welfare of the residents of the city. More specifically, certain incentives will be used for the acquisition and/or the removal of abandoned structures and a tax rebate incentive will be available for certain improvements within the area.

In accordance with the provisions of K.S.A. 12-17,114 *et seq.*, the city council has held a public hearing and considered the existing conditions and alternatives with respect to the designated Area, the criteria and standards for a tax rebate, and the necessity for interlocal cooperation among the other taxing units. Accordingly, the council has carefully reviewed, evaluated, and determined the Area meets one or more of the conditions to be designated as a neighborhood revitalization area/dilapidated structure.

### **Part 1**

#### **Legal Description of Neighborhood Revitalization Area (or Dilapidated Structure)**

### **Part 2**

#### **Assessed Valuation of Real Property**

The assessed valuation of the real estate contained in the Area is listed as follows for each parcel, for land and building value separately:

### **Part 3**

#### **Listing of Owners of Record in Area**

Each owner of record of each parcel of land is listed together as follows with the corresponding address:

### **Part 4**

- A. Existing Zoning Classifications and Boundaries**
- B. Existing and Proposed Land Uses**

### **Part 5**

#### **Capital Improvements Planned for the Area**

Include:

- C Public Safety
- C Transportation
- C Parks and Recreation
- C Sewage
- C Utilities

## **Part 6**

### **Property Eligible for a Tax Rebate**

#### **Residential Property:**

1. Rehabilitation, alterations, and additions to any existing residential structure, including the alteration of a single-family home into a multi-family dwelling, shall be eligible.
2. Construction of new residential structures, including the conversion of all or part of a non-residential structure into a residential structure, shall be eligible.
3. Improvements to existing or construction of new residential accessory structures such as garages, gazebos, storage buildings, workshops, swimming pools, etc., shall not be eligible.
4. Eligible residential property may be located anywhere in the neighborhood revitalization area.

#### **Commercial/Industrial Property:**

1. Rehabilitation, alterations, and additions to any existing commercial structure used for retail, office, manufacturing, warehousing, institutional or other commercial or industrial purposes shall be eligible.
2. Construction of new commercial structures, including the conversion of all or part of a non-commercial structure into a commercial structure, used for retail, office, manufacturing, warehousing, institutional or other commercial or industrial purposes shall be eligible.
3. Improvements to existing or construction of new structures used for public utility or railroad purposes shall not be eligible.
4. Eligible commercial or industrial property may be located anywhere in the neighborhood revitalization area.

## **Part 7**

### **Criteria for Determination of Eligibility**

1. Construction of an improvement must have begun on or after \_\_\_\_\_, the effective date of enactment of the tax rebate program.
2. An application for rebate must be filed within 60 days of the issuance of a building permit.
3. The minimum investment in an improvement shall be \$5,000 for residential property and \$15,000 for commercial and industrial property.

4. The minimum increase in assessed value shall be 5% for residential property and 15% for commercial and industrial property as determined by the \_\_\_\_\_ County Appraiser following partial or total completion of the improvement.
5. Property eligible for tax incentives under any other program adopted pursuant to statutory or constitutional authority shall be eligible to submit only one application per project.

## **Part 8**

### **Contents of Application for Tax Rebate**

#### **A. General Information**

1. Owner's Name.
2. Owner's Mailing Address.
3. School District No.
4. Parcel I.D. No.
5. Building Permit No.
6. Address of Property.
7. Legal Description of Property.
8. Day Phone Number.
9. Proposed Property Use.
10. Improvements.
11. Estimated Date of Completion.
12. Estimated Cost of Improvements.
13. Proof of Historical Register Listing.
14. List of Buildings proposed to be or actually demolished.
15. If Residential Rental Property, a list of tenants occupying the building when purchased (or present tenants if unknown) date of tenant occupancy or relocation.
16. County Appraiser's Statement of Assessed Valuation.

#### **Commencement of Construction**

1. Date of commencement of construction.
2. Estimated date of completion of construction.

#### **B. Status of Construction/Completion**

1. Incomplete project as of January 1 following commencement.
2. Complete project as of January 1 following commencement.
3. County Appraiser's Statement of Percentage Test.
4. County Clerk's Statement of Tax Status.
5. CED's Statement of Application conformance for Tax Rebate.

## **Part 9**

### **Procedure for Submission of an Application**

1. The applicant shall obtain an application for Tax Rebate from the City's Planning Department or the City's Permits and Inspection Division when obtaining a building permit application.
2. The applicant shall complete and sign Part A of the application and file the original with Planning and Development within 60 days following issuance of the building permit.
3. The Planning and Development Department shall forward the application to the \_\_\_\_\_ County Appraiser's Office for determination of the existing assessed valuation of the improvements.
4. Upon completion by the Appraiser's office, Planning and Development will return the application to the applicant. The applicant shall certify the status of the improvement project as of January 1 following the commencement of construction by completing and signing Part B of the application. The applicant shall file the application with the appraiser's office on or before December 1, preceding the commencement of the tax rebate period.
5. On January 1, the County Appraiser shall conduct an on-site inspection of the construction project and determine the new valuation of the real estate and shall complete his or her portion of the application and shall report the new valuation to the County Clerk by June 1. The tax records on the project shall be revised by the County Clerk's Office.
6. Upon determination by the Appraiser's office that the improvements meet the percentage test for rebate and by the Clerk's office that the taxes and assessments on the property are not delinquent, Planning and Development shall certify that the project and application does or does not meet the requirements for a tax rebate and shall notify the applicant and the City Finance Department of the rebate percentage due for each year of the rebate period.
7. Upon the payment of the real estate tax for the subject property for the initial and each succeeding tax year extending through the specified rebate period, a tax rebate shall be made to the applicant. The tax rebate shall be made within 30 days following payment and submittal of a receipt by the applicant to the City Finance Department. The tax rebate shall be made from the Neighborhood Revitalization Fund established by the City of \_\_\_\_\_. City Departments shall make periodic reports on the tax rebate program to the city council.
8. The Planning and Development Department shall inform the County Clerk and City Finance Department 30 days prior to the expiration of the final rebate period for each property receiving a tax rebate.

## Part 10

### Standards and Criteria for Review and Approval

1. The property in which a rebate is requested shall conform with all applicable city codes and regulations in effect at the time the improvements are made and shall remain in conformance for the duration of the rebate period or the rebate may be terminated.
2. Any property that is delinquent in any tax payment or special assessment, including BID assessments, shall not be eligible for a rebate until such time as all taxes and assessments have been paid.
3. Following establishment of the increase in assessed value resulting from a specific improvement, the fixed rebate percentage shall be applied to any change in assessed value or mill levy during subsequent years.
4. The Planning Department shall have the authority and discretion to approve or reject applications based on the eligibility standards and review criteria contained herein. If an applicant is dissatisfied with the Planning Department's decision, a written appeal may be submitted to the City Council for final determination. Such written appeal must be filed within 30 days after the Planning Department's decision.

## Part 11

### Statement Specifying Rebate Formula

#### Program Period:

The Neighborhood Revitalization fund and tax rebate incentive program shall expire on \_\_\_\_\_. The program will be reviewed annually beginning in \_\_\_\_\_ at which time the council will consider modifications and extensions.

#### Rebate Period:

Residential ..... 10 years  
Commercial and Industrial..... 10 years  
Properties in National or Kansas Historical Register ..... 10 years

#### Rebate Amount:

Residential ..... 95% (\*)  
Commercial and Industrial..... 95% (\*)  
Buildings listed on National or Kansas Historical Register ..... 100%

\* 5% to remain in Neighborhood Revitalization Fund to cover administrative costs.

# NEIGHBORHOOD REVITALIZATION NOTICE RESOLUTION

Resolution No. \_\_\_\_\_

WHEREAS, the City of \_\_\_\_\_, Kansas, may pursuant to K.S.A. 12-17,114 *et seq.*, adopt a plan to assist in the rehabilitation, conservation, or redevelopment of any area within the City of \_\_\_\_\_ that meets the conditions provided in said law; and

WHEREAS, the City of \_\_\_\_\_ seeks to exercise the authority provided in K.S.A. 12-17,114 *et seq.*, in order to rehabilitate, conserve, or redevelop certain designated areas in the City.

NOW, THEREFORE, BE IT RESOLVED by the council of the City of \_\_\_\_\_, Kansas in accordance with K.S.A. 12-17,114 *et seq.*, the following notice is hereby given:

## NOTICE

The City Council will consider the adoption of a Neighborhood Revitalization Plan, pursuant to K.S.A. 12-17,114 *et seq.*, at a public hearing at \_\_\_\_\_ on \_\_\_\_\_, in the City Council Chambers, \_\_\_\_\_, Kansas.

The proposed Neighborhood Revitalization Plan and a description of the boundaries of the proposed Neighborhood Revitalization Area are available for inspection during the hours of 8:00 a.m. to 5:00 p.m. in the office of \_\_\_\_\_, City of \_\_\_\_\_, Kansas.

At the conclusion of the hearing, the City Council will consider findings necessary for the adoption of the proposed Neighborhood Revitalization Plan and the establishment of the proposed Neighborhood Revitalization Area, all as provided for in K.S.A. 12-17,114 *et seq.*

BE IT FURTHER RESOLVED that the City Clerk shall cause a copy of this resolution to be delivered to the other taxing entities within \_\_\_\_\_ County, Kansas.

BE IT FURTHER RESOLVED that the City Clerk shall cause this resolution to be published in the official city newspaper at least once each week for two consecutive weeks before the hearing.

ADOPTED and APPROVED by the City Council this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Mayor

ATTEST: \_\_\_\_\_  
City Clerk

# NEIGHBORHOOD REVITALIZATION ADOPTING ORDINANCE

Ordinance No. \_\_\_\_\_

AN ORDINANCE ADOPTING A NEIGHBORHOOD REVITALIZATION PLAN AND DESIGNATING A NEIGHBORHOOD REVITALIZATION AREA.

WHEREAS, the City Council of the City of \_\_\_\_\_, Kansas, pursuant to the authority provided in K.S.A. 12-17,114 *et seq.*, wishes to adopt a plan to assist the revitalization of certain designated areas of the City of \_\_\_\_\_; and

WHEREAS, the City Council of the City of \_\_\_\_\_, Kansas, pursuant to public notice, held a public hearing on \_\_\_\_\_, \_\_\_\_\_, to hear and consider public comment on the Neighborhood Revitalization Plan.

NOW, THEREFORE, BE IT ORDAINED:

Section 1. Neighborhood Revitalization Plan. That the City Council does hereby adopt the Neighborhood Revitalization Plan, attached herein, labeled Exhibit A and incorporated by reference as if fully set forth herein.

Section 2. Designation of Neighborhood Revitalization Area. That the City Council hereby designates the real property described in Part 1 of the Neighborhood Revitalization Plan as the Neighborhood Revitalization Area, finds that the following conditions exist within said Area: 1) a predominance of buildings which, by reason of dilapidation or obsolescence, are detrimental to public health, safety, and welfare; 2) a substantial number of deteriorating structures which impair the sound growth of the city, retards the provision of housing and constitutes an economic liability; and 3) a predominance of buildings which, by reason of age, history or architecture, are significant and should be restored to productive use, and finds that the rehabilitation, conservation and redevelopment of said area is necessary to protect the health, safety and welfare of the residents of the city.

Section 3. Neighborhood Revitalization Fund. That the City Council does hereby create a Neighborhood Revitalization Fund to finance the redevelopment of the revitalization area and to provide a rebate of property tax increments as set forth in the revitalization plan.

Section 4. That this ordinance shall be in full force and effect upon publication in the official city newspaper. Passed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Mayor

ATTEST: \_\_\_\_\_  
City Clerk

# NEIGHBORHOOD REVITALIZATION APPLICATION FOR TAX REBATE

City of \_\_\_\_\_ Neighborhood Revitalization Program  
(Please Print or Type)

OWNER'S NAME \_\_\_\_\_ DAY PHONE NO. \_\_\_\_\_

OWNER'S MAILING ADDRESS \_\_\_\_\_

PROPERTY ADDRESS \_\_\_\_\_

PARCEL IDENTIFICATION NUMBER \_\_\_\_\_

(Take Parcel ID number and legal description from your tax statement)

LEGAL DESCRIPTION OF PROPERTY \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(Use additional sheets if necessary)

PROPERTY TYPE (CHECK ONE)      ☐ Residential      ☐ Commercial/Industrial

EXISTING USE \_\_\_\_\_ PROPOSED USE \_\_\_\_\_

AGE OF PRINCIPAL BUILDING(S) \_\_\_\_\_

OCCUPANCY STATUS DURING LAST 5 YEARS \_\_\_\_\_

LIST BUILDINGS TO BE OR ACTUALLY DEMOLISHED \_\_\_\_\_

\_\_\_\_\_

LIST OF PROPOSED IMPROVEMENTS \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(Be specific - use additional sheets if necessary)



TOTAL COST OF IMPROVEMENTS \$ \_\_\_\_\_ [ ] ACTUAL [ ] ESTIMATED  
CONSTRUCTION TO BEGIN ON \_\_\_\_\_, 20\_\_\_\_ BUILDING PERMIT NO. \_\_\_\_\_  
DATE OF COMPLETION \_\_\_\_\_ 20\_\_\_\_ [ ] ACTUAL [ ] ESTIMATED  
BY \_\_\_\_\_ DATE \_\_\_\_\_ 20\_\_\_\_  
(Property Owner's Signature)

**For County Appraiser's Use Only**

As of \_\_\_\_\_, 20\_\_\_\_,  
the assessed valuation of  
this property is:

Land	\$ _____
Improvements	\$ _____
Total	\$ _____

BY \_\_\_\_\_ DATE \_\_\_\_\_ 20\_\_\_\_  
(County Appraiser's Office)

**Part 2**

**For Property Owner's Use Only**

AS OF JANUARY 1 FOLLOWING COMMENCEMENT OF CONSTRUCTION THE  
IMPROVEMENTS ARE  
[ ] COMPLETE [ ] INCOMPLETE (Check One)

BY \_\_\_\_\_ DATE \_\_\_\_\_ 20\_\_\_\_  
(Property Owner's Signature)

**For County Appraiser's Use Only**

THE IMPROVEMENTS MADE TO THIS PROPERTY [ ] DO [ ] DO NOT MEET THE  
REQUIRED INCREASE IN ASSESSED VALUATION (5% for Residential 15% for  
commercial/industrial).

BY \_\_\_\_\_ DATE \_\_\_\_\_ 20\_\_\_\_  
(County Appraiser's Office)

**For County Clerk's Use Only**

AS OF \_\_\_\_\_ 20\_\_\_\_ TAXES AND SPECIAL ASSESSMENTS ON THIS PARCEL  
OF PROPERTY [ ] ARE [ ] ARE NOT DELINQUENT

BY \_\_\_\_\_ DATE \_\_\_\_\_ 20\_\_\_\_  
(County Clerk's Office)

**For City Clerk's Use Only**

AS OF \_\_\_\_\_ 20\_\_ BID ASSESSMENTS ON THIS PARCEL OF PROPERTY  
[ ] ARE [ ] ARE NOT DELINQUENT.

BY \_\_\_\_\_ DATE \_\_\_\_\_ 20\_\_  
(City Clerk's Office)

**For City Planning and Development's Use Only**

THE ABOVE APPLICATION [ ] IS [ ] IS NOT IN CONFORMANCE WITH THE  
REQUIREMENTS OF THE CITY OF \_\_\_\_\_ NEIGHBORHOOD REVITALIZATION  
PROGRAM. REASON NOT IN CONFORMANCE \_\_\_\_\_

BY \_\_\_\_\_ DATE \_\_\_\_\_ 20\_\_  
(City Planning and Development Office)

# NEIGHBORHOOD REVITALIZATION INTERLOCAL AGREEMENT

## Interlocal Agreement

THIS INTERLOCAL AGREEMENT (hereinafter referred to as Agreement) entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between the City of \_\_\_\_\_ a duly organized municipal corporation hereinafter referred to as "City" and the County of \_\_\_\_\_, Kansas hereinafter referred to as "County", and the Board of Education of USD \_\_\_\_\_ of \_\_\_\_\_, \_\_\_\_\_ County, Kansas hereinafter referred to as "the District."

WHEREAS, K.S.A. 12-2904 allows public agencies to enter into interlocal agreements to jointly perform certain functions including economic development; and

WHEREAS, K.S.A. 12-17,114 *et seq.* provides a program for neighborhood revitalization and further allows for the use of interlocal agreements between municipalities to further neighborhood revitalization; and

WHEREAS, it is the desire and intent of the parties hereto to provide the maximum economic development incentive as provided for in K.S.A. 12-17,119 by acting jointly.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS CONTAINED HEREIN, THE PARTIES AGREE AS FOLLOWS:

1. The parties agree to adopt a neighborhood revitalization plan as contained in Exhibit A, attached hereto and incorporated by reference as if fully set forth herein. The parties further agree the neighborhood revitalization plan as adopted will not be amended without approval of the parties except as may be necessary to comply with applicable state law or regulation.

2. The parties further agree that the County shall administer the neighborhood revitalization plan as adopted by each party on behalf of the signatory parties. The County shall create a neighborhood revitalization fund pursuant to K.S.A. 12-17,118 for the purpose of financing the redevelopment and to provide rebates. Any increment in property taxes received by the City, the County, and the District resulting from qualified improvements to property pursuant to the neighborhood revitalization plan shall be credited to the County's neighborhood revitalization fund.

3. This Agreement shall expire \_\_\_\_\_, 20\_\_. The parties agree to undertake a review of the neighborhood revitalization plan concluding on or before \_\_\_\_\_, 20\_\_ to determine any needed modifications to the neighborhood revitalization plan and participation in a new interlocal agreement. The parties agree that any party may terminate this agreement prior to \_\_\_\_\_, 20\_\_ by providing thirty (30) day advance notice provided, however, any applications for tax rebate submitted before termination shall, if approved, be considered eligible for the duration of the rebate period.

IN WITNESS WHEREOF, the parties have hereto executed this agreement as of the day and year first above written.

City of \_\_\_\_\_, Kansas

\_\_\_\_\_,  
/s/ Mayor

ATTEST:

\_\_\_\_\_,  
/s/ City Clerk

County of \_\_\_\_\_, Kansas

By \_\_\_\_\_  
/s/

ATTEST:

\_\_\_\_\_  
/s/ County Clerk

\_\_\_\_\_  
Board of Education Unified School District # \_\_\_\_\_

By \_\_\_\_\_  
/s/ President

ATTEST:

\_\_\_\_\_,  
/s/ Clerk

Approved this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by the Attorney General of the State of Kansas.

Kansas Attorney General

By \_\_\_\_\_  
/s/ Assistant Attorney General

# DOWNTOWN REDEVELOPMENT APPLICATION FOR TAX REBATE

City of \_\_\_\_\_ Downtown Redevelopment Program  
(Please Print or Type)

OWNER'S NAME \_\_\_\_\_ DAY PHONE NO. \_\_\_\_\_

OWNER'S MAILING ADDRESS \_\_\_\_\_

PROPERTY ADDRESS \_\_\_\_\_

PARCEL IDENTIFICATION NUMBER \_\_\_\_\_  
(Take Parcel ID number and legal description from your tax statement)

LEGAL DESCRIPTION OF PROPERTY \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

(Use additional sheets if necessary)

EXISTING USE \_\_\_\_\_ PROPOSED USE \_\_\_\_\_

AGE OF PRINCIPAL BUILDING(S) \_\_\_\_\_

OCCUPANCY STATUS DURING LAST 5 YEARS \_\_\_\_\_

LIST BUILDINGS TO BE OR ACTUALLY DEMOLISHED \_\_\_\_\_

\_\_\_\_\_

LIST OF PROPOSED IMPROVEMENTS \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(Be specific - use additional sheets if necessary)

TOTAL COST OF IMPROVEMENTS \$\_\_\_\_\_ [ ] ACTUAL [ ]  
ESTIMATED

CONSTRUCTION TO BEGIN ON \_\_\_\_\_, 20\_\_\_\_ BUILDING PERMIT NO. \_\_\_\_\_

DATE OF COMPLETION \_\_\_\_\_ 20\_\_\_\_ [ ] ACTUAL [ ] ESTIMATED

BY \_\_\_\_\_ DATE \_\_\_\_\_ 20\_\_\_\_  
\_\_\_\_\_ (Property Owner's Signature)

**For County Appraiser's Use Only**

BASE YEAR APPRAISED VALUE \_\_\_\_\_

THE IMPROVEMENTS MADE TO THIS PROPERTY [ ] DO [ ] DO NOT MEET THE  
REQUIRED INCREASE IN ASSESSED VALUATION (25%).

BY \_\_\_\_\_ DATE \_\_\_\_\_ 20\_\_\_\_  
\_\_\_\_\_ (County Appraiser's Office)

**For County Clerk's Use Only**

AS OF \_\_\_\_\_ 20\_\_\_\_ TAXES AND SPECIAL ASSESSMENTS ON THIS PARCEL  
OF PROPERTY [ ] ARE [ ] ARE NOT DELINQUENT

BY \_\_\_\_\_ DATE \_\_\_\_\_ 20\_\_\_\_  
\_\_\_\_\_ (County Clerk's Office)

**For City Clerk's Use Only**

AS OF \_\_\_\_\_ 20\_\_\_\_ BID ASSESSMENTS ON THIS PARCEL OF PROPERTY  
[ ] ARE [ ] ARE NOT DELINQUENT.

BY \_\_\_\_\_ DATE \_\_\_\_\_ 20\_\_\_\_  
\_\_\_\_\_ (City Clerk's Office)

**For City Planning and Development's Use Only**

THE ABOVE APPLICATION [ ] IS [ ] IS NOT IN CONFORMANCE WITH THE  
REQUIREMENTS OF THE DOWNTOWN REDEVELOPMENT PROGRAM. REASON NOT IN  
CONFORMANCE \_\_\_\_\_

BY \_\_\_\_\_ DATE \_\_\_\_\_ 20\_\_\_\_  
\_\_\_\_\_ (City Planning and Development Office)

# REVITALIZATION AND REDEVELOPMENT STATUTES

## K.S.A. 12-17,114

### **Neighborhood revitalization; title of act.**

This act shall be known and may be cited as the Kansas neighborhood revitalization act.

## K.S.A. 12-17,115

### **Same; definitions.**

As used in this act:

(a) "Dilapidated structure" means a residence or other building which is in deteriorating condition by reason of obsolescence, inadequate provision of ventilation, light, air or structural integrity or is otherwise in a condition detrimental to the health, safety or welfare of its inhabitants or a residence or other building which is in deteriorating condition and because of age, architecture, history or significance is worthy of preservation.

(b) "Municipality" means any municipality as defined by K.S.A. 10-1101, and amendments thereto.

(c) "Neighborhood revitalization area" means:

(1) An area in which there is a predominance of buildings or improvements which by reason of dilapidation, deterioration, obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, the existence of conditions which endanger life or property by fire and other causes or a combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime and which is detrimental to the public health, safety or welfare;

(2) an area which by reason of the presence of a substantial number of deteriorated or deteriorating structures, defective or inadequate streets, incompatible land use relationships, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the actual value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or a combination of such factors, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is detrimental to the public health, safety or welfare in its present condition and use; or

(3) an area in which there is a predominance of buildings or improvements which by reason of age, history, architecture or significance should be preserved or restored to productive use.

(d) "Governing body" means the governing body of any municipality.

(e) "Increment" means, except for any taxes levied by school districts pursuant to K.S.A. 72-53,113, and amendments thereto, that amount of ad valorem taxes collected from real property located within the neighborhood revitalization area or from dilapidated structures outside the revitalization area that is in excess of the amount which is produced from such property and attributable to the assessed valuation of such property prior to the date the neighborhood revitalization area was established or the structure was declared dilapidated pursuant to this act.

**K.S.A. 12-17,116**

**Same; designation of revitalization area; findings.**

The governing body of any municipality may designate any area within such municipality as a neighborhood revitalization area if the governing body finds that one or more of the conditions as described in subsection (c) of K.S.A. 1999 Supp. 12-17,115, and amendments thereto, exist and that the rehabilitation, conservation or redevelopment of the area is necessary to protect the public health, safety or welfare of the residents of the municipality. The governing body may declare a building outside of a neighborhood revitalization area to be a dilapidated structure if the structure satisfies the conditions set forth in subsection (a) of K.S.A. 1999 Supp. 12-17,115.

**K.S.A. 12-17,117**

**Same; revitalization plan, contents; notice and hearing.**

(a) Prior to designating an area as a neighborhood revitalization area or a structure to be a dilapidated structure, the governing body shall adopt a plan for the revitalization of such area or designation of a dilapidated structure.

Such plan shall include:

- (1) A legal description of the real estate forming the boundaries of the proposed area and a map depicting the existing parcels of real estate;
- (2) the existing assessed valuation of the real estate in the proposed area, listing the land and building values separately;
- (3) a list of names and addresses of the owners of record of real estate within the area;
- (4) the existing zoning classifications and district boundaries and the existing and proposed land uses within the area;
- (5) any proposals for improving or expanding municipal services within the area including, but not limited to, transportation facilities, water and sewage systems, refuse collection, road and street maintenance, park and recreation facilities and police and fire protection;



- (6) a statement specifying what property is eligible for revitalization and whether rehabilitation and additions to existing buildings or new construction or both is eligible for revitalization;
  - (7) the criteria to be used by the governing body to determine what property is eligible for revitalization;
  - (8) the contents of an application for a rebate of property tax increments authorized by K.S.A. 1999 Supp. 12-17,118 and amendments thereto;
  - (9) the procedure for submission of an application for a rebate of property tax increments authorized by K.S.A. 1999 Supp. 12-17,118 and amendments thereto;
  - (10) the standards or criteria to be used when reviewing and approving applications for a rebate of property tax increments authorized by K.S.A. 1999 Supp. 12-17,118 and amendments thereto;
  - (11) a statement specifying the maximum amount and years of eligibility for a rebate of property tax increments authorized by K.S.A. 1999 Supp. 12-17,118; and
  - (12) any other matter deemed necessary by the governing body.
- (b) Prior to declaring a building to be a dilapidated structure, the governing body shall do the following:
- (1) Obtain a legal description of the property to be declared dilapidated;
  - (2) determine the assessed value of the property to be declared a dilapidated structure, with separate values established for the land and structure;
  - (3) determine the owner of record of the structure.
- (c) Prior to adopting a plan pursuant to this section, the governing body shall call and hold a hearing on the proposal. Notice of such hearing shall be published at least once each week for two consecutive weeks in a newspaper of general circulation within the municipality. Following such hearing, or the continuation thereof, the governing body may adopt such plan.

**K.S.A. 12-17,118**

**Same; neighborhood revitalization fund; application for tax rebates.**

- (a) Following adoption of a plan pursuant to K.S.A. 1999 Supp. 12-17,117 and amendments thereto, the governing body shall create a neighborhood revitalization fund to finance the redevelopment of designated revitalization areas and dilapidated structures and to provide rebates authorized by this section. Moneys may be budgeted and transferred to such fund from any source which may be lawfully utilized for such purposes. Any municipality may expend money from the general fund of such municipality to accomplish the purposes of this act.

(b) Moneys credited to such fund from annually budgeted transfers shall not be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto. In making the budget of the municipality, the amounts credited to, and the amount on hand in, such neighborhood revitalization fund and the amount expended therefrom shall be shown thereon for the information of taxpayers. Moneys in such fund may be invested in accordance with K.S.A. 10-131, and amendments thereto with the interest credited to the fund.

(c) If the governing body determines that money which has been credited to such fund or any part thereof is not needed for the purposes for which so budgeted or transferred, the governing body may transfer such amount not needed to the fund from which it came and such retransfer and expenditure shall be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto.

(d) Any increment in ad valorem property taxes levied by the municipality resulting from improvements by a taxpayer to property in a neighborhood revitalization area or to a dilapidated structure may be credited to the fund for the purpose of returning all or a part of the property increment to the taxpayer in the form of a rebate. Applications for rebates shall be submitted in the manner and subject to the conditions provided by the revitalization plan adopted under K.S.A. 1999 Supp. 12-17,117 and amendments thereto. Upon approval of an application received hereunder the municipality shall rebate all or a part of incremental increases in ad valorem property tax resulting from the improvements. Upon payment of taxes by the taxpayer, the rebate must be made within 30 days after the next distribution date as specified in K.S.A. 12-1678a, and amendments thereto.

(e) No later than November 1 of each year the county clerk of each county shall certify to the state commissioner of education the assessed valuation amount of any school district therein for which tax increment rebates have been made by the school district during the previous year in accordance with an interlocal agreement approved by the board of education of such district under the provisions of K.S.A. 1999 Supp. 12-17,119 and amendments thereto. The amount of the assessed valuation shall be determined by dividing the total amount of tax increment rebates paid by the district during the preceding 12 months by the total of the ad valorem tax levy rates levied by or on behalf of the district in the previous year. The commissioner of education shall annually deduct the certified amounts of assessed valuation for such rebates from the total assessed valuation of the district in determining the total and per pupil assessed valuations used in the allocation of state aid payments to school districts.

#### **K.S.A. 12-17,119**

##### **Same; interlocal agreements.**

Any two or more municipalities may agree pursuant to K.S.A. 12-2901 *et seq.*, and amendments thereto, to exercise the powers and duties authorized by this act.

**K.S.A. 12-17,120**

**Same; act not exclusive authority for revitalization.**

This is enabling legislation for the revitalization of neighborhood areas and is not intended to prevent cities and counties from enacting and enforcing additional laws and regulations on the same subject which are not in conflict with the provisions of this act.

**K.S.A. 12-17,121**

**Downtown redevelopment act; purpose; citation of act.**

(a) The purpose of the Kansas downtown redevelopment act is to promote, stimulate and develop the general and economic welfare of the state of Kansas and its rural and low income communities, to encourage the rehabilitation and use of real property located in downtown areas that have become vacant or minimally utilized and to assist in the development and redevelopment of eligible areas within cities and counties thereby promoting the general welfare of the citizens of this state, by authorizing cities and counties to apply to the department of commerce to designate downtown redevelopment areas, wherein rebate of real property tax increments collected from real property may apply to properties which have undergone approved improvements.

(b) This act shall be known and may be cited as the Kansas downtown redevelopment act.

**K.S.A. 12-17,122**

**Same; definitions.**

For the purposes of this act, the following terms shall have the meanings provided herein, unless the context clearly indicates, otherwise:

(a) "Base Year Appraised Value" means the appraised value, as determined by the county appraiser, of the real property located within the boundaries of a downtown redevelopment area for the tax year immediately preceding a twelve-month period in which an investment for improvements to the real property or trade fixtures therein, equal to or exceeding 25% of the appraised value of the real property, was made;

(b) "Core Commercial District" means an area of a city or unincorporated area of a county characterized by a variety of compact commercial, office, residential and public uses that make it most directly analogous to central business districts commonly identified by zoning regulations;

(c) "Distressed Community" means an area in which 20% or more of the population of all ages for each census tract located within the area has an income below the poverty level as reported in the most recently completed decennial census published by the U.S. bureau of the census;

- (d) "Downtown Redevelopment Area" or "redevelopment area" means an area designated by the secretary of commerce pursuant to this act for the purpose of identifying real property that is eligible to receive tax benefits as provided in K.S.A 12-17,124, and amendments thereto;
- (e) "Fund" means the fund created by the governing body of a city or unincorporated area of a county to comply with the requirements of this act
- (f) "Governing Body" means the governing body of a city or the unincorporated area of a county;
- (g) "Real Property Taxes" means all taxes levied on an ad valorem basis upon land and the improvements thereon;
- (h) "Secretary" means the secretary of the department of commerce; and
- (i) "Tax Increment" means all real property taxes assessed pursuant to K.S.A. 79-1439, and amendments thereto, to the amount of the current appraised value of the property in excess of the base year appraised value of the property located within a redevelopment area or proposed redevelopment area.

**K.S.A. 12-17,123**

**Same; application for designation as downtown redevelopment area; approval or denial by secretary of commerce, criteria.**

- (a) The governing body of a city or of an unincorporated area of a county proposing to establish a downtown redevelopment area shall make a written application to the secretary of the department of commerce for the designation of a downtown redevelopment area. Applications shall be made in a format approved by the secretary.
- (b) After a review of the application and after an examination of the facts alleged, the secretary may approve the application based upon one or more of the following criteria:
  - (1) The city or unincorporated area of a county in which the redevelopment area is proposed has a population of less than 50,000 or the proposed redevelopment area qualifies as a distressed community;
  - (2) the proposed redevelopment area is located in a well-defined, core commercial district of the city or the unincorporated area of the county;
  - (3) if the structures located within the proposed redevelopment area have a vacancy rate that exceeds 15%; or
  - (4) the average appraised valuation of the properties located within the proposed redevelopment area has not increased by more than 15% in the past 10 years.

(c) In the event the secretary denies an application to designate a downtown redevelopment area, the secretary shall, within 90 days of the denial, issue a written statement of the controlling facts relied upon to the governing body of the city or of the unincorporated area of the county that requested the designation.

**K.S.A. 12-17,124**

**Same; application of real property owners for tax benefits; approval or denial, criteria.**

(a) The owner of real property located within a downtown redevelopment area may submit a written application to the governing body of the city or of the unincorporated area of the county in which the redevelopment area is located to request downtown redevelopment area tax benefits. The application for tax benefits shall be made on a form approved by the governing body of the city or of the unincorporated area of the county or such governing body's designee, and shall be accompanied by copies of dated records that verify the applicant's investment in improvements to the real property or trade fixtures located therein.

(b) After a review of the application for redevelopment tax benefits and after an examination of the facts alleged, the governing body of the city or of the unincorporated area of the county in which the downtown redevelopment area is located shall either approve or deny the application for redevelopment tax benefits based upon the following criteria:

(1) The applicant has made, within a twelve-month period, an investment in improvements to the real property or trade fixtures located therein, the value of which is equivalent to or exceeds 25% of the appraised value of the property, as determined by the county appraiser, for the immediately preceding tax year; and

(2) the real property that is the subject of the application is in full compliance with city ordinances or county resolutions.

**K.S.A. 12-17,125**

**Same; taxation of real property approved for tax benefits; rebate of property tax increments to taxpayers.**

Real property that has been approved for downtown redevelopment tax benefits pursuant to K.S.A. 12-17,124, and amendments thereto, shall be assessed and taxed for real property tax purposes pursuant to law in the same manner that such property would be assessed and taxed if it had not been approved for downtown redevelopment tax benefits. The tax increment generated by the improvement shall be credited to the fund created by a governing body of a city or an unincorporated area of a county for the purpose of returning all or part of the property tax increment to the taxpayer in the form of a rebate of 100% each year in years one through five, 80% in year six, 60% in year seven, 40% in year eight and 20% in year nine. No rebate shall be paid on or after the tenth year. Upon payment of taxes by the taxpayer, the rebate must be made within 30 days after the next distribution date as specified in K.S.A. 12-1678a, and amendments thereto.

# APPENDIX D

Tax Increment Financing Statutes  
K.S.A. 12-1770 *et seq.*

Transportation Development District Statutes  
K.S.A. 12-17,140 *et seq.*

Star Bonds Financing Act  
K.S.A. 12-17,160 *et seq.*

Kansas Department of Commerce  
Guidance to STAR Bond Applications

## TAX INCREMENT FINANCING STATUTES

### **K.S.A. 12-1770.**

#### **Purpose of act; issuance of special obligation bonds and full faith and credit tax increment bonds.**

It is hereby declared to be the purpose of this act to promote, stimulate and develop the general and economic welfare of the state of Kansas and its communities and to assist in the development and redevelopment of eligible areas within and without a city thereby promoting the general welfare of the citizens of this state, by authorizing cities to acquire certain property and to issue special obligation bonds and full faith and credit tax increment bonds for the financing of redevelopment projects. It is further found and declared that the powers conferred by this act are for a public purpose and public use for which public money may be expended and the power of eminent domain may be exercised. The necessity in the public interest for the provisions of this act is hereby declared as a matter of legislative determination.

### **K.S.A. 12-1770a.**

#### **Definitions.**

As used in this act, and amendments thereto, the following words and phrases shall have the following meanings unless a different meaning clearly appears from the content:

(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 fire or other causes; or
  - (I) conditions which create economic obsolescence;
- (2) has been identified by any state or federal environmental agency as being environmentally contaminated to an extent that requires a remedial investigation; feasibility study and remediation or other similar state or federal action;
  - (3) a majority of the property is a 100-year floodplain area; or
  - (4) previously was found by resolution of the governing body to be a slum or a blighted area under K.S.A. 17-4742 *et seq.*, and amendments thereto.

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

- (1) Dilapidation, obsolescence or deterioration of the structures;
- (2) illegal use of individual structures;
- (3) the presence of structures below minimum code standards;
- (4) building abandonment;
- (5) excessive vacancies;
- (6) overcrowding of structures and community facilities; or
- (7) inadequate utilities and infrastructure.

(e) “De minimus” means an amount less than 15% of the land area within a redevelopment district.

(f) “Developer” means any person, firm, corporation, partnership or limited liability company, other than a city and other than an agency, political subdivision or instrumentality of the state or a county when relating to a bioscience development district.

(g) “Eligible Area” means a blighted area, conservation area, enterprise zone, intermodal transportation area, major tourism area or a major commercial entertainment and tourism area, bioscience development area or a building or buildings which are 65 years of age or older and any contiguous vacant or condemned lots.

(h) “Enterprise Zone” means an area within a city that was designated as an enterprise zone prior to July 1, 1992, pursuant to K.S.A. 12-17,107 through 12-17,113, and amendments thereto, prior to its repeal and the conservation, development or redevelopment of the area is necessary to promote the general and economic welfare of such city.



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

(j) “Environmentally contaminated area” means an area of land having contaminated groundwater or soil which is deemed environmentally contaminated by the department of health and environment or the United States environmental protection agency.

(k) (1) “Feasibility Study” means:

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

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

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

(A) a statement of how the taxes obtained from the project will contribute significantly to the economic development of the jurisdiction in which the project is located;

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

(i) The percentage of sales and use taxes collected that are so committed; and

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

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

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

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

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

(m) “Real Property Taxes” means all taxes levied on an ad valorem basis upon land and improvements thereon, except that “real property taxes” does not include:

- (1) Property taxes levied by school districts pursuant to K.S.A. 72-5142, and amendments thereto, when relating to a bioscience development district; and
- (2) property taxes levied by school districts pursuant to K.S.A. 72-53,113, and amendments thereto, when relating to a bioscience development district or a redevelopment district established on or after July 1, 2017.

(n) “Redevelopment Project Area” means an area designated by a city within a redevelopment district or, if the redevelopment district is established for an intermodal transportation area, an area designated by a city within or outside of the redevelopment district.

(o) “Redevelopment Project Costs” means:

- (1) Those costs necessary to implement a redevelopment project plan or a bioscience development project plan, including costs incurred for:
  - (A) Acquisition of property within the redevelopment project area;
  - (B) payment of relocation assistance pursuant to a relocation assistance plan as provided in K.S.A. 12-1777, and amendments thereto;
  - (C) site preparation including utility relocations;
  - (D) sanitary and storm sewers and lift stations;
  - (E) drainage conduits, channels, levees and river walk canal facilities;
  - (F) street grading, paving, graveling, macadamizing, curbing, guttering and surfacing;
  - (G) street light fixtures, connection and facilities;
  - (H) underground gas, water, heating and electrical services and connections located within the public right-of-way;
  - (I) sidewalks and pedestrian underpasses or overpasses;
  - (J) drives and driveway approaches located within the public right-of- way;
  - (K) water mains and extensions;
  - (L) plazas and arcades;
  - (M) major multi-sport athletic complex
  - (N) museum facility;
  - (O) parking facilities including multilevel parking facilities;
  - (P) landscaping and plantings, fountains, shelters, benches, sculptures, lighting, decorations and similar amenities;

- (Q) related expenses to redevelop and finance the redevelopment project;
  - (R) for purposes of an incubator project, such costs shall also include wet lab equipment including hoods, lab tables, heavy water equipment and all such other equipment found to be necessary or appropriate for a commercial incubator wet lab facility by the city in its resolution establishing such redevelopment district or a bioscience development district; and
  - (S) costs for the acquisition of land for and the construction and installation of publicly-owned infrastructure improvements which serve an intermodal transportation area and are located outside of a redevelopment district.
  - (T) costs for infrastructure located outside the redevelopment district but contiguous to any portion of the redevelopment district and such infrastructure is necessary for the implementation of the redevelopment plan as determined by the city.
- (2) Redevelopment project costs shall not include:
- (A) Costs incurred in connection with the construction of buildings or other structures to be owned by or leased to a developer, however, the “redevelopment project costs” shall include costs incurred in connection with the construction of buildings or other structures to be owned or leased to a developer which includes an auto race track facility or a multilevel parking facility.
  - (B) In addition, for a redevelopment project financed with special obligation bonds payable from the revenues described in K.S.A. 12-1774(a)(1)(D), and amendments thereto, redevelopment project costs shall not include:
    - (i) Fees and commissions paid to developers, real estate agents, financial advisors or any other consultants who represent the developers or any other businesses considering locating in or located in a redevelopment district;
    - (ii) salaries for local government employees;
    - (iii) moving expenses for employees of the businesses locating within the redevelopment district;
    - (iv) property taxes for businesses that locate in the redevelopment district;
    - (v) lobbying costs; and
    - (vi) a bond origination fee charged by the city pursuant to K.S.A. 12-1742, and amendments thereto.
    - (vii) any personal property, as defined in K.S.A. 79-102, and amendments thereto; and
    - (viii) travel, entertainment and hospitality.
- (p) “Redevelopment District” means the specific area declared to be an eligible area in which the city may develop one or more redevelopment projects.

(q) “Redevelopment District Plan” or “District Plan” means the preliminary plan that identifies all of the proposed redevelopment project areas and identifies in a general manner all of the buildings, facilities and improvements in each that are proposed to be constructed or improved in each redevelopment project area or, if the redevelopment district is established for an intermodal transportation area, in or outside of the redevelopment district.

(r) “Redevelopment Project” means the approved project to implement a project plan for the development of the established redevelopment district.

(s) “Redevelopment Project Plan” means the plan adopted by a municipality for the development of a redevelopment project or projects which conforms with K.S.A. 12-1772, and amendments thereto, in a redevelopment district.

(t) “Substantial Change” means, as applicable, a change wherein the proposed plan or plans differ substantially from the intended purpose for which the district plan or project plan was approved.

(u) “Tax Increment” means that amount of real property taxes collected from real property located within the redevelopment district that is in excess of the amount of real property taxes which is collected from the base year assessed valuation.

(v) “Taxing Subdivision” means the county, city, unified school district and any other taxing subdivision levying real property taxes, the territory or jurisdiction of which includes any currently existing or subsequently created redevelopment district including a bioscience development district.

(w) “River Walk Canal Facilities” means a canal and related water features which flows through a redevelopment district and facilities related or contiguous thereto, including, but not limited to pedestrian walkways and promenades, landscaping and parking facilities.

(x) “Major Commercial Entertainment and Tourism Area” may include, but not be limited to, a major multi-sport athletic complex.

(y) “Major Multi-Sport Athletic Complex” means an athletic complex that is utilized for the training of athletes, the practice of athletic teams, the playing of athletic games or the hosting of events. Such project may include playing fields, parking lots and other developments including grandstands, suites and viewing areas, concessions, souvenir facilities, catering facilities, visitor centers, signage and temporary hospitality facilities, but excluding hotels, motels, restaurants and retail facilities, not directly related to or necessary to the operation of such facility.

(z) “Bioscience” means the use of compositions, methods and organisms in cellular and molecular research, development and manufacturing processes for such diverse areas as pharmaceuticals, medical therapeutics, medical diagnostics, medical devices, medical instruments, biochemistry, microbiology, veterinary medicine, plant biology, agriculture, industrial environmental and homeland security applications of bioscience and future developments in the biosciences. Bioscience includes biotechnology and life sciences.

(aa) “Bioscience Development Area” means an area that:

- (1) Is or shall be owned, operated, or leased by or otherwise under the control of the Kansas bioscience authority;
- (2) is or shall be used and maintained by a bioscience company; or
- (3) includes a bioscience facility.

(bb) “Bioscience Development District” means the specific area, created under K.S.A. 12-1771, and amendments thereto, where one or more bioscience development projects may be undertaken.

(cc) “Bioscience Development Project” means an approved project to implement a project plan in a bioscience development district.

(dd) “Bioscience Development Project Plan” means the plan adopted by the authority for a bioscience development project pursuant to K.S.A. 12-1772, and amendments thereto, in a bioscience development district.

(ee) “Bioscience Facility” means real property and all improvements thereof used to conduct bioscience research, including, without limitation, laboratory space, incubator space, office space and any and all facilities directly related and necessary to the operation of a bioscience facility.

(ff) “Bioscience Project Area” means an area designated by the authority within a bioscience development district.

(gg) “Biotechnology” means those fields focusing on technological developments in such areas as molecular biology, genetic engineering, genomics, proteomics, physiomics, nanotechnology, biodefense, biocomputing, bioinformatics and future developments associated with biotechnology.

(hh) “Board” means the board of directors of the Kansas bioscience authority.

(ii) “Life Sciences” means the areas of medical sciences, pharmaceutical sciences, biological sciences, zoology, botany, horticulture, ecology, toxicology, organic chemistry, physical chemistry, physiology and any future advances associated with life sciences.

(jj) “Revenue Increase” means that amount of real property taxes collected from real property located within the bioscience development district that is in excess of the amount of real property taxes which is collected from the base year assessed valuation.

(kk) “Taxpayer” means a person, corporation, limited liability company, S corporation, partnership, registered limited liability partnership, foundation, association, nonprofit entity, sole proprietorship, business trust, group or other entity that is subject to the Kansas income tax act, K.S.A. 79-3201 *et seq.*, and amendments thereto.

(ll) “Floodplain Increment” means the increment determined pursuant to K.S.A. 12-1771e(b), and amendments thereto.

(mm) “100-Year Floodplain Area” means an area of land existing in a 100-year floodplain as determined by either an engineering study of a Kansas certified engineer or by the United States federal emergency management agency.

(nn) “Major Motorsports Complex” means a complex in Shawnee county that is utilized for the hosting of competitions involving motor vehicles, including, but not limited to, automobiles, motorcycles or other self-propelled vehicles other than a motorized bicycle or motorized wheelchair. Such project may include racetracks, all facilities directly related and necessary to the operation of a motorsports complex, including, but not limited to, parking lots, grandstands, suites and viewing areas, concessions, souvenir facilities, catering facilities, visitor and retail centers, signage and temporary hospitality facilities, but excluding hotels, motels, restaurants and retail facilities not directly related to or necessary to the operation of such facility.

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

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

**K.S.A. 12-1771.**

**Procedure for establishing redevelopment district or bioscience development district; hearings; notice to landowners; modification of district boundaries.**

(a) ***Resolution procedure for a redevelopment district or bioscience development district.*** When a city proposes to establish a redevelopment district or when the Kansas bioscience authority proposes to establish a bioscience development district within an eligible area, the city or the Kansas bioscience authority shall adopt a resolution stating that the city or the Kansas bioscience authority is considering the establishment of a redevelopment district or a bioscience development district. Such resolution shall:

- (1) Give notice that a public hearing will be held to consider the establishment of a redevelopment district or bioscience development district and fix the date, hour and place of such public hearing;
- (2) describe the proposed boundaries of the redevelopment district or bioscience development district;
- (3) describe the district plan;
- (4) state that a description and map of the proposed redevelopment district or bioscience development district are available for inspection at a time and place designated; and
- (5) state that the governing body will consider findings necessary for the establishment of a redevelopment district or bioscience development district.

Notice shall be given as provided in subsection (c) of K.S.A. 12-1772, and amendments thereto.

(b) ***Posthearing procedure.*** Upon the conclusion of the public hearing, the governing body may pass an ordinance.

(1) An ordinance for a redevelopment district shall: (A) Make findings that the redevelopment district proposed to be developed is an eligible area; and the conservation, development or redevelopment of such area is necessary to promote the general and economic welfare of the city; (B) contain the district plan as approved; and (C) contain the legal description of the redevelopment district and may establish the redevelopment district. Such ordinance shall contain a district plan that identifies all of the proposed redevelopment project areas and identifies in a general manner all of the buildings and facilities that are proposed to be constructed or improved in each redevelopment project area. The boundaries of such district shall not include any area not designated in the notice required by subsection (a).

(2) An ordinance for a bioscience development district shall make findings that the area satisfies the definition of a bioscience area and the creation of a bioscience district will contribute to the development of bioscience in the state and promote the general and economic welfare of the city. Such ordinance shall also contain the district plan as approved and contain the legal description of the bioscience development district. Such ordinance shall contain a development district plan that identifies all of the proposed bioscience development project areas and identifies in a general manner all of the buildings and facilities

that are proposed to be constructed or improved in each bioscience development project area. The boundaries of such district shall not include any area not designated in the notice required by subsection (a). No bioscience development district shall be established without the approval of the Kansas bioscience authority. In creating a bioscience development district, eminent domain shall not be used to acquire agricultural land.

(c) The governing body of a city may establish a redevelopment district within that city, and, with the Kansas bioscience authority's approval, may establish a bioscience development district within that city. Such city may establish a district inclusive of land outside the boundaries of the city or wholly outside the boundaries of such city upon written consent of the board of county commissioners. Prior to providing written consent, the board of county commissioners shall be subject to the same procedure for public notice and hearing as is required of a city pursuant to subsection (a) for the establishment of a redevelopment district or bioscience development district. One or more redevelopment projects or bioscience development projects may be undertaken by a city within a redevelopment district or bioscience development district after such redevelopment district or bioscience development district has been established in the manner provided by this section.

(d) No privately owned property subject to ad valorem taxes shall be acquired and redeveloped under the provisions of K.S.A. 12-1770 *et seq.*, and amendments thereto, if the board of county commissioners or the board of education levying taxes on such property determines by resolution adopted within 30 days following the conclusion of the hearing for the establishment of the redevelopment district or bioscience development district required by subsection (b) that the proposed redevelopment district or bioscience development district will have an adverse effect on such county or school district. The board of county commissioners or board of education shall deliver a copy of such resolution to the city. The city shall within 30 days of receipt of such resolution pass an ordinance terminating the redevelopment district or bioscience development district.

(e) **Addition to area; substantial change.** Any addition of area to the redevelopment district or bioscience development district or any substantial change as defined in K.S.A. 12-1770a, and amendments thereto, to the district plan shall be subject to the same procedure for public notice and hearing as is required for the establishment of the district.

(f) Any addition of any area to the redevelopment district or bioscience development district shall be subject to the same procedure for public notice and hearing as is required for the establishment of the redevelopment district or bioscience development district. The base year assessed valuation of the redevelopment district or bioscience development district following the addition of area shall be revised to reflect the base year assessed valuation of the original area and the added area as of the date of the original establishment of the redevelopment district or bioscience development district.

(g) A city may remove real property from a redevelopment district or bioscience development district by an ordinance of the governing body. If more than a de minimus amount of real property is removed from a redevelopment district or bioscience development district, the base year assessed valuation of the redevelopment district or bioscience development district shall be revised to reflect the base year assessed valuation of the remaining real property as of the date of the original establishment of the redevelopment district or bioscience development district.

(h) A city may divide the real property in a redevelopment district or bioscience development district, including real property in different redevelopment district or bioscience development project areas within a redevelopment district or bioscience development district, into separate redevelopment districts or bioscience development districts. The base year assessed valuation of each resulting redevelopment district or bioscience development district following such division of real property shall be revised to reflect the base year assessed valuation of the area of each resulting redevelopment district or bioscience development district as of the date of the original



establishment of the redevelopment district or bioscience development district. Any division of real property within a redevelopment district or bioscience development district into more than one redevelopment district or bioscience development district shall be subject to the same procedure of public notice and hearing as is required for the establishment of the redevelopment district or bioscience development district.

(i) If a city has undertaken a redevelopment project or bioscience development project within a redevelopment district or bioscience development district, and either the city wishes to subsequently remove more than a de minimus amount of real property from the redevelopment district or bioscience development district or the city wishes to subsequently divide the real property in the redevelopment district or bioscience development district into more than one redevelopment district or bioscience development district, then prior to any such removal or division the city must provide a feasibility study which shows that the tax increment revenue from the resulting redevelopment district or bioscience development district within which the redevelopment project or bioscience development project is located is expected to be sufficient to pay the redevelopment project costs or bioscience development project costs.

(j) Removal of real property from one redevelopment district or bioscience development district and addition of all or a portion of that real property to another redevelopment district or bioscience development district may be accomplished by the adoption of an ordinance and in such event the determination of the existence or nonexistence of an adverse effect on the county or school district under subsection (d) shall apply to both such removal and such addition of real property to a redevelopment district or bioscience development district.

(k) Any addition to, removal from or division of real property or a substantial change as defined in K.S.A. 12-1770a, and amendments thereto, to a bioscience development district may be made only with the approval of the Kansas bioscience authority.

(l) A bioscience development district may be established in the unincorporated area of a county by resolution of the board of county commissioners governing the area if:

- (1) The Kansas bioscience authority has proposed to establish a bioscience development district there; and
- (2) the board of county commissioners follows the notice, hearing and approval procedures required of a city to establish a bioscience development district.

(m) When establishing a bioscience development district as described in subsection (1), any references to “city” contained in this section shall mean “county” and any references to “ordinance” shall mean “resolution.”

#### **K.S.A. 12-1771a.**

#### **Environmentally contaminated areas; financing of investigation and remediation; tax increment bonds.**

(a) The governing body of a city may establish an increment in ad valorem taxes using the procedure set forth in subsection (b) for projects that are initiated upon a finding that the area is a blighted area as defined under K.S.A. 12-1770a, and amendments thereto, when the following conditions exist:

- (1) The proposed district has been identified by the Kansas department of health and environment or the United States environmental protection agency to be an environmentally contaminated area;



- (2) the city has entered into a consent decree or settlement agreement or has taken action expressing an intent to enter into a consent decree or settlement agreement with the Kansas department of health and environment or the United States environmental protection agency that addresses the investigation and remediation of the environmental contamination;
- (3) the consent decree or settlement agreement contains a provision that has the effect of releasing property owners who are not responsible for the contamination from the responsibility of paying the response costs of the investigation and remediation of the contamination; and
- (4) the city intends to establish a redevelopment district pursuant to K.S.A. 12-1771, and amendments thereto, to finance, in whole or in part, the investigation and remediation of contamination within such district.
- (b) An environmental increment established after a city has found that the conditions described in subsection (c) of K.S.A. 12-1770a, and amendments thereto, exists shall be set on a yearly basis. For purposes of this section, a yearly basis shall be a calendar year. Each year's increment shall be an amount sufficient to pay the direct costs of investigation and remediation of the contaminated condition anticipated to be incurred that year including principal and interest due on any special obligation bonds or full faith and credit tax increment bonds issued to finance in whole or in part the remediation and investigation, costs relating to remediation investigation and feasibility studies, operation and maintenance expenses and other expenses relating directly to the investigation and remediation of contamination. Each year's environmental increment shall not exceed 20% of the amount of taxes that are produced by all taxing subdivisions within any currently existing or subsequently created redevelopment district area in the year the redevelopment district is first established, notwithstanding that such subdivision was not required to receive notice of the establishment of the district.
- (c) The budget that establishes the yearly environmental increment shall be certified by the city to the county clerk and county treasurer no later than August 25th, preceding the calendar year for which the budget is being set. Funds derived from an environmental increment established by this section and interest on all funds derived from an environmental increment established by this section may be used only for projects involving the investigation and remediation of contamination in the district.
- (d) The real property taxes produced by the environmental increment established under subsection (b) from a redevelopment district established under the provisions of K.S.A. 12-1771, and amendments thereto, and this section shall be allocated and paid by the county treasurer to the treasurer of the city and deposited in a special separate fund of the city to pay the direct cost of investigation and remediation of contamination in the redevelopment district. Any funds collected by the city from parties determined to be responsible in any manner for the contaminated condition shall be: (1) Deposited in the same separate special fund created hereunder, and with all interest earned thereon, may be used only for projects involving the investigation and remediation of contamination in the established redevelopment district; or (2) distributed to parties who have entered into a contract with the city to pay a portion of investigation and remediation of the contamination in the redevelopment district and the terms of such contract provide that such parties are entitled to reimbursement for a portion of funds they have expended for such investigation and remediation of contamination from the recovery of costs that are collected from other third party responsible parties.
- (e) A redevelopment district created under the provisions of this section shall constitute a separate taxing district. If all costs for such investigation and remediation of contamination in the redevelopment district have been paid and moneys remain in the special fund, such moneys shall be remitted to each taxing subdivision which paid moneys into the special fund on the basis of the proportion which the total amount of moneys paid by such taxing subdivision into the special fund bears to the total amount of all moneys paid by all taxing subdivisions into the fund.

- (f) Nothing in this section shall prevent any city from establishing a redevelopment district for other purposes pursuant to K.S.A. 12-1770 *et seq.*, and amendments thereto, which may include part or all of the real property included in the district established under this section.
- (g) Redevelopment projects relating to environmental investigation and remediation under this section shall be completed within 20 years from the date the Kansas department of health and environment or the United States environmental protection agency issues an order or enters into a consent decree with the governing body of the city approving such project, unless the board of county commissioners and the board of education identified in K.S.A. 12-1771, and amendments thereto, approve a request in writing from the city to extend the project a maximum of 10 years beyond the original 20.
- (h) Nothing in this section shall be construed to affect the obligations of the county to annually review the fair market value of property in accordance with procedures set by law or to affect the right of any taxpayer to protest and appeal the appraised or reappraised value of their property in accordance with procedures set forth by law.
- (i) Commencing with the regular session of the legislature in 1993, each city that establishes a redevelopment district under this section shall make a status report on a biennial basis to the standing committee on commerce of the senate and the standing committee on economic development of the house of representatives during the month of January. The status report shall contain information on the status of the investigation and remediation of contamination in the redevelopment district.
- (j) For the purposes of this act, the governing body of a city, in contracts entered into with the Kansas department of health and environment or the United States environmental protection agency, may pledge increments receivable in future years to pay costs directly relating to the investigation and remediation of environmentally contaminated areas. The provisions in such contracts pertaining to pledging increments in future years shall not be subject to K.S.A. 10-1101 *et seq.* or 79-2925 *et seq.*, and amendments thereto.

**K.S.A. 12-1771b.**

**Redevelopment district containing an auto track facility; Procedure for establishing; bond issuance limitations; revenue redirected upon collections sufficient to satisfy bond obligation**

- (a) The boundaries of any redevelopment district in a major tourism area including an auto race track facility located in Wyandotte county, shall, without regard to that portion of the district pertaining to the auto race track facility, be as follows: Beginning at the intersection of Interstate 70 and Interstate 435; West along Interstate 70 to 118th Street; North along 118th Street to State Avenue; Northeasterly along proposed relocated State Avenue to 110th Street; North along 110th Street to Parallel Parkway; East along Parallel Parkway to Interstate 435; South along Interstate 435 to Interstate 70.
- (b) Any major tourism area may include an additional area not exceeding 400 acres of additional property, excluding roads and highways, in addition to the property necessary for the auto race track facility upon a finding by the governor that the development plan and each project within such additional 400 acre area will enhance the major tourism area. For the development of each project within such additional 400 acre area the city shall select qualified developers pursuant to a request for proposals in accordance with written official procedures approved by the governing body of the city.

- (c) If a city determines that revenues from sources other than property taxes will be sufficient to pay any special obligation bonds issued to finance a redevelopment project for an auto race track facility as described in subsection (a) of K.S.A. 12-1770a, and amendments thereto all real and personal property, constituting an auto race track facility described in subsection (a) of K.S.A. 12-1770a, and amendments thereto, in such redevelopment district shall be exempt from property taxation for a period ending on the date on which no such special obligation bonds issued to finance such auto race track facility in a major tourism area remain outstanding.
- (d) The city which is authorized to issue bonds pursuant to the provisions of K.S.A. 12-1770 *et seq.* in order to finance a redevelopment project in a major tourism area as defined by K.S.A. 12-1770a, and amendments thereto, shall obtain underwriting services required by the city for the issuance of such bonds pursuant to written proposals received in accordance with this section.

Each city which is authorized to issue such bonds shall establish written official procedures for obtaining underwriting services required for the issuance of such bonds, including specifications for requests for proposals and criteria for evaluation of proposals on a competitive basis. The proposal evaluation criteria shall include factors based on cost, capacity to provide the required services, qualifications and experience.

Prior to the issuance of any such bonds to finance a redevelopment project in a major tourism area the city shall publish notice of a request for proposals to provide the underwriting services that are required by the city with regard to the proposed bond issuance and shall mail requests for proposals to qualified interested parties upon request for such notice. The city shall award contracts for such underwriting services from the proposals received in accordance with the procedures and evaluation criteria adopted by the city for such purpose. A city shall publish such notice in the official newspaper of the city.

- (e) The maximum maturity on bonds issued to finance projects pursuant to this act shall not exceed 20 years except that such maximum period of special obligation bonds not payable from revenues described by subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, issued to finance an auto race track facility shall not exceed 30 years.
- (f) The secretary of revenue shall determine when the amount of sales tax and other revenues that have been collected and distributed to the bond debt service or reserve fund is sufficient to satisfy all principal and interest costs to the maturity date or dates, of any special obligation bonds issued by a city to finance a redevelopment project in a major tourism area. Thereafter, all sales tax and other revenues shall be collected and distributed in accordance with applicable law.

#### **K.S.A. 12-1771e.**

#### **Floodplain condition redevelopment district; financing of investigation and remediation of flooding; tax increments, procedures and requirements.**

- (a) The governing body of a city may establish an increment in ad valorem taxes using the procedure set forth in subsection (b) for projects that are initiated upon a finding that the area is a blighted area as defined under K.S.A. 12-1770a, and amendments thereto, when the following conditions exist:
  - (1) A majority of the property in the proposed district has been identified by a Kansas licensed professional engineer and the United States federal emergency management agency as existing in the 100-year flood-plain; and
  - (2) the city intends to establish a redevelopment district pursuant to K.S.A. 12-1771, and amendments thereto, to wholly finance or partially finance the investigation and remediation of a flood-plain within such a district.

- (b) A flood-plain increment, established after a city has found that the conditions described in subsection (c) of K.S.A. 12-1770a, and amendments thereto, exist, shall be set on a yearly basis. For purposes of this section, a yearly basis shall be a calendar year. Each year's increment shall be an amount sufficient to pay the direct cost of investigation and remediation of the flood-plain condition anticipated to be incurred that year including principal and interest due on any special obligation bonds or full faith and credit tax increment bonds issued to finance in whole or in part the remediation and investigation, costs relating to remediation investigation and feasibility studies, operation and maintenance expenses and other expenses relating directly to the investigation of flooding. Each year's flood-plain increment shall not exceed 20% of the amount of taxes that are produced by all taxing subdivisions within any currently existing or subsequently created redevelopment district area in the year the redevelopment district is first established, notwithstanding that such subdivision was not required to receive notice of the establishment of the district.
- (c) The budget that established the yearly flood-plain increment shall be certified by the city to the county clerk and county treasurer no later than August 15th, preceding the calendar year for which the budget is being set. Funds derived from a flood-plain increment established by this section and interest on all funds derived from a flood-plain increment established by this section may be used only for projects involving the investigation and remediation of the flood-plain in the district.
- (d) The real property taxes produced by the flood-plain increment established under subsection (b) from a redevelopment district established under the provisions of K.S.A. 12-1771, and amendments thereto, and this section shall be allocated and paid by the county treasurer to the treasurer of the city and deposited in a special separate fund of the city to pay the direct cost of investigation and remediation of flooding in the redevelopment district.
- (e) A redevelopment district created under the provisions of this section shall constitute a separate taxing district. If all costs for such investigation and remediation of flooding in the redevelopment district have been paid and moneys remain in the special fund, such moneys shall be remitted to each taxing subdivision which paid moneys into the special fund on the basis of the proportion which the total amount of moneys paid by such taxing subdivision into the special fund bears to the total amount of all moneys paid by all taxing subdivisions into the fund.
- (f) Nothing in this section shall prevent any city from establishing a redevelopment district for other purposes pursuant to K.S.A. 12-1770 *et seq.*, and amendments thereto, which may include part or all of the real property included in the district established under this section.
- (g) Redevelopment projects relating to flooding investigation and remediation under this section, shall be completed within 20 years.
- (h) Nothing in this section shall be construed to affect the obligations of the county to annually review the fair market value of property in accordance with procedures set by law or to affect the right of any taxpayer to protest and appeal the appraised or reappraised value of their property in accordance with procedures set forth by law.
- (i) For the purposes of this act, the governing body of a city may pledge increments receivable in future years to pay costs directly relating to the investigation and remediation of flood-plain areas. The provisions in such contracts pertaining to pledging increments in future years shall not be subject to K.S.A. 10-1101 *et seq.* or 79-2925 *et seq.*, and amendments thereto.
- (j) The provisions of this section shall be effective on and after July 1, 2004.

**K.S.A. 12-1772.**

**Procedure for establishing a redevelopment project or bioscience development project; project plan; hearing; posthearing changes.**

- (a) **Redevelopment projects.** One or more redevelopment projects or bioscience development projects may be undertaken by a city within an established redevelopment district or bioscience development district. Any such project plan may be implemented in separate development stages. Any city proposing to undertake a redevelopment project or bioscience development project within a redevelopment district or bioscience development district established pursuant to K.S.A. 12-1771, and amendments thereto, shall prepare a project plan in consultation with the planning commission of the city and, in the case of a bioscience development district, with the approval of the bioscience authority. The project plan shall include:
- (1) A summary of the feasibility study done as defined in K.S.A. 12- 1770a, and amendments thereto, which will be an open record;
  - (2) a reference to the district plan established under K.S.A. 12-1771, and amendments thereto, that identifies the redevelopment or bioscience development project area that is set forth in the project plan that is being considered;
  - (3) a description and map of the redevelopment or bioscience development project area to be redeveloped;
  - (4) the relocation assistance plan required by K.S.A. 12-1777, and amendments thereto;
  - (5) a detailed description of the buildings and facilities proposed to be constructed or improved in such area; and
  - (6) any other information the governing body deems necessary to advise the public of the intent of the project plan.
- (b) **Resolution requirements.** A copy of the redevelopment project plan or bioscience development project plan shall be delivered to the board of county commissioners of the county and the board of education of any school district levying taxes on property within the proposed redevelopment project area or bioscience development project area. Upon a finding by the planning commission that the project plan is consistent with the intent of the comprehensive plan for the development of the city, the governing body of the city shall adopt a resolution stating that the city is considering the adoption of the project plan. Such resolution shall:
- (1) Give notice that a public hearing will be held to consider the adoption of the redevelopment project plan or bioscience development project plan and fix the date, hour and place of such public hearing;
  - (2) describe the boundaries of the redevelopment district or bioscience development district within which the redevelopment or bioscience development project will be located and the date of establishment of such district;
  - (3) describe the boundaries of the area proposed to be included within the redevelopment project area or bioscience development project area; and
  - (4) state that the project plan, including a summary of the feasibility study, relocation assistance plan and financial guarantees of the prospective developer and a description and map of the area to be redeveloped or developed are available for inspection during regular office hours in the office of the city clerk.

Except as provided in paragraph (3) of subsection (b) of K.S.A. 12-1774, and amendments thereto, if the governing body determines that it may issue full faith and credit tax increment bonds to finance the redevelopment project or bioscience development project, in whole or in part, the resolution also shall include notice thereof.

- (c) (1) **Hearing.** The date fixed for the public hearing shall be not less than 30 nor more than 70 days following the date of the adoption of the resolution fixing the date of the hearing.

- (2) A copy of the resolution providing for the public hearing shall be by certified mail, return receipt requested, sent to the board of county commissioners of the county and the board of education of any school district levying taxes on property within the proposed redevelopment project area or bioscience development district project area. If the project is a bioscience development project, a copy of the resolution providing for the public hearing shall also be sent by certified mail, return receipt requested, to the Kansas development finance authority. Copies also shall be sent by certified mail, return receipt requested to each owner and occupant of land within the proposed redevelopment project area or bioscience development project area not more than 10 days following the date of the adoption of the resolution. The resolution shall be published once in the official city newspaper not less than one week nor more than two weeks preceding the date fixed for the public hearing. A sketch clearly delineating the area in sufficient detail to advise the reader of the particular land proposed to be included within the project area shall be published with the resolution.

- (3) At the public hearing, a representative of the city shall present the city's proposed project plan. If the hearing is for a proposed bioscience development project, a representative of the Kansas bioscience authority shall assist in presenting the proposed bioscience project plan. Following the presentation of the project plan, all interested persons shall be given an opportunity to be heard. The governing body for good cause shown may recess such hearing to a time and date certain, which shall be fixed in the presence of persons in attendance at the hearing.

- (d) The public hearing records and feasibility study shall be subject to the open records act, K.S.A. 45-215, and amendments thereto.

- (e) **Posthearing procedure.** Following the public hearing, the governing body may adopt the project plan by ordinance passed upon a 2/3 vote and, in the case of a bioscience project plan, with the approval of the bioscience authority.

- (f) Any substantial changes as defined in K.S.A. 12-1770a, and amendments thereto, to the project plan as adopted shall be subject to a public hearing following publication of notice thereof at least twice in the official city newspaper.

- (g) Any project shall be completed within 20 years from the date of the approval of the project plan.

- (h) A bioscience development project may be undertaken in a bioscience development district in the unincorporated area of a county by resolution of the board of county commissioners governing the area if:

- (1) The bioscience development project is approved by the Kansas bioscience authority; and

- (2) the board of county commissioners follows the notice, hearing and approval procedures required of a city to establish a bioscience development project.

- (i) When establishing a bioscience development project as described in subsection (h), any references to "city" contained in this section shall mean "county."

**K.S.A. 12-1773.**

**Acquisition of property; eminent domain, procedure; transfer by developer subject to approval by governing body.**

- (a) Any city which has adopted a redevelopment project plan in accordance with the provisions of this act may purchase or otherwise acquire real property in connection with such project plan. Upon a 2/3 vote of the members of the governing body thereof a city may acquire by condemnation any interest in real property, including a fee simple title thereto, which it deems necessary for or in connection with any project plan of an area located within the redevelopment district; however, eminent domain may be used only as authorized by K.S.A. 26-501b, and amendments thereto.
- (b) No city shall exercise such eminent domain power to acquire real property in a conservation area.
- (c) Any such city may exercise the power of eminent domain in the manner provided by K.S.A. 26-501 et seq., and amendments thereto.
- (d) Any transfer by the developer of real property acquired pursuant to this section shall be valid only if approved by a 2/3 majority vote of the members of the governing body.

**K.S.A. 12-1774.**

**Special obligation bonds and full faith and credit tax increment bonds; procedure for issuance; limitations; payment; exempt from taxation; refunding of bonds; loans from transportation revolving fund.**

(a) (1) Any city shall have the power to issue special obligation bonds in one or more series and/or execute and deliver a loan from the Kansas transportation revolving fund pursuant to K.S.A. 75-5063 et seq., and amendments thereto, to finance the undertaking of any redevelopment project or bioscience development project in accordance with the provisions of this act. Such special obligation bonds or loans shall be made payable, both as to principal and interest:

- (A) From tax increments allocated to, and paid into a special fund of the city under the provisions of K.S.A. 12-1775, and amendments thereto;
- (B) from revenues of the city derived from or held in connection with the undertaking and carrying out of any redevelopment project or projects or bioscience development project or projects under this act including environmental increments;
- (C) from any private sources, contributions or other financial assistance from the state or federal government;
- (D) from a pledge of a portion or all of the revenue received by the city from any transient guest and local sales and use taxes which are collected from taxpayers doing business within that portion of the city's redevelopment district or bioscience development district established pursuant to K.S.A. 12-1771, and amendments thereto, occupied by a redevelopment project or bioscience development project. A city proposing to finance a major motorsports complex pursuant to this paragraph shall prepare a project plan which shall include:
  - (i) A summary of the feasibility study done, as defined in K.S.A. 12-1770a, and amendments thereto, which will be an open record;



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

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

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

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

(vi) any other information the governing body deems necessary to advise the public of the intent of the special bond project or major motorsports complex plan.

The project plan shall be prepared in consultation with the planning commission of the city. Such project plan shall also be prepared in consultation with the planning commission of the county, if any, if a major motorsports complex is located wholly outside the boundaries of the city;

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

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

(G) if a project is financed in whole or in part with the proceeds of a loan to the municipality from the Kansas transportation revolving fund, such loan shall also be payable from amounts available pursuant to K.S.A. 75-5063 et seq., and amendments thereto;

(H) by any combination of these methods.

The city may pledge such revenue to the repayment of such special obligation bonds prior to, simultaneously with, or subsequent to the issuance of such special obligation bonds.

(2) Bonds issued under paragraph (1) of subsection (a) shall not be general obligations of the city, nor in any event shall they give rise to a charge against its general credit or taxing powers, or be payable out of any funds or properties other than any of those set forth in paragraph (1) of this subsection and such bonds shall so state on their face. This paragraph shall not apply to loans from the Kansas transportation revolving fund pursuant to K.S.A. 75-5063 et seq., and amendments thereto.

(3) Bonds issued under the provisions of paragraph (1) of this subsection shall be special obligations of the city and are declared to be negotiable instruments. They shall be executed by the mayor and clerk of the city and sealed with the corporate seal of the city. All details pertaining to the issuance of such special obligation bonds and terms and conditions thereof shall be determined by ordinance of the city. All special obligation bonds issued pursuant to this act and all income or interest therefrom shall be exempt from all state taxes. Such special obligation bonds shall contain none of the recitals set forth in K.S.A. 10-112, and amendments thereto. Such special obligation bonds shall,



however, contain the following recitals, viz., the authority under which such special obligation bonds are issued, they are in conformity with the provisions, restrictions and limitations thereof, and that such special obligation bonds and the interest thereon are to be paid from the money and revenue received as provided in paragraph (1) of this subsection.

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

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

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

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

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

(3) As an alternative to paragraph (2) of this subsection, any city which adopts a redevelopment project plan but does not state its intent to issue full faith and credit tax increment bonds in the resolution required by K.S.A. 12-1772, and amendments thereto, and has not acquired property in the redevelopment project area may issue full faith and credit tax increment bonds if the governing body of the city adopts a resolution stating its intent to issue the bonds and the issuance of the bonds is approved by a majority of the voters voting at an election thereon. Such election shall be called and held in the manner provided by the general bond law.

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

(4) During the progress of any redevelopment project in which the redevelopment project costs will be financed, in whole or in part, with the proceeds of full faith and credit tax increment bonds, the city may issue temporary notes in the manner provided in K.S.A. 10-123, and amendments thereto, to pay the redevelopment project costs for the

project. Such temporary notes shall not be issued and the city shall not acquire property in the redevelopment project area until the requirements of paragraph (2) or (3) of this subsection, whichever is applicable, have been met.

(5) Full faith and credit tax increment bonds issued under this subsection shall be general obligations of the city and are declared to be negotiable instruments. They shall be issued in accordance with the general bond law. All such bonds and all income or interest therefrom shall be exempt from all state taxes. The amount of the full faith and credit tax increment bonds issued and outstanding which exceeds 3% of the assessed valuation of the city shall be within the bonded debt limit applicable to such city.

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

(c) Any increment in ad valorem property taxes resulting from a redevelopment project in the established redevelopment district undertaken in accordance with the provisions of this act, shall be apportioned to a special fund for the payment of the redevelopment project costs, including the payment of principal and interest on any special obligation bonds or full faith and credit tax increment bonds issued to finance such project pursuant to this act and may be pledged to the payment of principal and interest on such bonds.

(d) A city may use the proceeds of special obligation bonds or full faith and credit tax increment bonds, or proceeds of a loan from the Kansas transportation revolving fund pursuant to K.S.A. 75-5063 et seq., and amendments thereto, or any uncommitted funds derived from sources set forth in this section to pay the redevelopment project costs as defined in K.S.A. 12-1770a, and amendments thereto, to implement the redevelopment project plan.

#### **K.S.A. 12-1774a.**

##### **Default, payment from public funds, when.**

- (a) In the event that the city shall default in the payment of any special obligation bonds payable from revenues authorized pursuant to subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, no public funds shall be used to pay the holders thereof except as otherwise specifically authorized in this act..
- (b) This section shall not apply to loans from the Kansas transportation revolving fund pursuant to K.S.A. 75-5063 et seq., and amendments thereto.

#### **K.S.A. 12-1775.**

##### **Taxing subdivision and real property taxes defined; assessment and distribution of taxes; pledge of proceeds of bonds.**

- (a) Except for redevelopment projects satisfying the conditions of subsection (c) of K.S.A. 12-1771b, and amendments thereto, all tangible taxable property located within a redevelopment district shall be assessed and taxed for ad valorem tax purposes pursuant to law in the same manner that such property would be assessed and taxed if located outside such district, and all ad valorem taxes levied on such property shall be paid to and collected by the county treasurer in the same manner as other taxes are paid and collected. Except as otherwise provided in this section, the county treasurer shall distribute such taxes as may be collected in the same manner as if such property were located outside a redevelopment district. Each redevelopment district established under the provisions of this act shall constitute a separate taxing unit for the purpose of the computation and levy of taxes.

- (b) Except for redevelopment projects satisfying the conditions of subsection (c) of K.S.A. 12-1771b, and amendments thereto, beginning with the first payment of taxes which are levied following the date of the establishment of the redevelopment district real property taxes received by the county treasurer resulting from taxes which are levied subject to the provisions of this act by and for the benefit of a taxing subdivision, as defined in K.S.A. 12-1770a, and amendments thereto, on property located within such redevelopment district constituting a separate taxing unit under the provisions of this section, shall be divided as follows:
- (1) From the taxes levied each year subject to the provisions of this act by or for each of the taxing subdivisions upon property located within a redevelopment district constituting a separate taxing unit under the provisions of this act, the county treasurer first shall allocate and pay to each such taxing subdivision all of the real property taxes collected which are produced from the base year assessed valuation.
  - (2) Any real property taxes produced from that portion of the current assessed valuation of real property within the redevelopment district constituting a separate taxing unit under the provisions of this section in excess of the base year assessed valuation shall be allocated and paid by the county treasurer to the treasurer of the city and deposited in a special fund of the city to pay the redevelopment project costs including the payment of principal of and interest on any special obligation bonds or full faith and credit tax increment bonds issued by such city to finance, in whole or in part, such redevelopment project. When the redevelopment project costs have been paid and such obligation bonds and interest thereon have been paid, all moneys thereafter received from real property taxes within such redevelopment district shall be allocated and paid to the respective taxing subdivisions in the same manner as are other ad valorem taxes. If such obligation bonds and interest thereon have been paid before the completion of a project, the city may continue to use such moneys for any purpose authorized by this act until such time as the project is completed, but for not to exceed 20 years from the date of the approval of the project plan, except as otherwise provided by this act.
- (c) In any project plan or in the loan documents relating to a loan from the Kansas transportation revolving fund pursuant to K.S.A. 75-5063 et seq., and amendments thereto, or in the proceedings for the issuing of any special obligation bonds or full faith and credit tax increment bonds by the city to finance a redevelopment project, the property tax increment portion of taxes provided for in paragraph (2) of subsection (c) may be irrevocably pledged for the payment of the principal of and interest on such obligation bonds or loan, subject to the provisions of subsection (c) of K.S.A. 12-1774, and amendments thereto.
- (d) A city may adopt a project plan in which only a specified percentage or amount of the tax increment realized from taxpayers in the redevelopment district are pledged to the redevelopment project. The county treasurer shall allocate the specified percentage or amount of the tax increment to the treasurer of the city for deposit in the special fund of the city to finance the redevelopment project costs if the city has other available revenues and pledges the revenues to the redevelopment project in lieu of the tax increment. Any portion of such tax increment not allocated to the city for the redevelopment project shall be allocated and paid in the same manner as other ad valorem taxes.

**K.S.A. 12-1775a.**

**Tax increment financing revenue replacement fund created; transfers, calculation of amount.**

- (a) Prior to December 31, 1996, the governing body of each city that, pursuant to K.S.A. 12-1771, and amendments thereto, has established a redevelopment district prior to July 1, 1996, shall certify to the director of accounts and reports the amount equal to the amount of revenue realized from ad valorem taxes imposed pursuant to K.S.A. 72-5142, and amendments thereto, within such redevelopment district. Except as provided further, to February 1, 1997, and annually on that date thereafter, the governing body of each such city shall certify to the director of accounts and reports an amount equal to the amount by which revenues realized from such ad

valorem taxes imposed in such redevelopment district are estimated to be reduced for the ensuing calendar year due to legislative changes in the statewide school finance formula. Prior to March 1 of each year, the director of accounts and reports shall certify to the state treasurer each amount certified by the governing bodies of cities under this section for the ensuing calendar year and shall transfer from the state general fund to the city tax increment financing revenue replacement fund the aggregate of all amounts so certified. Prior to April 15 of each year, the state treasurer shall pay from the city tax increment financing revenue replacement fund to each city certifying an amount to the director of accounts and reports under this section for the ensuing calendar year the amount so certified. During fiscal years 2025, 2026 and 2027 no moneys shall be transferred from the state general fund to the city tax increment financing revenue replacement fund pursuant to this subsection.

- (b) There is hereby created the tax increment financing revenue replacement fund, which shall be administered by the state treasurer. All expenditures from the tax increment financing revenue replacement fund shall be made in accordance with appropriations acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the state treasurer or a person or persons designated by the state treasurer.

**K.S.A. 12-1776.**

**Transmittal of documents to county and school district; increase in valuation not considered for certain purposes; certification of increased valuation.**

- (a) After the adoption by the city governing body of a project plan, the clerk of the city shall transmit a copy of the description of the land within the redevelopment district, a copy of the ordinance adopting the plan and a map or plat indicating the boundaries of the district to the clerk, assessor and treasurer of the county in which the district is located and to the governing bodies of the county and school district which levy taxes upon any property in the district. Such documents shall be transmitted following the adoption or modification of the plan or a revision of the plan on or before the January 1 of the year in which the increment is first allocated to the taxing subdivision pursuant to K.S.A. 12-1775, and amendments thereto.
- (b) For any year in which taxes are to be paid to the special fund established under subsection (d)(2) of K.S.A. 12-1775, and amendments thereto, any increase in assessed valuation of taxable tangible real property within the redevelopment district in excess of an amount equal to the total assessed value of such real property on the date of the establishment of the redevelopment district shall not be considered by any taxing subdivision in computing any debt limitation or for any other purpose except for the levy of taxes and in determining the amount to be paid to such special fund.
- (c) The appraiser of any county in which a redevelopment district is authorized by a city shall certify the amount of such increase in assessed valuation of real and personal property within the redevelopment district to the county clerk on or before July 1 of each year.

**K.S.A. 12-1776a.**

**School districts; base year assessed valuation.**

- (a) As used in this section:
  - (1) "School district" means any school district in which is located a redevelopment district for which bonds have been issued pursuant to K.S.A. 12-1770 et seq., and amendments thereto.
  - (2) "Base year assessed valuation," "redevelopment district" and "redevelopment project" shall have the meanings ascribed thereto by K.S.A. 12-1770a, and amendments thereto.

(b) No later than November 1 of each year, the county clerk of each county shall certify to the state board of education the assessed valuation of any school district located within a redevelopment district in such county. For the purposes of this section and for determining the amount of state aid for school districts under K.S.A. 72-5145 and K.S.A. 72-5462, and amendments thereto, the base year assessed valuation of property within the boundaries of a redevelopment district shall be used when determining the assessed valuation of a school district until the bonds issued pursuant to K.S.A. 12-1770 et seq., and amendments thereto, to finance redevelopment projects in the redevelopment district have been retired.

**K.S.A. 12-1777.**

**Relocation assistance plan.**

Before any redevelopment project shall be initiated under this act a relocation assistance plan shall be approved by the governing body proposing to undertake the project. Such relocation assistance plan shall:

- (a) Provide for relocation payments to be made to persons, families and businesses who move from real property located in the redevelopment district or who move personal property from real property located in the redevelopment district as a result of the acquisition of the real property by the city in carrying out the provisions of this act. With respect to any redevelopment project other than one which includes an auto race track facility, such payments shall not be less than \$500;
- (b) provide that no persons or families residing in the redevelopment district shall be displaced unless and until there is a suitable housing unit available and ready for occupancy by such displaced person or family at rents within their ability to pay. Such housing units shall be suitable to the needs of such displaced persons or families and must be a decent, safe, sanitary and otherwise standard dwelling; and
- (c) provide for the payment of any damages sustained by a retailer, as defined by K.S.A. 79-3702, and amendments thereto, by reason of the liquidation of inventories necessitated by relocation from the redevelopment district.

**K.S.A. 12-1778.**

**Object of taxes levied within redevelopment district.**

Notwithstanding any other provision of law, it is hereby stated that it is an object of all ad valorem taxes levied by or for the benefit of any city, county or school district of the state on taxable tangible real property located within any redevelopment district created pursuant to this act, that such taxes may be applied and allocated to and when collected paid into a special fund of a city pursuant to the procedures and limitations of this act to pay the cost of a project including principal of and interest on special obligation bonds or full faith and credit tax increment bonds issued by such city to finance, in whole or in part, such redevelopment project.

**K.S.A 12-1779.**

**Issuance of industrial revenue bonds in redevelopment district.**

Industrial revenue bonds may be issued under the authority of K.S.A. 12-1740 et seq., and amendments thereto, for the purchase, construction, reconstruction, equipping, maintenance and repair of buildings and facilities within a redevelopment district established under the provisions of this act.

**K.S.A. 12-1780.**

**Severability.**

If any provision of this act or the application thereof to any persons or circumstances is held invalid, such invalidity shall not affect other provisions or application of the act which can be given effect without the invalid provisions or application and to this end the provisions of this act are declared to be severable.

**K.S.A 12-1780a.**

**Application of Act.**

The provisions of this act shall be applicable to redevelopment districts created after July 1, 2001, however, any city which has created a redevelopment district prior to the effective date of this act may, by an ordinance of the governing body, elect to have the provisions of this act apply to such.

**K.S.A. 12-1780g.**

**Application of act, by ordinance**

Any city that created a redevelopment district or a bioscience development district prior to the effective date of this act may by ordinance elect to have the provisions of this act applicable to such redevelopment district or bioscience development district.

## TRANSPORTATION DEVELOPMENT DISTRICT STATUTES

### **K.S.A. 12-17,140.**

#### **Transportation development district act; citation.**

- (a) K.S.A. 12-17,140 through 12-17,149 and 12-17,147a, and amendments thereto, shall be known and may be cited as the transportation development district act.
- (b) The powers conferred by this act are for public uses, economic development purposes or purposes for which public money may be expended.

### **K.S.A. 12-17,141.**

#### **Same; definitions.**

As used in K.S.A. 12-17,140 through 12-17,149, and amendments thereto:

- (a) "Acquire" means the acquisition of property or interests in property by purchase, gift, condemnation or other lawful means and may include the acquisition of existing property and projects already owned by a municipality.
- (b) "Act" means the provisions of K.S.A. 12-17,140 through 12-17,149 and 12-17,147a, and amendments thereto.
- (c) "Bonds" means special obligation bonds or special obligation notes payable solely from the sources described in K.S.A. 12-17,147, and amendments thereto, issued by a municipality in accordance with the provisions of this act.
- (d) "Consultant" means engineers, architects, planners, attorneys and other persons deemed competent to advise and assist the governing body in planning and making of projects.
- (e) "Cost" means: (1) All costs necessarily incurred for the preparation of preliminary reports, the preparation of plans and specifications, the preparation and publication of notices of hearings, resolutions, ordinances and other proceedings, necessary fees and expenses of consultants, interest accrued on borrowed money during the period of construction and the amount of a reserve fund for the bonds, together with the cost of land, materials, labor and other lawful expenses incurred in planning and doing any project and may include a charge of not to exceed 5% of the total cost of a project or the cost of work done by the municipality to reimburse the municipality for the services rendered by the municipality in the administration and supervision of such project by its general officers; and (2) in the case of property and projects already owned by the municipality and previously financed by the issuance of bonds, "cost" means costs authorized by K.S.A. 10-116a, and amendments thereto.
- (f) "District" means a transportation development district created pursuant to this act.
- (g) "Governing Body" means the governing body of a city or the board of county commissioners of a county.
- (h) "Municipality" means any city or county.
- (i) "Newspaper" means the official newspaper of the municipality.



- (j) "Owner" means the owner or owners of record, whether resident or not, of real property within the district.
- (k) "Project" means any project or undertaking, whether within or without the district, to improve, construct, reconstruct, maintain, restore, replace, renew, repair, install, furnish, equip or extend any bridge, street, road, highway access road, interchange, intersection, signing, signalization, parking lot, bus stop, station, garage, terminal, hangar, shelter, rest area, dock, wharf, lake or river port, airport, railroad, light rail or other mass transit facility, streetscape or any other transportation related project or infrastructure including, but not limited to, utility relocation; sanitary and storm sewers and lift stations; drainage conduits, channels and levees; street light fixtures, connection and facilities; underground gas, water, heating and electrical services and connections located within or without the public right-of-way; sidewalks and pedestrian underpasses or overpasses; and water main and extensions. "Project" includes a building facade but only when part of remodeling, repairing, enlarging or reconstructing an existing building.
- (l) "Transportation Development District Sales Tax" means the tax authorized by K.S.A. 12-17,145, and amendments thereto.

**K.S.A. 12-17,142.**

**Same; creation of district; petition; procedure.**

- (a) In addition to any other power provided by law and as a complete alternative to all other methods provided by law, the governing body of any municipality may create a district as provided by this act for the purpose of financing projects. A municipality may create a district, or may modify a previously created district, upon receipt of a petition signed by the owners of all of the land area within the proposed district. The petition shall contain:
  - (1) The general nature of the proposed project;
  - (2) the maximum cost of the project;
  - (3) the proposed method of financing the project;
  - (4) the proposed amount and method of assessment;
  - (5) the proposed amount of transportation development district sales tax; and
  - (6) a map or boundary description of the proposed district.
- (b) Names may not be withdrawn from the petitions by the signers thereof after the governing body commences consideration of the petitions or later than seven days after such filing, whichever occurs first. The petition shall contain a notice that: (1) The names of the signers may not be withdrawn after such a period of time; and (2) the signers consent to any assessments to the extent described therein without regard to benefits conferred by the project.
- (c) Upon filing of the petition for a district financed only by assessments, the governing body may proceed without notice or a hearing to make findings by resolution or ordinance as to the nature, advisability and maximum cost of the project, the boundaries of the district and the amount and method of assessment. Upon making such findings the governing body may authorize the project in accordance with such findings as to the advisability of the project. The resolution or ordinance shall be effective upon publication once in a newspaper.



- (d) The district boundaries and the method of financing for the project shall not require that all property that is benefited by the project, whether the benefited property is within or without the district, be included in the district or be subject to an assessment or the transportation development district sales tax.
- (e) Following authorization of the project, the petition shall be submitted for recording in the office of the register of deeds of the county in which the district is located.

**K.S.A. 12-17,143.**

**Same; special assessments, procedure; act not exclusive authority.**

- (a) In addition to any other power provided by law and as a complete alternative to all other methods provided by law, the governing body may make, or cause to be made, projects identified in the petition submitted pursuant to K.S.A. 12-17,142 or 12-17,144, and amendments thereto, and may levy and collect special assessments upon property in the district and provide for the payment of all or any part of the cost of the project out of the proceeds of such special assessments. If special assessments will be levied to finance all or a portion of the cost of a project, the municipality shall follow the assessment procedures in K.S.A. 12-6a01 et seq., and amendments thereto, except that:
  - (1) no assessments may be levied against the municipality at large;
  - (2) no full faith and credit notes or bonds may be issued by the municipality to finance a project under this act.; and
  - (3) assessment installments may be levied as otherwise provided by this section.
- (b) Prior to the date the municipality certifies its tax levy to the county clerk pursuant to K.S.A. 79-1801, and amendments thereto, if the method of financing for the project includes payment from the sources described in either subsection (c) or (d) of K.S.A. 12-17,147, and amendments thereto, the ordinance or resolution of the municipality that levies the assessments may provide that such assessment installments for any year may be reduced or eliminated to the extent that the municipality has received sufficient funds from the sources described in either subsection (c) or (d) of K.S.A. 12-17,147, and amendments thereto, to pay the debt service on any bonds issued under this act for the project which would have been paid by such assessment installment. The municipality shall not be required to refund any prepayment of assessments for any assessment installment which is reduced or eliminated after such prepayment is made to the municipality. Any prepayment of assessments under this act shall be done in compliance with K.S.A. 10-115, and amendments thereto.

**K.S.A. 12-17,144.**

**Same; notice; public hearing; governing body's action.**

- (a) Upon filing a petition in accordance with K.S.A. 12-17,142, and amendments thereto, for a district financed in whole or in part by a proposed transportation development district sales tax authorized by K.S.A. 12-17,145, and amendments thereto, the municipality shall adopt a resolution stating its intention to levy such transportation development district sales tax, and give notice of the public hearing on the advisability of creating the district, its intention to levy such transportation development district sales tax and financing of the project. Such notice shall be published at least once each week for two consecutive weeks in the newspaper and shall be sent by certified mail to all owners. The second notice shall be published at least seven days prior to the date of hearing and the certified mailed notice shall be sent at least 10 days prior to the date of hearing. Such notice shall contain the following information:

- (1) The time and place of the hearing;
  - (2) the general nature of the proposed project;
  - (3) the maximum cost of the project;
  - (4) the proposed method of financing of the project;
  - (5) the proposed amount of the transportation development district sales tax;
  - (6) the proposed amount and method of assessment, if any; and
  - (7) a map or boundary description of the proposed district.
- (b) The hearing on the advisability of the creating of the district, the intention to levy the transportation development district sales tax and the financing of the project may be adjourned from time to time. Following the hearing or any continuation thereof, the governing body may create the district, authorize the project, approve the maximum cost of the project and the boundaries of the district, levy the transportation development district sales tax and approve the method of financing by adoption of the appropriate ordinance or resolution. Such ordinance or resolution shall become effective upon publication once in the newspaper.

**K.S.A. 12-17,145.**

**Same; sales tax; director of taxation, duties.**

- (a) In addition to and notwithstanding any limitations on the aggregate amount of the retailers' sales tax contained in K.S.A. 12-187 through 12-197, and amendments thereto, any municipality may impose a transportation development district sales tax on the selling of tangible personal property at retail or rendering or furnishing services taxable pursuant to the provisions of the Kansas retailers' sales tax act, and amendments thereto, within a transportation development district for purposes of financing a project in such district in any increment of .10% or .25% not to exceed 1% and pledging the revenue received therefrom to pay the bonds issued for the project. Any transportation development district sales tax imposed pursuant to this section shall expire after sufficient transportation development sales tax has been received to pay the cost of the project or no later than the date the bonds issued to finance such project or refunding bonds issued therefore shall mature. Except as otherwise provided by the provisions of the act, and amendments thereto, the tax authorized by this section shall be administered, collected and subject to the provisions of K.S.A. 12-187 to 12-197, inclusive, and amendments thereto.
- (b) Upon receipt of a certified copy of the resolution or ordinance authorizing the levy of the transportation development district sales tax pursuant to this section, the state director of taxation shall cause such tax to be collected in the district at the same time and in the same manner provided for the collection of the state retailers' sales tax. All of the taxes collected under the provisions of this act shall be remitted by the secretary of revenue to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the transportation development district sales tax fund, which fund is hereby established in the state treasury. All moneys in the transportation development district sales tax fund shall be remitted at least quarterly by the state treasurer, on instruction from the secretary of revenue, to the treasurers of those municipalities which are qualified to receive disbursements from such fund the amount collected within such municipality. Any refund due on any transportation development district sales tax collected pursuant to this section shall be paid out of the transportation development district sales tax refund fund which is hereby established in the state treasury and reimbursed by the director of taxation from collections of the transportation development district sales tax authorized by this section. Transportation development district

sales tax received by a municipality pursuant to this section shall be deposited in the transportation development district sales tax fund created pursuant to K.S.A. 12-17,148, and amendments thereto.

**K.S.A. 12-17,146.**

**Same; limitations on suits challenging actions under act.**

No suit to set aside the assessments or otherwise question the validity of the proceedings for the creation of the district or the authorization of the project shall be brought after the expiration of 30 days from the publication of the ordinance or resolution creating the district. No suit to set aside the transportation development district sales tax shall be brought after the expiration of 30 days from the publication of the ordinance or resolution declaring the intent to impose the transportation development district sales tax.

**K.S.A. 12-17,147.**

**Same; methods of financing.**

The total cost of any project authorized pursuant to this act shall be paid from all or any of the following sources:

- (a) Special assessments imposed in the district pursuant to this act which have been paid in full prior to the date set by the governing body as provided in K.S.A. 12-6a10, and amendments thereto;
- (b) Special assessments imposed in the district pursuant to this act, to be paid in installments;
- (c) a pledge of all of the revenue received from the transportation development district sales tax authorized by K.S.A. 12-17,145, and amendments thereto; and
- (d) Any other funds appropriated by the municipality.

**K.S.A. 12-17,147a.**

**Same; costs of project, how paid.**

- (a) Costs of a project authorized by this act may be paid in one or more payments from transportation development district sales tax collected pursuant to this act without the issuance of bonds authorized by K.S.A. 12-17,149, and amendments thereto.
- (b) This section shall be a part of and supplemental to the transportation development district act.

**K.S.A. 12-17,148.**

**Same; fund of the district.**

A separate fund shall be created for each district and each project and such fund shall be identified by a suitable title. Except as otherwise required by the secretary of transportation in connection with a loan to the municipality from the Kansas transportation revolving fund, the proceeds from the sale of bonds, transportation revolving fund loan, any special assessment and transportation development district sales tax authorized, levied and collected under this act by the municipality and any other moneys appropriated by the governing body for such purpose shall be credited to such fund. Such fund shall be used solely to pay the costs of the project. Upon payment of the principal and interest on the bonds, if any, the municipality shall have the authority to spend any moneys remaining in the fund for the purposes for which local sales tax receipts may be spent.

**K.S.A. 12-17,149.**

**Same; bonds.**

- (a) Any municipality may issue bonds in one or more series and/or execute and deliver a loan with respect to a project from the Kansas transportation revolving fund pursuant to K.S.A. 75-5063 et seq., and amendments thereto, to finance the undertaking of any project in accordance with the provisions of this act. Such bonds shall be made payable, both as to principal and interest solely from a pledge of the sources of funds described in K.S.A. 12-17,147, and amendments thereto, except that, if a project is financed, in whole or in part, with the proceeds of a loan to the municipality from the Kansas transportation revolving fund, such loan shall also be payable from amounts available pursuant to K.S.A. 75-5063 et seq., and amendments thereto. The municipality may pledge such revenue to the repayment of such bonds or loans prior to, simultaneously with or subsequent to the issuance of such bonds, except for any revenues received under the provisions of subsection (d) of K.S.A. 12-17,147, and amendments thereto, which revenues are subject to annual appropriation.
- (b) Bonds issued pursuant to subsection (a) shall not be general obligations of the municipality, give rise to a charge against its general credit or taxing powers, or be payable out of any funds or properties other than any of those set forth in subsection (a) and such bonds shall so state on their face. This subsection shall not apply to loans from the Kansas transportation revolving fund pursuant to K.S.A. 75-5063 et seq., and amendments thereto.
- (c) Bonds issued pursuant to subsection (a) shall be special obligations of the municipality and are declared to be negotiable instruments. Such bonds shall be executed by the authorized representatives of the municipality and sealed with the corporate seal of the municipality. All details pertaining to the issuance of the bonds and terms and conditions thereof shall be determined by ordinance or resolution of the municipality. The provisions of K.S.A. 10-106, and amendments thereto, requiring a public sale of bonds shall not apply to bonds issued under this act. All bonds issued pursuant to this act and all income or interest therefrom shall be exempt from all state taxes. Such bonds shall contain none of the recitals set forth in K.S.A. 10-112, and amendments thereto. Such bonds shall contain the following recitals: The authority under which such bonds are issued; that such bonds are in conformity with the provisions, restrictions and limitations thereof; and that such bonds and the interest thereon are to be paid from the money and revenue received as provided in subsection (a) such bonds shall mature in no more than 22 years.
- (d) Any municipality issuing bonds or executing a loan from the Kansas transportation revolving fund pursuant to K.S.A. 75-5063 et seq., and amendments thereto, under the provisions of this act may refund all or part of such issue pursuant to the provisions of K.S.A. 10-116a, and amendments thereto.
- (e) Bonds issued under the provisions of this act shall be in addition to and not subject to any statutory limitation of bonded indebtedness imposed on such municipality.

**K.S.A. 12-17,150.**

**Same; secretary of revenue, duties; report.**

The secretary of revenue in connection with a redevelopment project area for which sales, use and transient guest tax revenues are pledged or otherwise intended to be used in whole or in part for the payment of bonds issued to finance redevelopment project costs in such redevelopment project area or a transportation development district for which a transportation development district sales tax has been imposed, shall provide reports identifying each retailer having a place of business in such redevelopment district or transportation development district setting forth the tax liability and the amount of such tax remitted by each retailer during the preceding month and identifying each business location maintained by the retailer within such city or county. Such report shall be made available to the bond trustee, escrow agent or paying agent for such bonds within a reasonable time after it has been requested from the director of taxation. The bond trustee, escrow agent or paying agent shall keep such retailers' sales, use, transient guest and

transportation development district sales tax returns and the information contained therein confidential, but may use such information for purposes of allocating and depositing such sales, use, transient guest and transportation development district sales tax revenues in connection with the bonds used to finance redevelopment project costs in such redevelopment project area or used to finance the costs of a project in a transportation development district. Except as otherwise provided, the sales, use and transient guest tax returns received by the bond trustee, escrow agent or paying agent shall be subject to the provisions of K.S.A. 79-3614, and amendments thereto.

**K.S.A. 12-17,151.**

**Same; application to existing districts.**

The provisions of K.S.A. 12-17,140 through 12-17,150, and amendments thereto, and K.S.A. 12-194 and 25-432, as amended pursuant to this act, shall apply to all transportation development districts, whether created before or after July 1, 2003.

## **K.S.A. 12-17,160.**

### **Purpose of act; issuance of sales tax and revenue bonds**

It is hereby declared to be the purpose of this act to promote, stimulate and develop the general and economic welfare of the state of Kansas and its communities and to assist in the development and redevelopment of eligible areas within and without a city thereby promoting the general welfare of the citizens of this state, by authorizing cities and counties to acquire certain property and to issue sales tax and revenue (STAR) bonds for the financing of STAR bond projects as defined in K.S.A. 12-17,162, and amendments thereto. It is further found and declared that the powers conferred by this act are for a public purpose and public use for which public money may be expended and the power of eminent domain may be exercised. The necessity in the public interest for the provisions of this act is hereby declared as a matter of legislative determination.

## **K.S.A. 12-17,161.**

### **Citation of act**

The provisions of K.S.A. 12-17,160 through 12-17,179, and amendments thereto, shall be known and may be cited as the STAR bonds financing act.

## **K.S.A 12-17,162.**

### **Definitions**

As used in this act, and amendments thereto, the following words and phrases shall have the following meanings unless a different meaning clearly appears from the context:

- (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) "Commence work" means the manifest commencement of actual operations on the development site, such as, erecting a building, excavating the ground to lay a foundation or a basement or work of like description according to an approved plan of construction, with the intention and purpose to continue work until the project is completed.
- (c) "De minimus" means an amount less than 15% of the land area within a STAR bond project district.
- (d) "Developer" means any person, firm, corporation, partnership or limited liability company other than a city and other than an agency, political subdivision or instrumentality of the state. "Developer" includes the names of the owners, partners, officers or principals of the developer for purposes of inclusion of the name of the developer into any application, document or report pursuant to this act if such application, document or report is a public record.
- (e) "Economic impact study" means a study to project the financial benefit of the project to the local, regional and state economies.

(f) “Eligible area” means a historic theater, major tourism area, major motorsports complex, auto race track facility, river walk canal facility, major multi-sport athletic complex, major business facility, a major commercial entertainment and tourism area or a major professional sports complex as determined by the secretary.

(g) “Feasibility study” means a feasibility study as defined in K.S.A. 12-17,166(b), and amendments thereto.

(h) “Historic theater” means a building constructed prior to 1940 that was constructed for the purpose of staging entertainment, including motion pictures, vaudeville shows or operas, that is operated by a nonprofit corporation and is designated by the state historic preservation officer as eligible to be on the Kansas register of historic places or is a member of the Kansas historic theatre association.

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

(j) “Major business facility” means a significant business headquarters or office building development designed to draw a substantial number of new visitors to Kansas and that has agreed to provide visitor tracking data to the secretary as requested by the secretary, including, but not limited to, residence zip code information, to be provided or held by the secretary without personally identifiable information. A major business facility shall meet sales tax increment revenue requirements that shall be established by the secretary independent of any associated retail businesses located in the STAR bond project district pursuant to the STAR bond project plan.

(k) “Major commercial entertainment and tourism area” means an area that may include, but not be limited to, a major multi-sport athletic complex.

(l) “Major motorsports complex” means a complex in Shawnee county that is utilized for the hosting of competitions involving motor vehicles, including, but not limited to, automobiles, motorcycles or other self-propelled vehicles other than a motorized bicycle or motorized wheelchair. Such project may include racetracks, all facilities directly related and necessary to the operation of a motorsports complex, including, but not limited to, parking lots, grandstands, suites and viewing areas, concessions, souvenir facilities, catering facilities, visitor and retail centers, signage and temporary hospitality facilities, but excluding hotels, motels, restaurants and retail facilities not directly related to or necessary to the operation of such facility.

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

(n) “Major multi-sport athletic complex” means an athletic complex that is utilized for the training of athletes, the practice of athletic teams, the playing of athletic games or the hosting of events. Such project may include playing fields, parking lots and other developments including grandstands, suites and viewing areas, concessions, souvenir facilities, catering facilities, visitor centers, signage and temporary hospitality facilities, but excluding hotels, motels, restaurants and retail facilities, not directly related to or necessary to the operation of such facility.

(o) “Major professional sports complex” means a project, approved or pursuant to an authorized agreement as provided by K.S.A 12-17,181, and amendments thereto, located within this state including a stadium of not less than 30,000 seats for the purpose of the holding of national football league or major league baseball athletic contests and other events and gatherings or a practice or training facility utilized by a major professional sports franchise and all buildings, improvements, facilities or attractions located within any STAR bond project district as defined in subsection (cc)(2).

(p) “Major professional sports franchise” means any corporation, partnership or other entity that owns a team or franchise that is a member of the national football league or major league baseball that is located in any state adjacent to Kansas.

(q) “Market study” means a study to determine the ability of the project to gain market share locally, regionally and nationally and the ability of the project to gain sufficient market share to:

- (1) Remain profitable past the term of repayment; and
- (2) maintain status as a significant factor for travel decisions.

(r) “Market impact study” means a study to measure the impact of the proposed project on similar businesses in the project's market area.

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

(t) “Project” means a STAR bond project.

(u) “Project costs” means those costs necessary to implement a STAR bond project plan, including costs incurred for:

- (1) Acquisition of real property within the STAR bond project area;
- (2) payment of relocation assistance pursuant to a relocation assistance plan as provided in K.S.A. 12-17,173, and amendments thereto;
- (3) site preparation including utility relocations;
- (4) sanitary and storm sewers and lift stations;
- (5) drainage conduits, channels, levees and river walk canal facilities;
- (6) street grading, paving, graveling, macadamizing, curbing, guttering and surfacing;
- (7) street light fixtures, connection and facilities;
- (8) underground gas, water, heating and electrical services and connections located within the public right-of-way;
- (9) sidewalks and pedestrian underpasses or overpasses;
- (10) drives and driveway approaches located within the public right-of-way;
- (11) water mains and extensions;
- (12) plazas and arcades;



(13) parking facilities and multilevel parking structures devoted to parking only;

(14) landscaping and plantings, fountains, shelters, benches, sculptures, lighting, decorations and similar amenities;

(15) auto race track facility;

(16) major multi-sport athletic complex;

(17) museum facility;

(18) major motorsports complex;

(19) rural redevelopment project, including costs incurred in connection with the construction or renovation of buildings or other structures;

(20) major professional sports complex, including all costs necessary to implement a STAR bond project plan for the development of a major professional sports complex, including, but not limited to, costs incurred for construction or renovation of a stadium and other buildings, improvements, structures, facilities, infrastructure improvements and utilities or any related expenses to develop and finance such complex;

(21) related expenses to redevelop and finance the project, except that for a STAR bond project financed with special obligation bonds payable from the revenues described in K.S.A. 12-17,169(a)(1) or (a)(2)(A) and (a)(2)(B), and amendments thereto, such expenses shall require prior approval by the secretary of commerce; and

(22) except as specified in subsections (1) through (21) above, "project costs" does not include:

(A) Costs incurred in connection with the construction of buildings or other structures;

(B) fees and commissions paid to developers, real estate agents, financial advisors or any other consultants who represent the developers or any other businesses considering locating in or located in a STAR bond project district;

(C) salaries for local government employees;

(D) moving expenses for employees of the businesses locating within the STAR bond project district;

(E) property taxes for businesses that locate in the STAR bond project district;

(F) lobbying costs;

(G) any bond origination fee charged by the city or county;

(H) any personal property as defined in K.S.A. 79-102, and amendments thereto;

(I) travel, entertainment and hospitality.

(v) “Projected market area” means any area within the state in which the project is projected to have a substantial fiscal or market impact upon businesses in such area.

(w) “River walk canal facilities” means a canal and related water features which flow through a major commercial entertainment and tourism area and facilities related or contiguous thereto, including, but not limited to, pedestrian walkways and promenades, landscaping and parking facilities.

(x) “Rural redevelopment project” means a project that is in an area outside of a metropolitan area with a population of more than 50,000, that is of regional importance, with capital investment of at least \$3,000,000 and that will enhance the quality of life in the community and region.

(y) “Sales tax and revenue” are those revenues available to finance the issuance of special obligation bonds as identified in K.S.A. 12-17,168, and amendments thereto.

(z) “STAR bond” means a sales tax and revenue bond.

(aa) “STAR bond project” means:

(1) An approved project to implement a project plan for the development of the established STAR bond project district that:

(A)(i) Has at least a \$75,000,000 capital investment and \$75,000,000 in projected gross annual sales; or (ii) for metropolitan areas with a population of between 50,000 and 75,000, has at least a \$40,000,000 capital investment and \$40,000,000 in projected gross annual sales, if the project is deemed of high value by the secretary; or

(B) for areas outside of metropolitan areas with a population of more than 50,000, the secretary finds the project: (i) Is an eligible area as defined in subsection (f); and (ii) would be of regional or statewide importance;

(C) is a major tourism area as defined in subsection (m);

(D) is a major motorsports complex, as defined in subsection (l); or

(E) is a rural redevelopment project as defined in subsection (x); or

(2) A project approved or pursuant to an authorized agreement as provided by K.S.A. 12-17,181, and amendments thereto, to implement one or more project plans for the development of a major professional sports complex with a combined capital investment of not less than \$1,000,000,000.

(bb) “STAR bond project area” means the geographic area within the STAR bond project district in which there may be one or more projects.

(cc) “STAR bond project district” means:

(1) The specific area declared to be an eligible area as determined by the secretary in which the city or county may develop one or more STAR bond projects. A “STAR bond project district” includes a redevelopment district, as defined in K.S.A. 12-1770a, and amendments thereto, created prior to the effective date of this act for the Wichita Waterwalk project in Wichita, Kansas, provided, the city creating such redevelopment district submits an application for approval for STAR bond financing to the secretary on or before July 31, 2007, and receives a final letter of determination from the secretary approving or

disapproving the request for STAR bond financing on or before November 1, 2007. No STAR bond project district shall include real property which has been part of another STAR bond project district unless such STAR bond project and STAR bond project district have been approved by the secretary of commerce pursuant to K.S.A. 12-17,164 and 12-17,165, and amendments thereto, prior to March 1, 2016. A STAR bond project district in a metropolitan area with a population of more than 50,000, shall be a contiguous parcel of real estate and shall be limited to those areas being developed by the STAR bond project and any area of real property reasonably anticipated to directly benefit from the redevelopment project; or

(2) the specific area approved or pursuant to an authorized agreement as provided by K.S.A. 12-17,181, and amendments thereto, and that is declared to be an eligible area as determined by the secretary in which the city or county, or the secretary independently or with the participation of the city or county, as provided by K.S.A. 12-17,164, and amendments thereto, may develop one or more STAR bond projects as defined in subsection (aa)(2). Such area may include real property that is or has been a part of another STAR bond project district, however, any outstanding STAR bonds issued for such other STAR bond project district shall have priority for repayment. Any STAR bond project district as defined pursuant to this paragraph shall not be required to contain contiguous parcels of real estate or be limited to those areas being developed pursuant to any such STAR bond project.

(dd) "STAR bond project district plan" means the preliminary plan that identifies all of the proposed STAR bond project areas and identifies in a general manner all of the buildings, facilities and improvements in each that are proposed to be constructed or improved in each STAR bond project area.

(ee) "STAR bond project plan" means the plan adopted by a city or county for the development of a STAR bond project or projects in a STAR bond project district. "STAR bond project plan" includes a plan adopted by the secretary independently, the secretary with the participation of a city or county or a city or county as approved by the secretary, as provided by K.S.A. 12-17,164, and amendments thereto, for the development of a STAR bond project or projects as defined in subsection (aa)(2) in a STAR bond project district as defined in subsection (cc)(2) and approved or pursuant to an authorized agreement as provided by K.S.A. 12-17,181, and amendments thereto.

(ff) "Secretary" means the secretary of commerce.

(gg) "Substantial change" means, as applicable, a change wherein the proposed plan or plans differ substantially from the intended purpose for which the STAR bond project district plan was approved.

(hh) "Tax increment" means:

(1) Except as provided in paragraph (2), that portion of the revenue derived from state and local sales, use and transient guest tax imposed pursuant to K.S.A. 12-187 et seq., 12-1692 et seq., 79-3601 et seq. and 79-3701 et seq., and amendments thereto, collected from taxpayers doing business within that portion of a STAR bond project district occupied by a project that is in excess of the amount of base year revenue. For purposes of this subsection, the base year shall be the 12-month period immediately prior to the month in which the STAR bond project district is established. The department of revenue shall determine base year revenue by reference to the revenue collected during the base year from taxpayers doing business within the specific area in which a STAR bond project district is subsequently established. The base year of a STAR bond project district, following the addition of area to the STAR bond project district, shall be the base year for the original area, and with respect to the additional area, the base year shall be any 12-month period immediately prior to the month in which additional area is added to the STAR bond project district. For purposes of this subsection, revenue collected from taxpayers doing business within a STAR bond project district, or within a specific area in which a STAR bond project district is subsequently established shall not include local sales and use tax revenue that is sourced to jurisdictions other than those in which the project

is located. The secretary of revenue and the secretary of commerce shall certify the appropriate amount of base year revenue for taxpayers relocating from within the state into a STAR bond district.

(2) With respect to any STAR bond project district as defined in subsection (cc)(2), “tax increment” may include all revenue described in paragraph (1) collected from retail sales from any business within such STAR bond project district. “Tax increment” shall include all revenue derived from the sale of alcoholic liquor as defined in K.S.A. 79-41a01, and amendments thereto, pursuant to K.S.A. 79-4101 and 79-41a02, and amendments thereto, collected from consumers purchasing alcoholic liquor within such STAR bond project district that is in excess of the amount of base year revenue for such taxes. The “tax increment” for any such STAR bond project district that has been independently established by the secretary as provided by K.S.A. 12-17,164, and amendments thereto, shall not include local sales, use or transient guest tax imposed pursuant to K.S.A. 12-187 et seq. and 12-1692 et seq., and amendments thereto, unless approved by a participating city or county as provided by K.S.A. 12-17,164, and amendments thereto. If a STAR bond project district as defined in subsection (cc)(2) includes real property that is or has been part of another previously approved STAR bond project district, the “tax increment” shall also exclude that portion of state and local sales, use or transient guest tax revenue pledged to repayment of any STAR bonds issued for a previously approved STAR bond project within such other district while such bonds are outstanding. The amount of base year revenue for any revenue derived from the sale of alcoholic liquor and any state sales and use taxes shall be set by the secretary in the secretary's sole discretion upon the establishment of a STAR bond project district as defined in K.S.A. 12-17,162(cc)(2), and amendments thereto. If local sales, use or transient guest tax revenue are also pledged by a city or county, whether such city or county is participating with the secretary, or is itself establishing such STAR bond project district, as provided by K.S.A. 12-17,164, and amendments thereto, the amount of base year revenue for such local tax revenues shall be set by the city or county in the city or county's discretion and approved by the secretary. Base year revenue determinations by the secretary or by the city or county as approved by the secretary shall not be required to be based on the procedure provided in paragraph (1).

(ii) “Taxpayer” means a person, corporation, limited liability company, S corporation, partnership, registered limited liability partnership, foundation, association, nonprofit entity, sole proprietorship, business trust, group or other entity that is subject to the Kansas income tax act, K.S.A. 79-3201 et seq., and amendments thereto.

#### **K.S.A. 12-17,163.**

##### **City or county may designate building as historic theater**

The governing body of any city or county may designate a building within such municipality to be an historic theater if the governing body of the municipality and the secretary of commerce agree that the building satisfies the requirements of subsection (h) of K.S.A. 12-17,162, and amendments thereto, and will contribute significantly to the economic development of the city and surrounding area or the county.

#### **K.S.A. 12-17,164.**

##### **Establishment of STAR bond projects by city or county; approval of secretary; limitations**

(a)(1)(A)(i) The governing body of a city may establish one or more STAR bond projects in any area within such city or wholly outside the boundaries of such city. A STAR bond project wholly outside the boundaries of such city must be approved by the board of county commissioners by the passage of a county resolution.

(ii) The governing body of a county may establish one or more STAR bond projects in any unincorporated area of the county.

(iii) No STAR bond project as defined by K.S.A. 12-17,162(aa)(2), and amendments thereto, shall be established by a city or county unless approved pursuant to K.S.A. 12-17,181, and amendments thereto.

(B) The governing body of a city or county may elect to participate in a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, established independently by the secretary pursuant to an agreement authorized by K.S.A. 12-17,181, and amendments thereto, by pledging local sales, use and transient guest tax revenues for the repayment of STAR bonds issued by the Kansas development finance authority pursuant to this section and K.S.A. 12-17,169, and amendments thereto. If the governing body of the city or county elects to participate, the governing body of the city or county shall hold a public hearing and pass an appropriate ordinance or resolution specifying the city or county's pledge of such local revenues that meet any requirements of the secretary and the Kansas development finance authority. Such ordinance or resolution shall be passed not later than 60 days after the date of approval by the legislative coordinating council of the agreement pursuant to K.S.A. 12-17,181, and amendments thereto, or the secretary may proceed without the city or county's participation to establish the STAR bond project district and undertake the STAR bond project plan without further public notice or hearing, as provided by paragraph (2).

(C) The projects shall be eligible for financing by special obligation bonds payable from revenues described by K.S.A. 12-17,169(a)(1) and (a)(2)(A) and (a)(2)(B), and amendments thereto. Upon approval by the secretary, a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, may be financed by the Kansas development finance authority as provided by K.S.A. 12-17,169, and amendments thereto.

(2) In lieu of the procedure required for a city or county to establish a STAR bond project district and a STAR bond project set forth in K.S.A. 12-17,165 and 12-17,166, and amendments thereto, or to finance a project, the secretary may independently establish a STAR bond project district as defined in K.S.A. 12-17,162(cc)(2), and amendments thereto, undertake a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, or finance such a STAR bond project through special obligation bonds issued by the Kansas development finance authority as provided by K.S.A. 12-17,169(a)(2)(B), and amendments thereto, with or without the participation of the city or county. In such case, except as otherwise provided, in addition to all powers granted to the secretary, the secretary shall have the powers of a city or county as provided by the STAR bonds financing act necessary in the secretary's discretion to establish, undertake or finance the project through the Kansas development finance authority. The notice, procedural and hearing requirements of K.S.A. 12-17,165 and 12-17,166, and amendments thereto, shall not be applicable to the secretary. Such authority shall include changes to such district as provided by K.S.A. 12-17,171, and amendments thereto, except that no public hearings shall be required. Upon the approval of the secretary, the Kansas development finance authority is authorized to issue special obligation bonds in one or more series to finance such project. No revenue from local sales, use or transient guest taxes imposed pursuant to K.S.A. 12-187 et seq. and 12-1692 et seq., and amendments thereto, shall be pledged as a source of repayment of such special obligation bonds unless approved by the city or county as provided by paragraph (1)(B). Such bonds shall not be a general obligation of the state. Any such bonds and interest thereon shall be an obligation only of the Kansas development finance authority and shall not constitute a debt of the state of Kansas within the meaning of section 6 or 7 of article 11 of the constitution of the state of Kansas and shall not pledge the full faith and credit or the taxing power of the state of Kansas. Such bonds shall be payable, both as to principal and interest, solely from the revenue sources as provided by K.S.A. 12-17,169(a)(2)(B), and amendments thereto.

(3) The secretary's authority to approve STAR bond projects as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, including any such project established by a city or county or established independently by the secretary with or without the participation of the city or county shall be subject to K.S.A. 12-17,181, and amendments thereto.

(b)(1) Each STAR bond project shall first be approved by the secretary, if the secretary determines that the proposed project or complex sufficiently promotes, stimulates and develops the general and economic welfare of the state as described in K.S.A. 12-17,160, and amendments thereto. Except as provided in paragraph (2), the secretary, upon approving the project, may approve such financing in an amount not to exceed 50% of the total costs including all project costs and any other costs related to the project. The proceeds of such STAR bond financing may only be used to pay for incurred project costs.

- (2) For a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, the secretary may approve such financing issued by the city or county or by the Kansas development finance authority, as applicable, in an amount not to exceed 70% of the total costs including all project costs and any other costs related to the project.
- (c) For a city proposing to finance a major motorsports complex pursuant to K.S.A. 12-17,169(a)(1)(C) or (a)(1)(E), and amendments thereto, the secretary, upon approving the project, may approve such financing in an amount not to exceed 50% of the STAR bond project costs.
- (d) The secretary may approve a STAR bond project located in a STAR bond project district established by a city prior to May 1, 2003.
- (e)(1) Except as provided in paragraph (2), a project shall not be granted to any business that proposes to relocate its business from another area of the state into such city or county, for the purpose of consideration for a STAR bond project provided by K.S.A. 12-17,160 et seq., and amendments thereto.
- (2) The provisions of paragraph (1) shall not apply to a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto.
- (f) A project shall not be approved by the secretary if the market study required by K.S.A. 12-17,166, and amendments thereto, indicates a substantial negative impact upon businesses in the project or complex market area or the granting of such project or complex would cause a default in the payment of any outstanding special obligation bond payable from revenues authorized pursuant to K.S.A. 12-17,169(a)(1), and amendments thereto.
- (g)(1) Except as provided in paragraph (2), the maximum maturity of special obligation bonds payable primarily from revenues described by K.S.A. 12-17,169(a)(1), and amendments thereto, to finance STAR bond projects pursuant to this section shall not exceed 20 years.
- (2) Special obligation bonds issued by a city or county or, if applicable, by the Kansas development finance authority to finance a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, shall not exceed 30 years.
- (h) The secretary shall not approve any application for STAR bond project financing which is submitted by a city or county more than one year after the STAR bond project district in which the STAR bond project is located has been established.
- (i) For the purpose of recovering the costs of the secretary and the department arising from fulfilling administrative, review, approval, oversight and other responsibilities under the STAR bonds financing act and from providing assistance to cities, counties and private businesses in relation to STAR bond projects, the secretary may assess an administrative fee of up to 1%, not to exceed \$200,000, of the amount of the special obligation bonds payable from revenues described by K.S.A. 12-17,169(a)(1) or (a)(2), and amendments thereto, issued or reissued for STAR bond projects. The secretary may also recover any actual costs incurred by the secretary in excess of the fee. The fee, and any actual costs incurred by the secretary in excess of the fee, shall be paid to the secretary from the proceeds of such bonds. All such moneys received by the secretary shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the STAR bond administrative fee fund, which is hereby created in the state treasury. All expenditures from the STAR bond administrative fee fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary or a person or persons designated by the secretary.



**K.S.A. 12-17,165.**

**Procedure for establishing STAR bond project district; hearings; notice; limitations**

(a) When a city or county proposes to establish a STAR bond project district, within an eligible area, the city or county shall adopt a resolution stating that the city or county is considering the establishment of a STAR bond project district. Such resolution shall:

- (1) Give notice that a public hearing will be held to consider the establishment of a STAR bond project district and fix the date, hour and place of such public hearing;
- (2) describe the proposed boundaries of the STAR bond project district;
- (3) describe the STAR bond project district plan;
- (4) state that a description and map of the proposed STAR bond project district are available for inspection at a time and place designated;
- (5) provide a description of all state, federal and local tax incentives that apply or, pursuant to the STAR bond project district plan, are anticipated to apply within the STAR bond district or that apply to any business located in or, as provided in the public STAR bond project district plan or in any other public document, that will locate in the district; and
- (6) state that the governing body will consider findings necessary for the establishment of a STAR bond project district.

Notice shall be given as prescribed in K.S.A. 12-17,166(f)(2), and amendments thereto, and, if the county or city has a website, notice shall be conspicuously provided at a prominent location on the first page of the website of the county or city. Such notice shall include the items described in subsections (a)(2), (a)(3), (a)(4) and (a) (5) and any other document or information required to be set forth in the resolution or a link to such items.

(b) The city or county shall submit the proposed STAR bond project district to the secretary for a determination that the district is an eligible area as defined in K.S.A. 12-17,162, and amendments thereto.

(c) Upon the conclusion of the public hearing, and a finding by the secretary that the proposed project district is an eligible area, the governing body of the municipality shall pass an ordinance or resolution. The ordinance or resolution, including the STAR bond project district plan, the legal description of the STAR bond project district and any other public documents considered at the public hearing, shall be conspicuously posted or linked to a prominent location on the first page of the city or county's website, if the city or county has a website.

(1) An ordinance or resolution for a STAR bond project district shall:

- (A) Make findings that the STAR bond project district proposed to be developed is an historic theater, or a STAR bond project as defined in K.S.A. 12-17,162, and amendments thereto;
- (B) contain a STAR bond project district plan that identifies all of the proposed STAR bond project areas and identifies in a general manner all of the buildings and facilities that are proposed to be constructed or

improved in each STAR bond project area. The boundaries of such STAR bond project district shall not include any area not designated in the notice required by subsection (a);

(C) provide a description of all state, federal and local tax incentives that apply or, pursuant to the STAR bond project district plan, are anticipated to apply within the STAR bond district or that apply to any business located in or, as provided in the public STAR bond project district plan or in any other public document, that will locate in the district; and

(D) contain the legal description of the STAR bond project district and may establish the STAR bond project district.

(2) If no ordinance or resolution is passed by the city or county within 30 days from the conclusion of the public hearing, then such STAR bond project district shall not be established.

(d) The governing body of a city or county may establish a STAR bond project district within that city or such city may establish a district inclusive of land outside the boundaries of the city or wholly outside the boundaries of such city upon written consent of the board of county commissioners. Prior to providing written consent, the board of county commissioners must provide notice and hold a hearing as is required of a city pursuant to subsection (a) for the establishment of a STAR bond project district.

The governing body of a county may establish a STAR bond project district within the unincorporated area of the county.

(e) One or more STAR bond projects may be undertaken by a city or county within a STAR bond project district after such STAR bond project district has been established in the manner provided by this section.

(f) No privately owned property subject to ad valorem taxes shall be acquired and redeveloped under the provisions of K.S.A. 12-17,160 et seq., and amendments thereto, if the board of county commissioners or the board of education levying taxes on such property determines by resolution adopted within 30 days following the conclusion of the hearing for the establishment of the STAR bond project district required by subsection (a) that the proposed STAR bond project district will have an adverse effect on such county or school district. The board of county commissioners or board of education shall deliver a copy of such resolution to the city or county. The city or county shall within 30 days of receipt of such resolution pass an ordinance or resolution dissolving the STAR bond project district. The provisions of this subsection shall not apply if the STAR bond project plan provides that ad valorem property tax revenues of the county or the school district levying taxes on such property will not be adversely impacted.

(g) A STAR bond project shall not include a project for a gambling casino.

(h) No new STAR bond project district may be established from the effective date of this act through July 1, 2018, except that, for STAR bond project districts established prior to the effective date of this act, the foregoing shall not prohibit a city or county from utilizing all provisions of the STAR bonds financing act, including, but not limited to, K.S.A. 12-17,171, and amendments thereto.



**K.S.A. 12-17,166.**

**Procedure for establishing STAR bond project; feasibility study; project plan; hearings; notice; posthearing changes; transmittal of documents to county and school district; project commencement and completion**

(a) One or more projects may be undertaken by a city or county within an established STAR bond project district upon submission of the project plan to the secretary of commerce and approval by the secretary as provided by K.S.A. 12-17,164, and amendments thereto. Any city or county proposing to undertake a STAR bond project shall prepare a STAR bond project plan in consultation with the planning commission of the city, and in consultation with the planning commission of the county, if any, if such project is located wholly outside the boundaries of the city. Any such project plan may be implemented in separate development stages.

(b) Any city or county proposing to undertake a STAR bond project within a STAR bond project district established pursuant to K.S.A. 12-17,165, and amendments thereto, shall prepare a feasibility study to be conducted by one or more consultants selected and approved by the secretary, and the costs shall be paid by the developer or the city or county. The secretary shall have control and oversight authority over the scope, conduct and methodology of the study. The secretary may establish a list of preapproved consultants and approved study parameters and methods. The feasibility study shall contain the following:

- (1) Whether a STAR bond project's revenue and tax increment revenue and other available revenues under K.S.A. 12-17,169, and amendments thereto, are expected to exceed or be sufficient to pay for the project costs;
- (2) the effect, if any, a STAR bond project will have on any outstanding special obligation bonds payable from the revenues described in K.S.A. 12-17,169, and amendments thereto;
- (3) a statement of how the jobs and taxes obtained from the STAR bond project will contribute significantly to the economic development of the state and region;
- (4) visitation expectations and a plan describing how the number of visitors to the STAR bond project district will be tracked and reported to the secretary on an annual basis. Such plan shall include, but not be limited to, obtaining and reporting visitor residence zip code data to the secretary. All businesses located in the STAR bond district shall provide visitor residence data requested by the secretary. Any such data shall be provided in an aggregate manner without personally identifiable information;
- (5) the unique quality of the project;
- (6) economic impact study, including the anticipated effect of the project on the regional and statewide economies;
- (7) market study;
- (8) market impact study;
- (9) integration and collaboration with other resources or businesses;

- (10) the quality of service and experience provided, as measured against national consumer standards for the specific target market;
- (11) project accountability, measured according to best industry practices;
- (12) the expected return on state and local investment that the project is anticipated to produce;
- (13) a net return on investment analysis;
- (14) a statement concerning whether a portion of the local sales and use taxes are pledged to other uses and are unavailable as revenue for the STAR bond project. If a portion of local sales and use taxes is so committed, the applicant shall describe the following:
  - (A) The percentage of city and county sales and use taxes collected that are so committed; and
  - (B) the date or dates on which the city and county sales and use taxes pledged to other uses can be pledged for repayment of bonds;
- (15) an anticipated principal and interest payment schedule on the bond issue;
- (16) a summary of community involvement, participation and support for the STAR bond project; and
- (17) a full disclosure and description of all state, federal and local tax incentives that apply or, pursuant to the project plan, are anticipated to apply within the STAR bond district or that apply to any business located in or, pursuant to the project plan, that will locate in the district.

The failure to include all information enumerated in this subsection in the feasibility study for a STAR bond project shall not affect the validity of bonds issued pursuant to this act.

(c) If the city or county determines the project is feasible, the project plan shall include:

- (1) A summary of the feasibility study done as defined in subsection (b);
- (2) a reference to the district plan established under K.S.A. 12-17,165, and amendments thereto, that identifies the project area that is set forth in the project plan that is being considered;
- (3) a description and map of the project area to be redeveloped;
- (4) the relocation assistance plan as described in K.S.A. 12-17,172, and amendments thereto;
- (5) a detailed description of the buildings and facilities proposed to be constructed or improved in such area; and
- (6) the names of the owners, partners, officers or principals of any developer of the project and of any associated business partner of any developer of the project that is involved in the STAR bond project; and

(7) any other information the governing body of the city or county deems necessary to advise the public of the intent of the project plan.

(d) A copy of the STAR bond project plan prepared by a city shall be delivered to the board of county commissioners of the county and the board of education of any school district levying taxes on property within the STAR bond project area. A copy of the STAR bond project plan prepared by a county shall be delivered to the board of education of any school district levying taxes on property within the STAR bond project area.

(e) Upon a finding by the planning commission that the STAR bond project plan is consistent with the intent of the comprehensive plan for the development of the city, and a finding by the planning commission of the county, if any, with respect to a STAR bond project located wholly outside the boundaries of the city, that the STAR bond project plan is consistent with the intent of the comprehensive plan for the development of the county, the governing body of the city or county shall adopt a resolution stating that the city or county is considering the adoption of the STAR bond project plan. Such resolution shall:

(1) Give notice that a public hearing will be held to consider the adoption of the STAR bond project plan and fix the date, hour and place of such public hearing. In addition to any other notice, such notice shall be conspicuously provided at a prominent location on the first page of the website of the county or city, if the county or city has a website;

(2) describe the boundaries of the STAR bond project district within which the STAR bond project will be located and the date of establishment of such district;

(3) describe the boundaries of the area proposed to be included within the STAR bond project area; and

(4) state that the STAR bond project plan, including a summary of the feasibility study, market study, relocation assistance plan and financial guarantees of the prospective developer and a description and map of the area to be redeveloped or developed are available for inspection during regular office hours in the office of the city clerk or county clerk, respectively.

(f)(1) The date fixed for the public hearing to consider the adoption of the STAR bond project plan shall be not less than 30 nor more than 70 days following the date of the adoption of the resolution fixing the date of the hearing.

(2) A copy of the city or county resolution providing for the public hearing shall be by certified mail, return receipt requested, sent by the city to the board of county commissioners of the county and by the city or county to the board of education of any school district levying taxes on property within the proposed STAR bond project area. Copies also shall be sent by certified mail, return receipt requested to each owner and occupant of land within the proposed STAR bond project area not more than 10 days following the date of the adoption of the resolution. The resolution shall be published once in the official city or county newspaper not less than one week nor more than two weeks preceding the date fixed for the public hearing. A sketch clearly delineating the area in sufficient detail to advise the reader of the particular land proposed to be included within the STAR bond project area shall be published with the resolution.

(3) At the public hearing, a representative of the city or county shall present the city's or county's proposed STAR bond project plan. The presentation shall include a discussion of the feasibility study, including a description of all state, federal and local tax incentives that apply within the STAR bond district or are anticipated to apply within the district pursuant to the project plan or to any business located in the district or that will locate in the district pursuant to the project plan. Following the presentation of the STAR bond project area, all interested persons shall be given an opportunity to be heard. The governing body for good cause shown may recess such hearing to a time and date certain, which shall be fixed in the presence of persons in attendance at the hearing.

(g) The public hearing records and feasibility study shall be subject to the open records act, K.S.A. 45-215, and amendments thereto, and, if the city or county has a website, shall be placed conspicuously on such website at the same location or linked to the same location on the first page of the website as the notice for the hearing.

(h) Upon conclusion of the public hearing, the governing body may adopt the STAR bond project plan by ordinance or resolution passed upon a two-thirds vote of the members.

(i) After the adoption by the city or county governing body of a STAR bond project plan, the clerk of the city or county shall transmit a copy of the description of the land within the STAR bond project district, a copy of the ordinance or resolution adopting the plan and a map or plat indicating the boundaries of the district to the clerk, appraiser and treasurer of the county in which the district is located and to the governing bodies of the county and school district which levy taxes upon any property in the district. Such documents shall be transmitted following the adoption or modification of the plan or a revision of the plan on or before January 1 of the year in which the increment is first allocated to the taxing subdivision.

(j) If the STAR bond project plan is approved, the feasibility study shall be supplemented to include a copy of the minutes of the governing body meetings of any city or county whose bonding authority will be utilized in the STAR bond project, evidencing that a STAR bond project plan has been created, discussed and adopted by the city or county in a regularly scheduled open public meeting.

(k) Any substantial changes as defined in K.S.A. 12-17,162, and amendments thereto, to the STAR bond project plan as adopted shall be subject to a public hearing following publication of notice thereof at least twice in the official city or county newspaper.

(l) Any STAR bond project shall be completed within 20 years from the date of the approval of the STAR bond project plan. The maximum maturity on bonds issued to finance projects pursuant to this act shall not exceed 20 years.

(m) Kansas resident employees shall be given priority consideration for employment in construction projects located in a STAR bond project area.

(n) Any developer of a STAR bond project shall commence work on the project within two years from the date of adoption of the STAR bond project plan. Should the developer fail to commence work on the STAR bond project within the two-year period, funding for such project shall cease and the developer of such project or complex shall have one year to resubmit the project to the secretary and to appeal to the secretary for reapproval of such project and the funding for it. Should the project be reapproved, the two-year period for commencement shall apply.

**K.S.A. 12-17,167.**

**Approval of secretary; limitations; interest rate of bond issue**

- (a) The secretary shall review the STAR bond project plan, feasibility study and market study, along with other supporting documentation and determine whether to approve a request, and, if approved, issue an approval letter for a STAR bond project based upon the requirements within this act and rules and regulations developed by the secretary.
- (b) For major motorsports complex projects involving the use of state sales tax financing pursuant to K.S.A. 12-17,169, and amendments thereto, the secretary shall set a limit on the total amount of such special obligation bonds that may be issued to not exceed 50% of the major motorsports complex costs.
- (c) A special obligation bond issue must bear interest at a reasonable rate as of the time of sale of the bonds, taking into account such factors as current market conditions, the nature and degree of risk associated with repayment of the bonds and other relevant factors.

**K.S.A. 12-17,168.**

**Additional STAR bond issuance authority for existing project; approval of secretary; limitations**

- (a)(1) Any city or county which has received approval for a STAR bond project may request STAR bond issuance authority to issue additional STAR bonds in an amount in excess of the amount previously approved by the secretary. Any city or county requesting such additional STAR bond issuance authority shall make application for approval to the secretary. Such application shall include all information required to be submitted to the secretary for initial approval of a STAR bond project, including, but not limited to, a feasibility study as required by K.S.A. 12-17,166, and amendments thereto.
- (2) Except as provided by paragraph (4), the secretary shall review all of the information submitted by the city or county in the request for additional STAR bond issuance authority and determine whether to approve a request, and, if approved, issue an approval letter for additional STAR bond issuance authority based upon the requirements within this act and rules and regulations developed by the secretary.
- (3) Except as provided in paragraph (4), the secretary may approve such additional STAR bond issuance authority in an amount not to exceed 50% of the total costs of the addition or expansion to the STAR bond project for which the additional STAR bond issuance authority is sought, including all project costs and any other costs related to the project addition or expansion. The proceeds of such additional STAR bond financing may only be used to pay for incurred project costs of such addition or expansion.
- (4) The secretary may approve such additional STAR bond issuance authority in an amount not to exceed 70% of the total costs of the addition or expansion of a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto. The secretary shall not approve additional STAR bond issuance authority for a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, unless such additional issuance is first approved by the legislative coordinating council. The council may consider and act on such matter at any time, including when the legislature is in session.
- (b) Upon the approval of the secretary and the legislative coordinating council as provided in subsection (a)(4), the

Kansas development finance authority may issue additional special obligation STAR bonds in an amount in excess of the amount previously approved by the secretary for a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto. Such additional financing for such project shall be limited to not more than 70% of the total project costs of the addition or expansion of such project. The proceeds of such additional STAR bond financing may only be used to pay for incurred project costs of such addition or expansion of the project.

**K.S.A. 12-17,169.**

**Special obligation bonds and full faith and credit tax increment bonds; procedure for issuance; limitations; payment; exempt from taxation; refunding of bonds; status reports**

(a)(1) Any city or county shall have the power to issue special obligation bonds in one or more series to finance the undertaking of any STAR bond project in accordance with the provisions of this act. Rural redevelopment projects, as defined in K.S.A. 12-17,162, and amendments thereto, may also be financed without the issuance of special obligation bonds up to an amount not to exceed \$10,000,000 for each project. Such special obligation bonds or rural redevelopment project costs shall be made payable, both as to principal and interest:

(A) From revenues of the city or county derived from or held in connection with the undertaking and carrying out of any STAR bond project or projects under this act including historic theater sales tax increments;

(B) from any private sources, contributions or other financial assistance from the state or federal government;

(C) from a pledge of 100% of the tax increment revenue received by the city from any local sales and use taxes, including the city's share of any county sales tax, which are collected from taxpayers doing business within that portion of the city's STAR bond project district established pursuant to K.S.A. 12-17,165, and amendments thereto, occupied by a STAR bond project, except for amounts committed to other uses by election of voters or pledged to bond repayment prior to the approval of the STAR bond project;

(D) at the option of the county in a city STAR bond project district, from a pledge of all of the tax increment revenues received by the county from any local sales and use taxes which are collected from taxpayers doing business within that portion of the city's STAR bond project district established pursuant to K.S.A. 12-17,165, and amendments thereto, except for amounts committed to other uses by election of voters or pledged to bond repayment prior to the approval of a STAR bond project;

(E) in a county STAR bond project district, from a pledge of 100% of the tax increment revenue received by the county from any county sales and use tax, but excluding any portions of such taxes that are allocated to the cities in such county pursuant to K.S.A. 12-192, and amendments thereto, which are collected from taxpayers doing business within that portion of the county's STAR bond project district established pursuant to K.S.A. 12-17,165, and amendments thereto, occupied by a STAR bond project;

(F) from a pledge of all or a portion of the tax increment revenue received from any state sales taxes which are collected from taxpayers doing business within that portion of the city's or county's STAR bond project district occupied by a STAR bond project, except that for any STAR bond project district established and approved by the secretary on or after January 1, 2017, such tax increment shall not include any sales tax revenue from retail

automobile dealers, and except that for any STAR bond project district established after July 1, 2021, with existing sales tax revenue at the time the district was established, such pledge shall not exceed 90% of the new tax increment revenue that is in excess of the base existing sales tax revenue received from any state sales taxes;

(G) at the option of the city or county and with approval of the secretary, from all or a portion of the transient guest tax of such city or county;

(H) at the option of the city or county and with approval of the secretary: (i) From a pledge of all or a portion of increased revenue received by the city or county from franchise fees collected from utilities and other businesses using public right-of-way within the STAR bond project district; or (ii) from a pledge of all or a portion of the revenue received by a city or county from local sales taxes or local transient guest and local use taxes; or

(I) by any combination of these methods.

The city or county may pledge such revenue to the repayment of such special obligation bonds prior to, simultaneously with, or subsequent to the issuance of such special obligation bonds.

(2)(A) Special obligation bonds issued by a city or county to finance a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, that has been approved by the secretary in accordance with K.S.A. 12-17,181, and amendments thereto, shall be made payable, both as to principal and interest, from a pledge of:

(i) Any method or combination of the methods described in paragraph (1), except that tax increment revenue from sales taxes shall include sales tax revenue from all retail sales of any business located within the district and up to 100% of the new state sales tax increment revenue that is in excess of the base sales tax revenue, as set in the secretary's discretion, received from any state sales taxes. The city or county shall have discretion to set the base sales tax revenue for local sales and use taxes as approved by the secretary;

(ii) tax increment revenue from up to 100% of the taxes imposed on the sale of alcoholic liquor, as defined in K.S.A. 79-41a01, and amendments thereto, collected from sales within the district pursuant to K.S.A. 79-4101 and 79-41a02, and amendments thereto; and

(iii) if approved by the secretary, moneys from the attracting professional sports to Kansas fund of the department of commerce.

(B) As authorized by the secretary, the Kansas development finance authority shall have the power to issue special obligation bonds in one or more series to finance the undertaking of a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, that has been established by a city or county and approved by the secretary of commerce pursuant to K.S.A. 12-17,181, and amendments thereto, or undertaken independently by the secretary pursuant to K.S.A. 12-17,164, and amendments thereto, with or without the participation of the city or county. Such special obligation bonds shall not be general obligations of the state. Any such bonds and interest thereon shall be an obligation only of the Kansas development finance authority and shall not constitute a debt of the state of Kansas within the meaning of section 6 or 7 of article 11 of the constitution of the state of Kansas and shall not pledge the full faith and credit or the taxing power of the state of Kansas. Such special obligation bonds shall be made payable, both as to principal and interest, solely from:



(i) Tax increment revenue as determined in the secretary's discretion, from up to 100% of state sales taxes, including state sales tax revenue from all retail sales of any business located within the district;

(ii) tax increment revenue from up to 100% of the taxes imposed on the sale of alcoholic liquor as defined in K.S.A. 79-41a01, and amendments thereto, from sales within the district pursuant to K.S.A. 79-4101 and 79-41a02, and amendments thereto;

(iii) if approved by the city or county, revenue from any of the other methods or combination of methods as provided in subparagraph (A)(i); and

(iv) if approved by the secretary, moneys from the attracting professional sports to Kansas fund of the department of commerce.

(C) For purposes of this paragraph, "district" means the STAR bond project district as defined in K.S.A. 12-17,162(cc)(2), and amendments thereto. Revenues may be collected pursuant to this paragraph from noncontiguous parcels of real estate and areas not being developed by a STAR bond project as defined in subsection (aa)(2) within such STAR bond project district.

(D) Any revenues that have been pledged to pay one or more STAR bonds previously issued pursuant to this act shall be used first to satisfy any remaining obligations of such bonds.

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

(4) Bonds issued under the provisions of subsection (a)(1) or (a)(2)(A) shall be special obligations of the city or county and are declared to be negotiable instruments. Such bonds shall be executed by the mayor and clerk of the city or the chairperson of the board of county commissioners and the county clerk and sealed with the corporate seal of the city or county. All details pertaining to the issuance of such special obligation bonds and terms and conditions thereof shall be determined by ordinance of the city or by resolution of the county.

All special obligation bonds issued pursuant to this act and all income or interest therefrom shall be exempt from all state taxes. Such special obligation bonds shall contain none of the recitals set forth in K.S.A. 10-112, and amendments thereto. Such special obligation bonds shall, however, contain the following recitals: (i) The authority under which such special obligation bonds are issued; (ii) such bonds are in conformity with the provisions, restrictions and limitations thereof; and (iii) that such special obligation bonds and the interest thereon are to be paid from the money and revenue received as provided in subsection (a)(1) and (a)(2).

(5) Any city or county issuing special obligation bonds under the provisions of this act may refund all or part of such issue pursuant to the provisions of K.S.A. 10-116a, and amendments thereto. If and as approved by the secretary of commerce, the Kansas development finance authority may refund all or part of any issue of special obligation bonds issued for a project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto, by the Kansas development finance authority under the provisions of this act pursuant to the provisions of K.S.A. 74-8912, and amendments thereto, and this act.



(b)(1) Subject to the provisions of subsection (b)(2), any city shall have the power to issue full faith and credit tax increment bonds to finance the undertaking, establishment or redevelopment of any major motorsports complex, as defined in K.S.A. 12-17,162, and amendments thereto. Such full faith and credit tax increment bonds shall be made payable, both as to principal and interest: (A) From the revenue sources identified in subsection (a)(1) or by any combination of these sources; and (B) subject to the provisions of subsection (b)(2), from a pledge of the city's full faith and credit to use its ad valorem taxing authority for repayment thereof in the event all other authorized sources of revenue are not sufficient.

(2) Except as provided in subsection (b)(3), before the governing body of any city proposes to issue full faith and credit tax increment bonds as authorized by this subsection, the feasibility study required by K.S.A. 12-17,166(b), and amendments thereto, shall demonstrate that the benefits derived from the project will exceed the cost and that the income therefrom will be sufficient to pay the costs of the project. No full faith and credit tax increment bonds shall be issued unless the governing body states in the resolution required by K.S.A. 12-17,166(e), and amendments thereto, that it may issue such bonds to finance the proposed STAR bond project. The governing body may issue the bonds unless within 60 days following the conclusion of the public hearing on the proposed STAR bond project plan a protest petition signed by 3% of the qualified voters of the city is filed with the city clerk in accordance with the provisions of K.S.A. 25-3601 et seq., and amendments thereto. If a sufficient petition is filed, no full faith and credit tax increment bonds shall be issued until the issuance of the bonds is approved by a majority of the voters voting at an election thereon. Such election shall be called and held in the manner provided by the general bond law. The failure of the voters to approve the issuance of full faith and credit tax increment bonds shall not prevent the city from issuing special obligation bonds in accordance with this section. No such election shall be held in the event the board of county commissioners or the board of education determines, as provided in K.S.A. 12-17,165, and amendments thereto, that the proposed STAR bond project district will have an adverse effect on the county or school district.

(3) As an alternative to subsection (b)(2), any city which adopts a STAR bond project plan for a major motorsports complex, but does not state its intent to issue full faith and credit tax increment bonds in the resolution required by K.S.A. 12-17,166(e), and amendments thereto, and has not acquired property in the STAR bond project area may issue full faith and credit tax increment bonds if the governing body of the city adopts a resolution stating its intent to issue the bonds and the issuance of the bonds is approved by a majority of the voters voting at an election thereon. Such election shall be called and held in the manner provided by the general bond law. The failure of the voters to approve the issuance of full faith and credit tax increment bonds shall not prevent the city from issuing special obligation bonds pursuant to subsection (a)(1). Any project plan adopted by a city prior to the effective date of this act in accordance with K.S.A. 12-1772, and amendments thereto, shall not be invalidated by any requirements of this act.

(4) During the progress of any major motorsports complex project in which the project costs will be financed, in whole or in part, with the proceeds of full faith and credit tax increment bonds, the city may issue temporary notes in the manner provided in K.S.A. 10-123, and amendments thereto, to pay the project costs for the major motorsports complex project. Such temporary notes shall not be issued and the city shall not acquire property in the STAR bond project area until the requirements of subsection (b)(2) or (b)(3), whichever is applicable, have been met.

(5) Full faith and credit tax increment bonds issued under this subsection shall be general obligations of the city and are declared to be negotiable instruments. Such bonds shall be issued in accordance with the general bond law. All such bonds and all income or interest therefrom shall be exempt from all state taxes. The amount of the full faith and credit tax increment bonds issued and outstanding which exceeds 3% of the assessed valuation of the city shall be within the bonded debt limit applicable to such city.

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

(c)(1) For each project established by a city or county financed with special obligation bonds payable from the revenues described in subsection (a)(1) and (a)(2), the city or county shall prepare and submit to the secretary by October 1 of each year, a report describing the status of any projects within such STAR bond project area, any expenditures of the proceeds of special obligation bonds that have occurred since the last annual report and any expenditures of the proceeds of such bonds expected to occur in the future, including the amount of sales tax revenue, how such revenue has been spent, the projected amount of such revenue, the anticipated use of such revenue and the names of the owners, partners, officers or principals of any developer and of any associated business partners of any developer that are involved in the STAR bond project. The department of commerce shall compile this information and submit a report annually to the governor and the legislature by February 1 of each year.

(2)(A) In addition to the report referenced in paragraph (1), the department of commerce, in cooperation with the department of revenue, shall submit a report to the senate commerce committee and the house commerce, labor and economic development committee by January 31 of each session. The report shall include the following information for the last three calendar years and the most current year-to-date information available with respect to each STAR bond district:

- (i) The gross annual sales, gross annual sales projected pursuant to the STAR bond project plan and feasibility study, gross annual sales required to meet bond debt service requirements and other expenses, amount of sales tax collected and the amount of any “base” sales taxes being allocated to the district;
- (ii) the total amount of bond payments and other expenses incurred;
- (iii) the total amount of bonds issued and the balance of the bonds, by district and by project in the district;
- (iv) the remaining cash balance in the project to pay future debt service and other expenses;
- (v) any new income producing properties being brought into a district and the base revenue going to the state general fund and incremental sales tax increases going to the district with respect to such properties;
- (vi) the amount of bonds issued to repay private investors in the project with calculations showing the private and state share of indebtedness;
- (vii) the percentage of local effort sales tax actually committed to the district compared to the state's share of sales tax percentage committed to the district;
- (viii) the number of out-of-state visitors to a project and description of the data gathered pursuant to the visitor tracking plan, including, but not limited to, residence zip code data, a discussion of the visitor attraction properties of projects in the districts, and a comparison of the number of out-of-state visitors with the number of in-state visitors; and
- (ix) if any information or data is not available, an explanation as to why it is not available.

(B) Either the senate commerce committee or the house committee on commerce, labor and economic development may amend the information required in the report with additional requests and clarification on a going forward basis.

(3) Cities, counties and developers shall provide all information requested by the secretary for the secretary's database as provided by K.S.A. 74-50,227, and amendments thereto. If the city or county has a website, a conspicuous link directly to the information pertaining to the city or county's STAR bond project on the secretary's database shall be placed on the city's or county's website. A separate link shall be provided for each STAR bond project of the city or county.

(d) The reports pursuant to subsection (c)(1) and (2) shall include a description of all state, federal and local tax incentives that apply within the STAR bond district or to any business located in the district.

(e)(1) A city or county may use the proceeds of special obligation bonds or any uncommitted funds derived from sources set forth in this section to pay the bond project costs as defined in K.S.A. 12-17,162, and amendments thereto, to implement the STAR bond project plan.

(2) As authorized by the secretary, the Kansas development finance authority may issue and use the proceeds of special obligation bonds to pay the bond project costs as defined in K.S.A. 12-17,162, and amendments thereto, to implement a STAR bond project plan for a project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto.

(f) With respect to a STAR bond project district established prior to January 1, 2003, for which, prior to January 1, 2003, the secretary made a finding as provided in subsection (a) that a STAR bond project would create a major tourism area for the state, such special obligation bonds shall be payable both as to principal and interest, from a pledge of all of the revenue from any transient guest, state and local sales and use taxes collected from taxpayers as provided in subsection (a) whether or not revenues from such taxes are received by the city.

#### **K.S.A. 12-17,170.**

##### **Default; payment from public funds, when**

In the event that the city, county or Kansas development finance authority shall default in the payment of any STAR bonds payable from revenues described in K.S.A. 12-17,169(a)(1) or (a)(2), and amendments thereto, no public funds shall be used to pay the holders thereof except as otherwise specifically authorized in this act.

#### **K.S.A. 12-17,171.**

##### **Addition or removal of real property within district; division of district; procedure; transfer of ownership interest in real property**

(a) Any addition of area to the STAR bond project district, or any substantial change as defined in K.S.A. 12-17,162, and amendments thereto, to the STAR bond project district plan shall be subject to the same procedure for public notice and hearing as is required for the establishment of the STAR bond project district. Any such addition of area shall be limited to real property which has not been part of another STAR bond project district. The base year of a STAR bond project district, following the addition of area to the STAR bond project district, shall be the base year for the original area, and with respect to the additional area, the base year shall be any 12-month period immediately prior to the month in which additional area is added to the STAR bond project district.

(b) A city or county may remove real property from a STAR bond project district by an ordinance or resolution of the governing body respectively.

(c) A city or county may divide the real property in a STAR bond project district, including real property in different project areas within a STAR bond project district, into separate STAR bond project districts. Any division of real property within a STAR bond project district into more than one STAR bond project district shall be subject to the same procedure of public notice and hearing as is required for the establishment of the STAR bond project district.

(d) Subject to the provisions of subsection (a), if a city or county has undertaken a STAR bond project within a STAR bond project district, and either the city or county wishes to subsequently remove more than a de minimis amount of real property from the STAR bond project district, or the city or county wishes to subsequently divide the real property in the STAR bond project district into more than one STAR bond project district, then prior to any such removal or division the city or county must provide a feasibility study which shows that the tax revenue from the resulting STAR bond project district within which the STAR bond project is located is expected to be sufficient to pay the project costs.

(e) Removal of real property from one STAR bond project district and addition of all or a portion of that real property to another STAR bond project district may be accomplished by the adoption of an ordinance or resolution, and in such event the determination of the existence or nonexistence of an adverse effect on the county or school district under K.S.A. 12-17,165(f), and amendments thereto, shall apply to both such removal and such addition of real property to a STAR bond project district.

(f) The transfer of any ownership interest in real property acquired with the proceeds from STAR bonds shall require the advance approval of the secretary. While such STAR bonds remain outstanding, such transfer shall also require the disclosure of the sale price and the name of any transferee and any individual owner, partner, officer or principal of such transferee. The information shall be included in the secretary's reports pursuant to K.S.A. 12-17,169(c)(1) and (2), and amendments thereto.

**K.S.A.12-17,172.**

**Acquisition of property; eminent domain, procedure; sale or lease to developer; use only for specific STAR bond project; transfer by developer of unused property**

(a) Any city or county which has adopted a STAR bond project plan in accordance with the provisions of this act may purchase or otherwise acquire real property in connection with such project plan. Upon a 2/3 vote of the members of the governing body thereof, a city or county may acquire by condemnation any interest in real property, including a fee simple title thereto, which it deems necessary for or in connection with any project plan of an area located within the project district; however, eminent domain may be used only as authorized by K.S.A. 26-501b, and amendments thereto.

Any such city or county may exercise the power of eminent domain in the manner provided by K.S.A. 26-501 et seq., and amendments thereto. In addition to any compensation or damages allowed under the eminent domain procedure act, such city or county shall also provide for the payment of relocation assistance as provided in K.S.A. 12-17,173, and amendments thereto.

(b) Any real property acquired by a city or county under the provisions of K.S.A. 26-501 et seq., and amendments thereto, may be sold, transferred or leased to a developer, in accordance with the STAR bond project plan and under such other conditions as may be agreed upon. Any real property acquired pursuant to this section that is sold, transferred or leased to a project developer for a specific project shall be sold, transferred or leased to such developer on the condition that such property shall be used only for that specific approved project. If the developer does not utilize the entire tract of the real property acquired pursuant to this section that is sold, transferred or leased in accordance with the STAR bond project plan, that portion of property not used shall not be sold, transferred or leased by the developer to another developer party, but shall be deeded back to the city or county. If the developer paid the city or county for the land, a percentage of the original purchase price paid to the city or county which represents the percentage of the entire tract being deeded back to the city or county shall be reimbursed to the developer upon the deeding of the property back to the city or county.

(c) Any transfer by the project developer of real property acquired pursuant to this section shall be valid only if approved by a 2/3 majority vote of the members of the governing body of this city or county.

**K.S.A. 12-17,173.**

**Relocation assistance plan**

Before any STAR bond project shall be initiated, a relocation assistance plan shall be approved by the governing body of the city or county proposing to undertake the project. Such relocation assistance plan shall:

(a) Provide for relocation payments to be made to persons, families and businesses who move from real property located in the STAR bond project district, or who move personal property from real property located in the STAR bond project district as a result of the acquisition of the real property by the city or county in carrying out the provisions of this act. With respect to any STAR bond project such payments shall not be less than \$500;

(b) provide that no persons or families residing in the STAR bond project district shall be displaced unless and until there is a suitable housing unit available and ready for occupancy by such displaced person or family at rents within their ability to pay. Such housing units shall be suitable to the needs of such displaced persons or families and must be a decent, safe, sanitary and otherwise standard dwelling; and

(c) provide for the payment of any damages sustained by a retailer, as defined by K.S.A. 79-3702, and amendments thereto, by reason of the liquidation of inventories necessitated by relocation from the STAR bond project district.

**K.S.A. 12-17,174.**

**Excise tax returns or returns or reports of other revenues to be furnished upon request by municipality or Kansas development finance authority; secretary to determine satisfaction of bond debt; "other revenues" defined**

(a) Notwithstanding any other provisions of law to the contrary, copies of all retailers' sales, use and transient guest tax returns and returns or reports of other revenues, if applicable, filed with the secretary of revenue in connection with a STAR bond project area or STAR bond project, for which sales, use and transient guest tax revenues or other revenues are pledged or otherwise intended to be used in whole or in part for the payment of bonds issued to finance project costs in such STAR bond project area, shall be provided by the secretary of revenue to the bond trustee, escrow agent or paying agent for such bonds upon the written request of the city, county or Kansas development finance authority within 15 days of receipt by the secretary of revenue. The bond trustee, escrow agent or paying agent shall keep such retailers' sales, use and transient guest

tax returns or returns or reports of other revenues and the information contained therein confidential, but may use such information for purposes of allocating and depositing such sales, use and transient guest tax revenues or other revenues in connection with the bonds used to finance project costs in such STAR bond project area. Except as otherwise provided herein, the sales, use and transient guest tax returns or returns or reports of other revenues received by the bond trustee, escrow agent or paying agent shall be subject to the provisions of K.S.A. 75-5133 and 79-3614, and amendments thereto.

(b) The secretary of revenue shall determine when the amount of sales tax and other revenues that have been collected and distributed to the bond debt service or reserve fund is sufficient to satisfy all principal and interest costs to the maturity date or dates, of any special obligation bonds issued by a city, county or Kansas development finance authority to finance a STAR bond project. Thereafter, all sales tax and other revenues shall be collected and distributed in accordance with applicable law.

(c) For purposes of this section, "other revenues" includes, but is not limited to, revenues collected pursuant to K.S.A 79-4108 and 79-41a03, and amendments thereto, for purposes of payment of STAR bonds issued for a STAR bond project as defined in K.S.A. 12-17,162(aa)(2), and amendments thereto.

**K.S.A. 12-17,175.**

**Certain STAR bond projects; limitation on authorized issuance of bonds; interest rate**

For projects approved after July 1, 2005, involving the use of financing pursuant to subsection (a)(1)(E) of K.S.A. 12-17,169, and amendments thereto, the secretary shall set a limit on the total amount of such special obligation bonds that may be issued for a STAR bond project. An issue of special obligation bonds must bear interest at a reasonable rate as of the time of sale of the bonds, taking into account such factors as current market conditions, the nature and degree of risk associated with repayment of the bonds and other relevant factors.

**K.S.A. 12-17,176.**

**STAR bond projects using state financing; annual audit at municipality expense, scope; reporting, repayment, when**

(a) STAR bond projects using state sales tax financing pursuant to K.S.A. 12-17,169, and amendments thereto, shall be audited by an independent certified public accountant annually at the expense of the city or county. The audit report shall supplement the annual report required pursuant to K.S.A. 12-17,169, and amendments thereto.

(b) Such audits shall determine whether bond financing obtained under K.S.A. 12-17,169, and amendments thereto, is being used only for authorized purposes. Audit results shall be reported to the house commerce, labor and economic development committee, the senate commerce committee, or successor committees, the governor and the secretaries of commerce and revenue during the legislative session immediately following the audit.

(c) If audit findings indicate that bond funds have been used for unauthorized or ineligible purposes, the city or county shall repay to the bond fund all such unauthorized or ineligible expenditures. Such city or county shall enter into a repayment agreement with the secretary of revenue specifying the terms of such repayment obligation.

**K.S.A. 12-17,177.**

**STAR bond project district containing an auto race track facility; approval; financing, bond issuance, limitations; reporting requirements; secretary to determine satisfaction of bond debt**

(a) The boundaries of any STAR bond project district in a major tourism area including an auto race track facility located in Wyandotte county, shall, without regard to that portion of the district pertaining to the auto race track facility, be as follows: Beginning at the intersection of Interstate 70 and Interstate 435; West along Interstate 70 to 118th Street; North along 118th Street to State Avenue; Northeasterly along proposed relocated State Avenue to 110th Street; North along 110th Street to Parallel Parkway; East along Parallel Parkway to Interstate 435; South along Interstate 435 to Interstate 70.

(b) Any major tourism area may include an additional area not exceeding 400 acres of additional property, excluding roads and highways, in addition to the property necessary for the auto race track facility upon a finding by the governor that the development plan and each project within such additional 400 acre area will enhance the major tourism area. For the development of each project within such additional 400 acre area the city shall select qualified developers pursuant to a request for proposals in accordance with written official procedures approved by the governing body of the city.

(c) Any project within such additional 400 acre area that is financed in whole or in part by special obligation bonds payable from revenues derived from subsection (a)(1)(C), (a)(1)(F) or (a)(1)(G) of K.S.A. 12-17,169, and amendments thereto, shall not be entitled to any real property tax abatements or the revenues described in K.S.A. 12-1775, and amendments thereto.

(d) Any project within such additional 400 acre area must be approved by the governor and construction must be commenced by July 1, 2002.

(e) The maximum principal amount of special obligation bonds issued to fund STAR bond projects within a major tourism area, including any such additional 400 acre area, shall not exceed \$308,000,000, unless the city has secured prior approval from the secretary of commerce and the secretary of revenue. Any special obligation bonds issued for the following purposes shall not be counted toward such limit on the principal amount:

(1) Special obligation bonds issued solely for the purpose of refunding such bonds, either at maturity or in advance of maturity, pursuant to the provisions of K.S.A. 10-116a, and amendments thereto; and

(2) special obligation bonds issued solely to fund reserve funds for such refunding bonds.

(f) Prior to issuing any special obligation bonds for any purpose, the city or county must have the approval of the secretary and the secretary of revenue.

(g) The city or county shall prepare and submit annually to the secretary by October 1 of each year, a report describing the status of any projects within a major tourism area and all other STAR bond projects, including any such additional 400 acre area, any expenditures of the proceeds of special obligation bonds that have occurred since the last annual report and any expenditures of the proceeds of such bonds expected to occur in the future, including the amount of sales tax revenue, how it has been spent, the projected amount of such revenue and the anticipated use of such revenue. The department of commerce shall compile this information and submit a report annually to the governor and the legislature by February 1 of each year.

(h) Any business located in Kansas within 50 miles of a major tourism area that relocates into a major tourism area, including such additional 400 acre area, shall not receive any of the benefits of K.S.A. 12-17,160 et seq., and amendments thereto.



(i) If a city determines that revenues from sources other than property taxes will be sufficient to pay any special obligation bonds issued to finance a STAR bond project for an auto race track facility as described in K.S.A. 12-17,162, and amendments thereto, and the secretary makes a finding that such project will create a major tourism area as defined in K.S.A. 12-17,162, and amendments thereto, all real and personal property, constituting an auto race track facility described in K.S.A. 12-17,162, and amendments thereto, in such STAR bond project district shall be exempt from property taxation for a period ending on the earlier of:

- (1) The date which is 30 years after the date of the finding by the secretary with respect to such major tourism area; or
- (2) the date on which no such special obligation bonds issued to finance such auto race track facility in a major tourism area remain outstanding.

(j) The city which is authorized to issue bonds pursuant to the provisions of K.S.A. 12-17,160 et seq., and amendments thereto, in order to finance a STAR bond project in a major tourism area as defined by K.S.A. 12-17,162, and amendments thereto, shall obtain underwriting services required by the city for the issuance of such bonds pursuant to written proposals received in accordance with this section.

Each city which is authorized to issue such bonds shall establish written official procedures for obtaining underwriting services required for the issuance of such bonds, including specifications for requests for proposals and criteria for evaluation of proposals on a competitive basis. The proposal evaluation criteria shall include factors based on cost, capacity to provide the required services, qualifications and experience.

Prior to the issuance of any such bond to finance a STAR bond project in a major tourism area, the city shall publish notice of a request for proposals to provide the underwriting services that are required by the city with regard to the proposed bond issuance and shall mail requests for proposals to qualified interested parties upon request for such notice. The city shall award contracts for such underwriting services from the proposals received in accordance with the procedures and evaluation criteria adopted by the city for such purpose. A city shall publish such notice in the official newspaper of the city.

(k) A STAR bond project in a major tourism area for an auto race track facility, shall be completed within 30 years from the date the secretary makes the finding that the STAR bond project will create a major tourism area pursuant to subsection (l) of K.S.A. 12-17,162, and amendments thereto.

(l) The maximum maturity on bonds issued to finance projects pursuant to this act shall not exceed 20 years as provided in K.S.A. 12-17,166, and amendments thereto, except that:

- (1) Such maximum period of special obligation bonds not payable from revenues described by subsections (a)(1)(C), (a)(1)(F) and (a)(1)(G) of K.S.A. 12-17,169, and amendments thereto, issued to finance an auto race track facility shall not exceed 30 years; and
- (2) such maximum period, if the governor determines and makes and submits a finding to the speaker of the house of representatives and the president of the senate that a maturity greater than 20 years, but in no event exceeding 30 years, is necessary for the economic feasibility of the financing of an auto race track facility with special obligation bonds payable primarily from revenues described by subsections (a)(1)(C), (a)(1)(F) and (a)(1)(G) of K.S.A. 12-17,169, and amendments thereto, may be extended in accordance with such determination and finding.



(m) The secretary of revenue shall determine when the amount of sales tax and other revenues that have been collected and distributed to the bond debt service or reserve fund is sufficient to satisfy all principal and interest costs to the maturity date or dates, of any special obligation bonds issued by a city or county to finance a STAR bond project in a major tourism area. Thereafter, all sales tax and other revenues shall be collected and distributed in accordance with applicable law.

**K.S.A. 12-17,178.**

**Severability**

If any provision of this act or the application thereof to any persons or circumstances is held invalid, such invalidity shall not affect other provisions or application of the act which can be given effect without the invalid provisions or application and to this end the provisions of this act are declared to be severable.

**K.S.A. 12-17,179.**

**Application of act, by ordinance; expiration of act**

(a) A city that created a redevelopment district in an eligible area that was approved for STAR bonds prior to the effective date of this act for the city of Manhattan Discovery Center on December 28, 2006, and the Schlitterbahn project in Wyandotte county on December 23, 2005, may by ordinance elect to have the provisions of this act applicable to such redevelopment district.

(b) Subject to the provisions of section 61(h) of chapter 5 of the 2020 Session Laws of Kansas, the provisions of this act regarding STAR bond projects shall expire on and after July 1, 2026.

# ***Kansas Department of Commerce***

## ***Guidance to STAR Bond Applications***

The following guidance is offered to applicants seeking to utilize STAR Bond financing as a strategic economic development tool. In order to be considered a major commercial entertainment and tourism area, a proposed project must be capable of being characterized as a statewide and regional destination, and include a high quality innovative entertainment and tourism attraction, containing unique features which will increase tourism, generate significant positive and diverse economic and fiscal impacts and be capable of sustainable development over time. Public benefits must exceed public costs. As a general rule, STAR Bond financing should constitute less than fifty percent of total project costs. Additionally, retail tenants of projects financed by STAR Bonds must comply with all Kansas laws, including the Kansas Affiliate nexus@ law, and collect sales tax on remote sales to Kansas residents.

The following criteria will be evaluated when considering the tourism potential of a proposed project, although the Secretary retains discretion to make exceptions as he may deem appropriate:

1. Visitation:
  - (a) Out-of-state visitation from multiple states should represent a significant portion of total annual visitation to be considered a major, unique, destination attraction. For purposes of this subsection 20% shall be considered a significant portion.
  - (b) A significant portion of total annual visitation should be drawn from greater than 100 miles distant from the attraction community. For purposes of this subsection 30% shall be considered a significant portion.
  - (c) Total annual visitation should compare very favorably to existing attractions in the state, as well as to comparable attractions and markets elsewhere
2. Economic impact:
  - (a) Direct expenditures: visitor spending that directly supports the jobs and incomes of people and firms that deal directly with visitors.
  - (b) Indirect expenditures: changes in sales, incomes or jobs in regional sectors that supply goods and services in support of A direct expenditure@ entities.
  - (c) Induced expenditures: increased sales within the region from the household spending of the income earned in the A direct@ and A indirect@ sectors.
  - (d) Environmental effects: changes in regional quality-of-life indicators as a result of tourism development that impact other sectors.
  - (e) Enabling effects: increasing the ability to attract compatible industries based upon all of the above.
  - (f) Direct job creation: the total number of jobs (distinguished as Full-Time or Part-Time) supported by the target attraction.
3. The unique quality of the project, relative to:
  - (a) The national destination attraction market, and/or
  - (b) A defined regional (multi-state) market area, and/or
  - (c) The Kansas destination attraction market, and/or
  - (d) The ability of the proposed attraction to leverage or utilize the nature, culture or heritage that is unique to Kansas, and/or

(e) The ability of the proposed attraction to capture for Kansas a valuable, national market brand identity (i.e. sports organization, consumer product brand, entertainment brand, etc.)

4. The ability of the project (all things being equal) to capture sufficient market share to:

(a) Remain profitable past the term of repayment

(b) Maintain status as a significant market and travel decision driver

5. Integration and collaboration with other resources and/or businesses, as determined by:

(a) Creation of overnight stays, and/or

(b) Collaboration/competition with other available retail and destination experiences, and/or

(c) The ability of the proposed attraction to leverage and utilize the nature, culture or heritage that is unique to Kansas, and/or

(d) Short and long-term marketing plans, with emphasis upon cluster, niche and cooperative marketing.

6. Quality of service and experience provided, as measured against national consumer standards for the specific target market.

7. Project accountability:

(a) Any and all of the above should be accountable and verifiable according to best industry or comparative practices.

(b) Methodologies should be transparent and detailed.

(c) Third-party verification, wherever possible, is recommended.

# **APPENDIX E**

Community Improvement District Act

K.S.A. 12-6a26 *et seq.*

## COMMUNITY IMPROVEMENT DISTRICT

### **K.S.A. 12-6a26.**

#### **Community improvement district act; purposes of act**

- (a) The provisions of K.S.A. 12-6a26 through 12-6a36, and amendments thereto, shall be known and may be cited as the community improvement district act.
- (b) The powers conferred by this act are for economic development purposes and any other purpose for which public money may be expended.

### **K.S.A. 12-6a27.**

#### **Same; definitions**

As used in this act, and amendments thereto, the following words and phrases shall have the following meanings unless a different meaning clearly appears from the context:

- (a) "Act" means the provisions of K.S.A. 12-6a26 through 12-6a36, and amendments thereto.
- (b) "Assessments" means special assessments imposed and levied pursuant to the provisions of this act.
- (c) "Bonds" means special obligation bonds, special obligation notes, full faith and credit bonds or full faith and credit notes payable solely from the sources described in K.S.A. 12-6a33, and amendments thereto, issued by a municipality in accordance with the provisions of this act.
- (d) "Community improvement district sales tax" means the tax authorized by K.S.A. 12-6a31, and amendments thereto.
- (e) "Consultant" means engineers, architects, planners, attorneys, financial advisors and other persons deemed competent to advise and assist in the planning, making and financing of projects.
- (f) "Cost" means: (1) All costs necessarily incurred for the preparation of preliminary reports, the preparation of plans and specifications, the preparation and publication of notices of hearings, resolutions, ordinances and other proceedings relating to the creation or administration of the district or the issuance of bonds therefore, necessary fees and expenses of consultants, interest accrued on borrowed money during the period of construction and the amount of a reserve fund for the bonds, together with the cost of land, materials, labor, and other lawful expenses incurred in planning and doing any project and may include a charge of not to exceed 5% of the total cost of the project or the cost of work done by the municipality to reimburse the municipality for the services rendered by the municipality in the administration and supervision of such project by its general officers; and (2) in the case of property and projects already owned by the municipality and previously financed by the issuance

of bonds, "cost" means costs authorized by K.S.A. 10-116a, and amendments thereto.

(g) "District" means a community improvement district created pursuant to this act.

(h) "Governing body" means the governing body of a city or the board of county commissioners of a county.

(i) "Municipality" means any city or county.

(j) "Newspaper" means the official newspaper of the municipality.

(k) "Owner" means the owner or owners of record, whether resident or not, of real property within the district.

(l) "Pay-as-you-go financing" means a method of financing in which the costs of a project are financed without notes or bonds, and the costs of such project are thereafter reimbursed as moneys are deposited in the district fund described in K.S.A. 12-6a34, and amendments thereto.

(m) "Project" means:

(1) Any project within the district to acquire, improve, construct, demolish, remove, renovate, reconstruct, rehabilitate, maintain, restore, replace, renew, repair, install, relocate, furnish, equip or extend:

(A) Buildings, structures and facilities;

(B) sidewalks, streets, roads, interchanges, highway access roads, intersections, alleys, parking lots, bridges, ramps, tunnels, overpasses and underpasses, traffic signs and signals, utilities, pedestrian amenities, abandoned cemeteries, drainage systems, water systems, storm systems, sewer systems, lift stations, underground gas, heating and electrical services and connections located within or without the public right-of-way, water mains and extensions and other site improvements;

(C) parking garages;

(D) streetscape, lighting, street light fixtures, street light connections, street light facilities, benches or other seating furniture, trash receptacles, marquees, awnings, canopies, walls and barriers;

(E) parks, lawns, trees and other landscape;

(F) communication and information booths, bus stops and other shelters, stations, terminals, hangers, restrooms and kiosks;

(G) paintings, murals, display cases, sculptures, fountains and other cultural amenities;

(H) airports, railroads, light rail and other mass transit facilities; and

(I) lakes, dams, docks, wharfs, lakes or river ports, channels and levies, waterways and drainage conduits;

(2) within the district, to operate or to contract for the provision of music, news, child-care, or parking lots or garages, and buses, minibuses or other modes of transportation;

(3) within the district, to provide or contract for the provision of security personnel, equipment or facilities for the protection of property and persons;

(4) within the district, to provide or contract for cleaning, maintenance and other services to public or private property;

(5) within the district, to produce and promote any tourism, recreational or cultural activity or special event, including, but not limited to, advertising, decoration of any public place in the district, promotion of such activity and special events and furnishing music in any public place;

(6) within the district, to support business activity and economic development, including, but not limited to, the promotion of business activity, development and retention and the recruitment of developers and business;

(7) within the district, to provide or support training programs for employees of businesses;

(8) to contract for or conduct economic impact, planning, marketing or other studies; and

(9) within or without the district, costs for infrastructure located outside the district but contiguous to any portion of the district and such infrastructure is related to a project within the district or substantially for the benefit of the district.

#### **K.S.A. 12-6a28**

#### **Same; creation of district for financing projects; petition request, contents; findings; establishment of district**

(a) In addition to any other power provided by law and as a complete alternative to all other methods provided by law, the governing body of any municipality may create a district as provided by this act for the purpose of financing projects. Under this section, a municipality may create a district, or may modify a district previously created under this section, upon receipt of a petition that is signed by the owners of all of the land area within the proposed district, and is both (1) seeking financing only by assessments and (2) not seeking the

issuance of full faith and credit bonds pursuant to this act. The petition shall contain:

- (1) The general nature of the proposed project;
- (2) the estimated cost of the project;
- (3) the proposed method of financing the project;
- (4) the proposed amount and method of assessment;
- (5) a map of the proposed district; and
- (6) a legal description of the boundaries of the proposed district.

(b) Names may not be withdrawn from the petitions by the signers thereof after the governing body commences consideration of the petitions or later than seven days after the filing of such petition with the clerk of the municipality, whichever occurs first. The petition shall contain a notice that: (1) The names of the signers may not be withdrawn after such a period of time; and (2) the signers consent to any assessments to the extent described therein without regard to benefits conferred by the project.

(c) Upon filing of the petition pursuant to this section, the governing body may proceed without notice or a hearing to make findings by resolution or ordinance as to the nature, advisability and estimated cost of the project, the boundaries of the district and the amount and method of assessment. Upon making such findings, the governing body by majority vote may authorize the project in accordance with such findings as to the advisability of the project. The resolution or ordinance shall be effective upon publication once in the newspaper.

(d) The district boundaries and the method of financing for the project shall not require that all property that is benefited by the project, whether the benefited property is within or without the district, be included in the district or be subject to an assessment.

(e) Following authorization of the project, the ordinance or resolution establishing the district shall be submitted for recording in the office of the register of deeds of the county in which the district is located.

**K.S.A. 12-6a29.**

**Same; creation of district for financing projects; petition of owners of 55% of land area within proposed district; financing by community improvement district sales tax; contents of petition; public hearing; establishment of district**

(a) In addition to any other power provided by law and as a complete alternative to all other methods provided by law, the governing body of any municipality may create a district as provided by this act for the purpose of financing projects. As an alternative to the requirements and procedures described in K.S.A. 12-



6a28, and amendments thereto, under this section, a municipality may create a district, or may modify a district previously created under this section, upon receipt of a petition that is signed by the owners of more than 55% of the land area within the proposed district, and signed by owners collectively owning more than 55% by assessed value of the land area within the proposed district. Under this section, the petition may be seeking financing in whole or in part by a proposed community improvement district sales tax authorized by K.S.A. 12-6a31, and amendments thereto, or seeking the issuance of full faith and credit bonds authorized by K.S.A. 12-6a36, and amendments thereto, or both. The petition shall contain:

- (1) The general nature of the proposed project;
- (2) the estimated cost of the project;
- (3) the proposed method of financing the project including, if applicable, the issuance of full faith and credit bonds;
- (4) the proposed amount and method of assessment, if any;
- (5) the proposed amount of community improvement district sales tax, if any;
- (6) a map of the proposed district; and
- (7) a legal description of the proposed district.

(b) Names may not be withdrawn from the petitions by the signers thereof after the governing body commences consideration of the petitions or later than seven days after the filing of such petition with the clerk of the municipality, whichever occurs first. The petition shall contain a notice that: (1) The names of the signers may not be withdrawn after such a period of time; and (2) if applicable, the signers consent to any assessments to the extent described therein without regard to benefits conferred by the project.

(c) Upon filing of the petition pursuant to this section, the municipality shall adopt a resolution to give notice of a public hearing on the advisability of creating or modifying the district. Such resolution shall be published at least once each week for two consecutive weeks in the newspaper and shall be sent by certified mail to all owners. The second publication of such resolution shall occur at least seven days prior to the date of hearing and the certified mailed notice shall be sent at least ten days prior to the date of hearing. Such resolution shall contain the following information:

- (1) The time and place of the hearing;
- (2) the general nature of the proposed project;
- (3) the estimated cost of the project;
- (4) the proposed method of financing the project including, if applicable, the issuance of full faith and

credit bonds;

- (5) the proposed amount of the community improvement district sales tax, if any;
- (6) the proposed amount and method of assessment, if any;
- (7) a map of the proposed district; and
- (8) a legal description of the proposed district.

(d) The hearing on the advisability of creating or modifying the district may be adjourned from time to time. Following the hearing or any continuation thereof, the governing body by majority vote may create the district by adoption of an ordinance or resolution. Such ordinance or resolution shall authorize the project, approve the estimated cost of the project, contain the legal description of the district, contain a map of the district, levy the community improvement district sales tax, if applicable, approve the maximum amount and method of assessment, if applicable, and approve the method of financing including, if applicable, the issuance of full faith and credit bonds. Such ordinance or resolution shall become effective upon publication once in the newspaper.

(e) The district boundaries and the method of financing for the project shall not require that all property that is benefited by the project, whether the benefited property is within or without the district, be included in the district or be subject to an assessment or the community improvement district sales tax.

(f) Following authorization of the project, the ordinance or resolution establishing the district shall be submitted for recording in the office of the register of deeds of the county in which the district is located.

#### **K.S.A. 12-6a30.**

#### **Same; special assessments for projects; reduction or elimination of annual installments of assessments; prepayment of assessments**

(a) In addition to any other power provided by law and as a complete alternative to all other methods provided by law, the governing body may make, or cause to be made, projects identified in the petition submitted pursuant to either K.S.A. 12-6a28 or 12-6a29, and amendments thereto, and may levy and collect special assessments upon property in the district and provide for the payment of all or any part of the cost of the project out of the proceeds of such special assessments. If special assessments shall be levied to finance all or a portion of the cost of a project, the municipality shall follow the procedures in K.S.A. 12-6a01 et seq., and amendments thereto, to levy such assessments except that no assessments may be levied against the municipality at large and annual installments of the assessments may be levied as provided in subsection (b).

(b) If the method of financing for the project includes payment from the sources described in subsections (c) or (e) of K.S.A. 12-6a33, and amendments thereto, the ordinance or resolution of the municipality that authorizes the levy of special assessments may provide that the annual installments of such assessment for any year may be reduced or eliminated to the extent that, prior to the date the municipality

certifies the tax levy of the municipality to the county clerk pursuant to K.S.A. 79-1801, and amendments thereto, the municipality has received sufficient funds from the sources described in subsections (c) and (e) of K.S.A. 12-6a33, and amendments thereto, to pay the debt service on any bonds issued under the provisions of this act, and amendments thereto, for the project which would have been paid by such annual installment. The municipality is not required to refund any prepayment of assessments after such prepayment is made to the municipality, and any prepayment of assessments under this section shall be in compliance with the provisions of K.S.A. 10-115, and amendments thereto.

**K.S.A. 12-6a31.**

**Same; community improvement district sales tax; expiration of tax; collection and distribution of tax; community improvement district sales tax fund established; sales and use tax returns provided to certain persons, confidentiality**

(a) In addition to and notwithstanding any limitations on the aggregate amount of the retailers' sales tax contained in K.S.A. 12-187 through 12-197, and amendments thereto, any municipality may impose a community improvement district sales tax on the selling of tangible personal property at retail or rendering or furnishing services taxable pursuant to the provisions of the Kansas retailers' sales tax act, and amendments thereto, within a community improvement district for purposes of financing a project in such district in any increment of 0.10% or 0.25% not to exceed 2% and pledging the revenue received therefrom to pay the bonds issued for the project or to reimburse the cost of the project pursuant to pay-as-you-go financing. In the event bonds are issued to finance a project or refunding bonds issued therefore, the community improvement district sales tax imposed pursuant to this section shall expire no later than the date such bonds shall mature. In the event pay-as-you-go financing is utilized, the community improvement district sales tax shall expire 22 years from the date the state director of taxation begins collecting such tax or when the project bonds or pay-as-you-go costs have been paid. Except as otherwise provided by the provisions of K.S.A. 12-6a27 et seq., and amendments thereto, the tax authorized by this section shall be administered, collected and subject to the provisions of K.S.A. 12-187 through 12-197, and amendments thereto.

(b) Upon receipt of a certified copy of the resolution or ordinance authorizing the levy of the community improvement district sales tax pursuant to this section, the state director of taxation shall cause such tax to be collected in the district at the same time and in the same manner provided for the collection of the state retailers' sales tax. All of the taxes collected under the provisions of this act shall be remitted by the secretary of revenue to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury, and the state treasurer shall credit 2% of all taxes so collected to the community improvement district sales tax administration fund, which fund is hereby established in the state treasury, to defray the expenses of the department of revenue in administration and enforcement of the collection thereof. The aggregate amount of moneys credited to the community improvement district sales tax administration fund shall not exceed \$200,000 in any state fiscal year. The remainder of such taxes shall be credited to the community improvement district sales tax fund, which fund is hereby established in the state treasury. All moneys in the community improvement district sales tax fund shall be remitted at least quarterly by the state treasurer, on instruction from the secretary of revenue, to the treasurers of those municipalities which are qualified to receive disbursements from such fund for the amount collected within such municipality. Any refund due on any

community improvement district sales tax collected pursuant to this section shall be paid out of the community improvement district sales tax refund fund which is hereby established in the state treasury and reimbursed by the director of taxation from collections of the community improvement district sales tax authorized by this section. Community improvement district sales tax received by a municipality pursuant to this section shall be deposited in the community improvement district sales tax fund created pursuant to K.S.A. 12-6a34, and amendments thereto.

(c) Notwithstanding any other provisions of law to the contrary, copies of all retailers' sales and use tax returns filed with the secretary of revenue in connection with a district for which sales or use tax revenues, or both, are pledged or otherwise intended to be used in whole or in part for the payment of bonds issued to finance costs of a project, shall be provided by the secretary of revenue to the bond trustee, escrow agent or paying agent for such bonds upon a written request of the municipality within 15 days of receipt by the secretary of revenue. The bond trustee, escrow agent or paying agent shall keep such retailers' sales and use tax returns and the information contained therein confidential, but may use such information for purposes of allocating and depositing such sales and use tax revenues in connection with the bonds used to finance costs of a project. Except as otherwise provided herein, the sales and use tax returns received by the bond trustee, escrow agent or paying agent shall be subject to the provisions of K.S.A. 79-3614, and amendments thereto.

**K.S.A. 12-6a32.**

**Same; suit to set aside assessments or question validity of proceedings or sales tax limited in time; protest petition limited in time**

No suit to set aside the assessments or otherwise question the validity of the proceedings for the creation of the district or the authorization of the project shall be brought after the expiration of 30 days from the publication of the ordinance or resolution creating the district. No suit to set aside the community improvement district sales tax shall be brought after the expiration of 30 days from the publication of the ordinance or resolution declaring the intent to impose the community improvement district sales tax. No protest petition pertaining to the issuance of full faith and credit bonds, as described in K.S.A. 12-6a36, and amendments thereto, shall be brought after the expiration of 60 days following the date of the public hearing described in K.S.A. 12-6a29, and amendments thereto.

**K.S.A. 12-6a33.**

**Same; sources for payment of costs of project**

The cost of all or a portion of any project authorized pursuant to this act shall be paid from all or any of the following sources:

(a) A pledge of special assessments imposed in the district pursuant to this act which have been paid in full prior to the date set aside by the governing body as provided in K.S.A. 12-6a10, and amendments thereto.

(b) A pledge of special assessments imposed in the district pursuant to this act, to be paid in installments.

(c) A pledge of all of the revenue received from the community improvement district sales tax authorized by K.S.A. 12-6a31, and amendments thereto.

(d) A pledge of a municipality's full faith and credit to use its ad valorem taxing authority for the repayment of full faith and credit bonds issued pursuant to K.S.A. 12-6a36, and amendments thereto.

(e) Any other funds appropriated by the municipality for the purpose of paying project costs including the principal and interest of bonds issued pursuant to this act.

**K.S.A. 12-6a34.**

**Same; creation of separate fund for each district; moneys credited to such funds and use thereof; use of remaining moneys**

A separate fund shall be created for each district and such fund shall be identified by a suitable title. Community improvement district sales tax remitted to the municipality pursuant to K.S.A. 12-6a31, and amendments thereto, special assessments paid to the municipality pursuant to this act, proceeds from the sale of bonds issued pursuant to this act, and any other moneys appropriated by the governing body for the purpose of paying project costs, including the principal of and interest on bonds issued pursuant to this act, shall be credited to such fund. Such fund shall be used solely to pay the cost of the project through either the issuance of bonds or pay-as-you-go financing, and shall not be limited by the estimated cost amount listed in the ordinance or resolution authorizing the project. In the event moneys remain in the fund after the expiration of the community improvement district sales tax, such moneys shall continue to be used solely to pay the cost of the project. Upon payment of all project costs and principal of and interest on any bonds issued for such district, the municipality shall have the authority to spend any moneys remaining in such fund for the purposes for which local sales tax receipts may be spent.

**K.S.A. 12-6a35.**

**Same; special obligation bonds; issuance; loans from transportation revolving fund; not subject to statutory bonded indebtedness limitations**

(a) Any municipality may issue special obligation bonds in one or more series to finance any project in accordance with the provisions of this act. Such bonds shall be made payable, both as to principal and interest solely from a pledge of the sources of funds described in subsections (a), (b), (c) and (e) of K.S.A. 12-6a33, and amendments thereto. Any municipality may also execute and deliver a loan with respect to any project from the Kansas transportation revolving fund pursuant to K.S.A. 75-5063 et seq., and amendments thereto. The municipality may pledge such revenue to the repayment of such bonds or such loans prior to, simultaneously with or subsequent to the issuance of such bonds, except for any revenues received under the provisions of subsection (e) of K.S.A. 12-6a33, and amendments thereto, which revenues are subject to annual appropriation.

(b) Bonds issued pursuant to this section shall not be general obligations of the municipality, give rise to a charge against its general credit or taxing powers, or be payable out of any funds or properties other than any of those set forth in subsections (a), (b), (c) and (e) of K.S.A. 12-6a33, and amendments thereto, and such bonds shall so state on their face. This subsection shall not apply to loans from the Kansas transportation revolving fund pursuant to K.S.A. 75-5063 et seq., and amendments thereto.

(c) Bonds issued pursuant to this section shall be special obligations of the municipality and are declared to be negotiable instruments. Such bonds shall be executed by the authorized representatives of the municipality and sealed with the corporate seal of the municipality. All details pertaining to the issuance of the bonds and terms and conditions thereof shall be determined by ordinance or resolution of the municipality. The provisions of K.S.A. 10-106, and amendments thereto, requiring a public sale of bonds shall not apply to bonds issued under this section. All bonds issued pursuant to this section and all income or interest therefrom shall be exempt from all state taxes except inheritance taxes. Such bonds shall contain none of the recitals set forth in K.S.A. 10-112, and amendments thereto. Such bonds shall contain the following recitals: The authority under which such bonds are issued; that such bonds are in conformity with the provisions, restrictions and limitations thereof and that such bonds and the interest thereon are to be paid from the money and revenue received as provided in this section. Such bonds shall mature in no more than 22 years.

(d) Any municipality issuing bonds under the provisions of this section may refund all or part of such bonds pursuant to the provisions of K.S.A. 10-116a, and amendments thereto.

(e) Bonds issued under the provisions of this section or loans incurred from the Kansas transportation revolving fund pursuant to K.S.A. 75-5063 et seq., and amendments thereto, shall be in addition to and not subject to any statutory limitation of bonded indebtedness imposed on such municipality.

#### **K.S.A. 12-6a36.**

#### **Same; full faith and credit bonds; issuance; applicability of bonded debt limitation; protest petition; loans from transportation revolving fund**

(a) Any municipality may issue full faith and credit bonds in one or more series to finance any project in accordance with the provisions of this act and to refinance or refund any notes or bonds issued pursuant to this act. Bonds issued pursuant to this section shall be general obligations of the municipality and give rise to a charge against its general credit and taxing powers, and such bonds shall so state on their face. Such bonds shall be made payable, both as to principal and interest solely from a pledge of the sources of funds described in K.S.A. 12-6a33, and amendments thereto, including a pledge of a municipality's full faith and credit to use its ad valorem taxing authority for the repayment thereof in the event all other authorized sources of revenue are not sufficient. The municipality may pledge such revenue to the repayment of such bonds prior to, simultaneously with or subsequent to the issuance of such bonds.

(b) Bonds issued pursuant to this section shall be general obligations of the municipality and are declared to be negotiable instruments. Such bonds shall be executed by the authorized representatives of the municipality and sealed with the corporate seal of the municipality. All details pertaining to the issuance of the bonds and terms and conditions thereof shall be determined by ordinance or resolution of the municipality. The provisions of K.S.A. 10-106, and amendments thereto, requiring a public sale of bonds shall not apply to bonds issued under this section. All bonds issued pursuant to this section and all income or interest therefrom shall be exempt from all state taxes except inheritance taxes. Such bonds shall contain the recitals set forth in K.S.A. 10-112, and amendments thereto. Such bonds shall mature in no more than 22 years. Any municipality issuing bonds under the provisions of this section may refund all or part of such bonds pursuant to the provisions of K.S.A. 10-427, and amendments thereto.

(c) The amount of the full faith and credit bonds issued and outstanding under this act which exceeds 3% of the assessed valuation of the municipality shall be within the bonded debt limit applicable to such municipality.

(d) If, within 60 days following the date of the public hearing described in K.S.A. 12-6a29, and amendments thereto, a protest petition signed by 5% of the qualified voters of the municipality is filed with the municipality's clerk in accordance with the provisions of K.S.A. 25-3601 et seq., and amendments thereto, no full faith and credit bonds shall be issued until the issuance of the full faith and credit bonds is approved by a majority of the voters voting at an election thereon. The failure of the voters to approve the issuance of full faith and credit bonds shall not prevent a municipality from issuing special obligation bonds.

(e) The provisions of subsections (b), (c) and (d) shall not apply to loans from the Kansas transportation revolving fund pursuant to K.S.A. 75-5063 et seq., and amendments thereto.

# **APPENDIX F**

HB2304 Local Incentive Reporting

K.S.A. 2024 Supp. 74-50,226



## HB2304 LOCAL INCENTIVE REPORTING

In 2025, Kansas enacted **House Bill 2304**, which mandates greater transparency of local economic development incentive programs. Under the law, local governments must report specified details about programs such as tax increment financing, public improvement districts, redevelopment districts, industrial development bonds, and other incentive vehicles to the Kansas Secretary of Commerce. Those reports are to be posted on a state-managed “economic development incentive program database,” with requirements for format, searchable presentation, and summary reporting. This bill became law on July 1, 2025.

This new requirement builds on the established transparency database managed by the Department of Commerce, which currently reports on all statewide economic development funding and incentive programs. What follows is a brief summary of what the law requires:

- Local jurisdictions only need to report on any active economic development agreements. This information must be shared by July 1, 2026.
  - Community Improvement District
  - Tax Increment Financing
  - Business Improvement Districts
  - Self-Supporting Municipal Improvement Districts
  - Neighborhood Revitalization Act
  - Downtown Redevelopment Act
  - Transportation Development Districts
  - Public Improvement District (there currently are not any in the state)
  - Industrial Revenue Bonds
- Other Economic Development Incentives must be reported to Commerce by July 1, 2028.
  - If there is a local incentive that is not on this list, then it would be considered an “Other Economic Development Incentive”. The local jurisdiction must provide a program description including the creation date, purpose and benchmarks of the program.
- If an agreement is executed after July 1, 2025, the local jurisdiction has 45 days to report the required information to Commerce.

A copy of the bill can be found here:

[https://kslegislature.gov/li/b2025\\_26/measures/documents/hb2304\\_enrolled.pdf](https://kslegislature.gov/li/b2025_26/measures/documents/hb2304_enrolled.pdf)

A summary of the bill can be found here:

[https://kslegislature.gov/li/b2025\\_26/measures/documents/supp\\_note\\_hb2304\\_02\\_0000.pdf](https://kslegislature.gov/li/b2025_26/measures/documents/supp_note_hb2304_02_0000.pdf)



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