

As Amended by House Committee

Session of 2023

HOUSE BILL No. 2387

By Committee on Commerce, Labor and Economic Development

2-9

1 AN ACT concerning economic development; relating to STAR bonds;
2 providing funding to replace lost food sales tax revenue for STAR bond
3 districts established prior to December 31, 2022, and modifying the tax
4 increment definition for such districts; authorizing STAR bond project
5 costs for historic theaters and major amusement parks to include certain
6 additional costs; extending the deadline for the report on STAR bonds
7 by the department of commerce to certain legislative committees;
8 **increasing the limit of financing without the issuance of special**
9 **obligation bonds for rural redevelopment projects;** amending
10 K.S.A. 12-17,162 and 12-17,169 and repealing the existing sections.
11

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

13 New Section 1. (a) Commencing on March 15, 2024, and on the 15th
14 day of each month thereafter, for each STAR bond project district
15 established prior to December 31, 2022, the secretary of revenue shall
16 certify to the director of the budget and the director of accounts and reports
17 the amount of revenue that would have been generated from sales of food
18 and food ingredients if the state rate for the Kansas retailers' sales tax
19 provided in K.S.A. 79-3603, and amendments thereto, and the Kansas
20 compensating use tax provided in K.S.A. 79-3703, and amendments
21 thereto, on the sale of food and food ingredients had been 6.5%. The
22 secretary of revenue shall certify such amounts for the entirety of the
23 month that occurred two months prior.

24 (b) Commencing on March 25, 2024, and on the 25th day of each
25 month thereafter, the director of accounts and reports shall certify to the
26 state treasurer the amounts certified pursuant to subsection (a) for the
27 entirety of the previous month.

28 (c) Commencing on April 1, 2024, and on the 1st day of each month
29 thereafter, the state treasurer shall transfer from the state general fund to
30 the STAR bonds food sales tax revenue replacement fund the aggregate of
31 all amounts certified pursuant to subsection (b). The state treasurer shall
32 pay from the STAR bonds food sales tax revenue replacement fund to the
33 **appropriate city or county bond finance, debt service or reserve** fund
34 the amount determined to account for the revenue that would have been
35 generated as certified pursuant to subsection (b) for each ~~jurisdiction~~
36 **STAR bond project district, as provided by subsection (a), established**

1 **by such city or county.**

2 (d) **The secretary of revenue shall determine with respect to each**
3 **STAR bond district, as provided by subsection (a), when the amount**
4 **of sales tax and other revenues that have been collected and**
5 **distributed to the city or county bond finance, debt service or reserve**
6 **fund, including transfers pursuant to this section, is sufficient to**
7 **satisfy all principal and interest costs to the maturity date or dates, of**
8 **any special obligation bonds issued prior to December 31, 2022, with**
9 **respect to such district. Thereafter, no further certifications or**
10 **transfers of funds as provided by this section shall be made for such**
11 **STAR bond project district.**

12 (e) There is hereby created in the state treasury the STAR bonds food
13 sales tax revenue replacement fund. Such fund shall be administered by
14 the state treasurer. All expenditures from the STAR bonds food sales tax
15 revenue replacement fund shall be made in accordance with appropriations
16 acts upon warrants of the director of accounts and reports issued pursuant
17 to vouchers approved by the state treasurer or the state treasurer's
18 designee.

19 ~~(e)~~(f) This section shall be a part of and supplemental to the STAR
20 bonds financing act.

21 Sec. 2. K.S.A. 12-17,162 is hereby amended to read as follows: 12-
22 17,162. As used in the STAR bonds financing act, unless a different
23 meaning clearly appears from the context:

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

31 (b) "Commence work" means the manifest commencement of actual
32 operations on the development site, such as, erecting a building,
33 excavating the ground to lay a foundation or a basement or work of like
34 description according to an approved plan of construction, with the
35 intention and purpose to continue work until the project is completed.

36 (c) "De minimis" means an amount less than 15% of the land area
37 within a STAR bond project district.

38 (d) "Developer" means any person, firm, corporation, partnership or
39 limited liability company other than a city and other than an agency,
40 political subdivision or instrumentality of the state. "Developer" includes
41 the names of the owners, partners, officers or principals of the developer
42 for purposes of inclusion of the name of the developer into any
43 application, document or report pursuant to this act if such application,

1 document or report is a public record.

2 (e) "Economic impact study" means a study to project the financial
3 benefit of the project to the local, regional and state economies.

4 (f) "Eligible area" means a historic theater, *major amusement park*
5 *area*, major tourism area, major motorsports complex, auto race track
6 facility, river walk canal facility, major multi-sport athletic complex, major
7 business facility or a major commercial entertainment and tourism area as
8 determined by the secretary.

9 (g) "Feasibility study" means a feasibility study as defined in K.S.A.
10 12-17,166(b), and amendments thereto.

11 (h) "Historic theater" means a building constructed prior to 1940 that
12 was constructed for the purpose of staging entertainment, including motion
13 pictures, vaudeville shows or operas, that is operated by a nonprofit
14 corporation and is designated by the state historic preservation officer as
15 eligible to be on the Kansas register of historic places or is a member of
16 the Kansas historic theatre association.

17 (i) "Historic theater sales tax increment" means the amount of state
18 and local sales tax revenue imposed pursuant to K.S.A. 12-187 et seq., 79-
19 3601 et seq. and 79-3701 et seq., and amendments thereto, collected from
20 taxpayers doing business within the historic theater that is in excess of the
21 amount of such taxes collected prior to the designation of the building as a
22 historic theater for purposes of this act.

23 (j) "Major business facility" means a significant business
24 headquarters or office building development designed to draw a substantial
25 number of new visitors to Kansas and that has agreed to provide visitor
26 tracking data to the secretary as requested by the secretary, including, but
27 not limited to, residence zip code information, to be provided or held by
28 the secretary without personally identifiable information. A major business
29 facility shall meet sales tax increment revenue requirements that shall be
30 established by the secretary independent of any associated retail businesses
31 located in the STAR bond project district pursuant to the STAR bond
32 project plan.

33 (k) "Major commercial entertainment and tourism area" means an
34 area that may include, but not be limited to, a major multi-sport athletic
35 complex.

36 (l) "Major motorsports complex" means a complex in Shawnee
37 county that is utilized for the hosting of competitions involving motor
38 vehicles, including, but not limited to, automobiles, motorcycles or other
39 self-propelled vehicles other than a motorized bicycle or motorized
40 wheelchair. Such project may include racetracks, all facilities directly
41 related and necessary to the operation of a motorsports complex,
42 including, but not limited to, parking lots, grandstands, suites and viewing
43 areas, concessions, souvenir facilities, catering facilities, visitor and retail

1 centers, signage and temporary hospitality facilities, but excluding hotels,
2 motels, restaurants and retail facilities not directly related to or necessary
3 to the operation of such facility.

4 (m) "Major tourism area" means an area for which the secretary has
5 made a finding the capital improvements costing not less than
6 \$100,000,000 will be built in the state to construct an auto race track
7 facility.

8 (n) "Major multi-sport athletic complex" means an athletic complex
9 that is utilized for the training of athletes, the practice of athletic teams, the
10 playing of athletic games or the hosting of events. Such project may
11 include playing fields, parking lots and other developments including
12 grandstands, suites and viewing areas, concessions, souvenir facilities,
13 catering facilities, visitor centers, signage and temporary hospitality
14 facilities, but excluding hotels, motels, restaurants and retail facilities, not
15 directly related to or necessary to the operation of such facility.

16 (o) "Market study" means a study to determine the ability of the
17 project to gain market share locally, regionally and nationally and the
18 ability of the project to gain sufficient market share to:

19 (1) Remain profitable past the term of repayment; and

20 (2) maintain status as a significant factor for travel decisions.

21 (p) "Market impact study" means a study to measure the impact of the
22 proposed project on similar businesses in the project's market area.

23 (q) "Museum facility" means a separate newly-constructed museum
24 building and facilities directly related and necessary to the operation
25 thereof, including gift shops and restaurant facilities, but excluding hotels,
26 motels, restaurants and retail facilities not directly related to or necessary
27 to the operation of such facility. The museum facility shall be owned by
28 the state, a city, county, other political subdivision of the state or a non-
29 profit corporation, shall be managed by the state, a city, county, other
30 political subdivision of the state or a non-profit corporation and may not
31 be leased to any developer and shall not be located within any retail or
32 commercial building.

33 (r) "Project" means a STAR bond project.

34 (s) "Project costs" means those costs necessary to implement a STAR
35 bond project plan, including costs incurred for:

36 (1) Acquisition of real property within the STAR bond project area;

37 (2) payment of relocation assistance pursuant to a relocation
38 assistance plan as provided in K.S.A. 12-17,173, and amendments thereto;

39 (3) site preparation including utility relocations;

40 (4) sanitary and storm sewers and lift stations;

41 (5) drainage conduits, channels, levees and river walk canal facilities;

42 (6) street grading, paving, graveling, macadamizing, curbing,
43 guttering and surfacing;

- 1 (7) street light fixtures, connection and facilities;
- 2 (8) underground gas, water, heating and electrical services and
- 3 connections located within the public right-of-way;
- 4 (9) sidewalks and pedestrian underpasses or overpasses;
- 5 (10) drives and driveway approaches located within the public right-
- 6 of-way;
- 7 (11) water mains and extensions;
- 8 (12) plazas and arcades;
- 9 (13) parking facilities and multilevel parking structures devoted to
- 10 parking only;
- 11 (14) landscaping and plantings, fountains, shelters, benches,
- 12 sculptures, lighting, decorations and similar amenities;
- 13 (15) auto race track facility;
- 14 (16) major multi-sport athletic complex;
- 15 (17) museum facility;
- 16 (18) major motorsports complex;
- 17 (19) rural redevelopment project, including costs incurred in
- 18 connection with the construction or renovation of buildings or other
- 19 structures;
- 20 (20) *historic theater, including costs incurred in connection with the*
- 21 *construction or renovation of a historic theater and for any personal*
- 22 *property as defined in K.S.A. 79-102, and amendments thereto;*
- 23 (21) *major amusement park, including costs incurred in connection*
- 24 *with the construction or purchase of amusement rides, as defined in K.S.A.*
- 25 *44-1601, and amendments thereto, and including such amusement rides*
- 26 **within a building or buildings, but excluding costs incurred in**
- 27 **connection with the construction or renovation of such buildings;**
- 28 (22) related expenses to redevelop and finance the project, except that
- 29 for a STAR bond project financed with special obligation bonds payable
- 30 from the revenues described in K.S.A. 12-17,169(a)(1), and amendments
- 31 thereto, such expenses shall require prior approval by the secretary of
- 32 commerce; and
- 33 ~~(21)~~(23) except as specified in paragraphs (1) through ~~(20)~~ (22)
- 34 above, "project costs" does not include:
- 35 (A) Costs incurred in connection with the construction of buildings or
- 36 other structures;
- 37 (B) fees and commissions paid to developers, real estate agents,
- 38 financial advisors or any other consultants who represent the developers or
- 39 any other businesses considering locating in or located in a STAR bond
- 40 project district;
- 41 (C) salaries for local government employees;
- 42 (D) moving expenses for employees of the businesses locating within
- 43 the STAR bond project district;

- 1 (E) property taxes for businesses that locate in the STAR bond project
2 district;
- 3 (F) lobbying costs;
- 4 (G) any bond origination fee charged by the city or county;
- 5 (H) any personal property as defined in K.S.A. 79-102, and
6 amendments thereto; and
- 7 (I) travel, entertainment and hospitality.
- 8 (t) "Projected market area" means any area within the state in which
9 the project is projected to have a substantial fiscal or market impact upon
10 businesses in such area.
- 11 (u) "River walk canal facilities" means a canal and related water
12 features which flow through a major commercial entertainment and
13 tourism area and facilities related or contiguous thereto, including, but not
14 limited to, pedestrian walkways and promenades, landscaping and parking
15 facilities.
- 16 (v) "Rural redevelopment project" means a project that is in an area
17 outside of a metropolitan area with a population of more than 50,000, that
18 is of regional importance, with capital investment of at least \$3,000,000
19 and that will enhance the quality of life in the community and region.
- 20 (w) "Sales tax and revenue" are those revenues available to finance
21 the issuance of special obligation bonds as identified in K.S.A. 12-17,168,
22 and amendments thereto.
- 23 (x) "STAR bond" means a sales tax and revenue bond.
- 24 (y) "STAR bond project" means an approved project to implement a
25 project plan for the development of the established STAR bond project
26 district that:
- 27 (1) (A) Has at least a \$75,000,000 capital investment and
28 \$75,000,000 in projected gross annual sales; or
- 29 (B) for metropolitan areas with a population of between 50,000 and
30 75,000, has at least a \$40,000,000 capital investment and \$40,000,000 in
31 projected gross annual sales, if the project is deemed of high value by the
32 secretary; or
- 33 (2) for areas outside of metropolitan areas with a population of more
34 than 50,000, the secretary finds the project:
- 35 (A) Is an eligible area as defined in subsection (f); and
- 36 (B) would be of regional or statewide importance;
- 37 (3) is a major tourism area as defined in subsection (m);
- 38 (4) is a major motorsports complex, as defined in subsection (l); ~~or~~
- 39 (5) is a rural redevelopment project as defined in subsection (v); *or*
- 40 (6) *is a major amusement park as defined in subsection (hh).*
- 41 (z) "STAR bond project area" means the geographic area within the
42 STAR bond project district in which there may be one or more projects.
- 43 (aa) "STAR bond project district" means the specific area declared to

1 be an eligible area as determined by the secretary in which the city or
2 county may develop one or more STAR bond projects. A "STAR bond
3 project district" includes a redevelopment district, as defined in K.S.A. 12-
4 1770a, and amendments thereto, created prior to the effective date of this
5 act for the Wichita Waterwalk project in Wichita, Kansas, provided, the
6 city creating such redevelopment district submits an application for
7 approval for STAR bond financing to the secretary on or before July 31,
8 2007, and receives a final letter of determination from the secretary
9 approving or disapproving the request for STAR bond financing on or
10 before November 1, 2007. No STAR bond project district shall include
11 real property which has been part of another STAR bond project district
12 unless such STAR bond project and STAR bond project district have been
13 approved by the secretary of commerce pursuant to K.S.A. 12-17,164 and
14 12-17,165, and amendments thereto, prior to March 1, 2016. A STAR bond
15 project district in a metropolitan area with a population of more than
16 50,000, shall be a contiguous parcel of real estate and shall be limited to
17 those areas being developed by the STAR bond project and any area of
18 real property reasonably anticipated to directly benefit from the
19 redevelopment project.

20 (bb) "STAR bond project district plan" means the preliminary plan
21 that identifies all of the proposed STAR bond project areas and identifies
22 in a general manner all of the buildings, facilities and improvements in
23 each that are proposed to be constructed or improved in each STAR bond
24 project area.

25 (cc) "STAR bond project plan" means the plan adopted by a city or
26 county for the development of a STAR bond project or projects in a STAR
27 bond project district.

28 (dd) "Secretary" means the secretary of commerce.

29 (ee) "Substantial change" means, as applicable, a change wherein the
30 proposed plan or plans differ substantially from the intended purpose for
31 which the STAR bond project district plan was approved.

32 (ff) (1) "Tax increment" means that portion of the revenue derived
33 from state and local sales, use and transient guest tax imposed pursuant to
34 K.S.A. 12-187 et seq., 12-1692 et seq., 79-3601 et seq. and 79-3701 et
35 seq., and amendments thereto, collected from taxpayers doing business
36 within that portion of a STAR bond project district occupied by a project
37 that is in excess of the amount of base year revenue. For purposes of this
38 subsection, the base year shall be the 12-month period immediately prior
39 to the month in which the STAR bond project district is established. The
40 department of revenue shall determine base year revenue by reference to
41 the revenue collected during the base year from taxpayers doing business
42 within the specific area in which a STAR bond project district is
43 subsequently established. The base year of a STAR bond project district,

1 following the addition of area to the STAR bond project district, shall be
2 the base year for the original area, and with respect to the additional area,
3 the base year shall be any 12-month period immediately prior to the month
4 in which additional area is added to the STAR bond project district. For
5 purposes of this subsection, revenue collected from taxpayers doing
6 business within a STAR bond project district, or within a specific area in
7 which a STAR bond project district is subsequently established shall not
8 include local sales and use tax revenue that is sourced to jurisdictions other
9 than those in which the project is located. The secretary of revenue and the
10 secretary of commerce shall certify the appropriate amount of base year
11 revenue for taxpayers relocating from within the state into a STAR bond
12 district.

13 (2) *For STAR bond project districts with a base year established*
14 *prior to December 31, 2022, there shall be added to the tax increment an*
15 *amount equal to the amount of state sales and use tax revenue that would*
16 *have been derived from the sale of food and food ingredients within the*
17 *district. For STAR bond project districts established on or after December*
18 *31, 2022, the base year revenue shall not include revenue resulting from*
19 *state sales and use tax on the sale of food and food ingredients within the*
20 *district.*

21 (gg) "Taxpayer" means a person, corporation, limited liability
22 company, S corporation, partnership, registered limited liability
23 partnership, foundation, association, nonprofit entity, sole proprietorship,
24 business trust, group or other entity that is subject to the Kansas income
25 tax act, K.S.A. 79-3201 et seq., and amendments thereto.

26 (hh) ~~"Major amusement park" means a facility containing project~~
27 ~~with amusement rides and attractions that may include restaurants, retail~~
28 ~~establishments, hotels and motels and upon which the secretary has made~~
29 ~~a finding that capital improvements of not less than \$100,000,000 will be~~
30 ~~built in the state to construct the major amusement park.~~

31 (ii) **"Amusement rides" means the same as defined in K.S.A. 44-**
32 **1601, and amendments thereto, and includes such amusement rides**
33 **within a building or buildings but does not include such building or**
34 **buildings.**

35 (jj) *"Major amusement park area" means an area containing a major*
36 *amusement park.*

37 Sec. 3. K.S.A. 12-17,169 is hereby amended to read as follows: 12-
38 17,169. (a) (1) Any city or county shall have the power to issue special
39 obligation bonds in one or more series to finance the undertaking of any
40 STAR bond project in accordance with the provisions of this act. Rural
41 redevelopment projects, as defined in K.S.A. 12-17,162, and amendments
42 thereto, may also be financed without the issuance of special obligation
43 bonds up to an amount not to exceed ~~\$10,000,000~~ **\$25,000,000** for each

1 project. Such special obligation bonds or rural redevelopment project costs
2 shall be made payable, both as to principal and interest:

3 (A) From revenues of the city or county derived from or held in
4 connection with the undertaking and carrying out of any STAR bond
5 project or projects under this act including historic theater sales tax
6 increments;

7 (B) from any private sources, contributions or other financial
8 assistance from the state or federal government;

9 (C) from a pledge of 100% of the tax increment revenue received by
10 the city from any local sales and use taxes, including the city's share of any
11 county sales tax, which are collected from taxpayers doing business within
12 that portion of the city's STAR bond project district established pursuant to
13 K.S.A. 12-17,165, and amendments thereto, occupied by a STAR bond
14 project, except for amounts committed to other uses by election of voters
15 or pledged to bond repayment prior to the approval of the STAR bond
16 project;

17 (D) at the option of the county in a city STAR bond project district,
18 from a pledge of all of the tax increment revenues received by the county
19 from any local sales and use taxes which are collected from taxpayers
20 doing business within that portion of the city's STAR bond project district
21 established pursuant to K.S.A. 12-17,165, and amendments thereto, except
22 for amounts committed to other uses by election of voters or pledged to
23 bond repayment prior to the approval of a STAR bond project;

24 (E) in a county STAR bond project district, from a pledge of 100% of
25 the tax increment revenue received by the county from any county sales
26 and use tax, but excluding any portions of such taxes that are allocated to
27 the cities in such county pursuant to K.S.A. 12-192, and amendments
28 thereto, which are collected from taxpayers doing business within that
29 portion of the county's STAR bond project district established pursuant to
30 K.S.A. 12-17,165, and amendments thereto, occupied by a STAR bond
31 project;

32 (F) from a pledge of all or a portion of the tax increment revenue
33 received from any state sales taxes which are collected from taxpayers
34 doing business within that portion of the city's or county's STAR bond
35 project district occupied by a STAR bond project, except that for any
36 STAR bond project district established and approved by the secretary on or
37 after January 1, 2017, such tax increment shall not include any sales tax
38 revenue from retail automobile dealers, and except that for any STAR
39 bond project district established after July 1, 2021, with existing sales tax
40 revenue at the time the district was established, such pledge shall not
41 exceed 90% of the new tax increment revenue that is in excess of the base
42 existing sales tax revenue received from any state sales taxes;

43 (G) at the option of the city or county and with approval of the

1 secretary, from all or a portion of the transient guest tax of such city or
2 county;

3 (H) at the option of the city or county and with approval of the
4 secretary: (i) From a pledge of all or a portion of increased revenue
5 received by the city or county from franchise fees collected from utilities
6 and other businesses using public right-of-way within the STAR bond
7 project district; or (ii) from a pledge of all or a portion of the revenue
8 received by a city or county from local sales taxes or local transient guest
9 and local use taxes; or

10 (I) by any combination of these methods.

11 The city or county may pledge such revenue to the repayment of such
12 special obligation bonds prior to, simultaneously with, or subsequent to the
13 issuance of such special obligation bonds.

14 (2) Bonds issued under subsection (a)(1) shall not be general
15 obligations of the city or the county, nor in any event shall they give rise to
16 a charge against its general credit or taxing powers, or be payable out of
17 any funds or properties other than any of those set forth in subsection (a)
18 (1) and such bonds shall so state on their face.

19 (3) Bonds issued under the provisions of subsection (a)(1) shall be
20 special obligations of the city or county and are declared to be negotiable
21 instruments. Such bonds shall be executed by the mayor and clerk of the
22 city or the chairperson of the board of county commissioners and the
23 county clerk and sealed with the corporate seal of the city or county. All
24 details pertaining to the issuance of such special obligation bonds and
25 terms and conditions thereof shall be determined by ordinance of the city
26 or by resolution of the county.

27 All special obligation bonds issued pursuant to this act and all income
28 or interest therefrom shall be exempt from all state taxes. Such special
29 obligation bonds shall contain none of the recitals set forth in K.S.A. 10-
30 112, and amendments thereto. Such special obligation bonds shall,
31 however, contain the following recitals: (i) The authority under which such
32 special obligation bonds are issued; (ii) such bonds are in conformity with
33 the provisions, restrictions and limitations thereof; and (iii) that such
34 special obligation bonds and the interest thereon are to be paid from the
35 money and revenue received as provided in subsection (a)(1).

36 (4) Any city or county issuing special obligation bonds under the
37 provisions of this act may refund all or part of such issue pursuant to the
38 provisions of K.S.A. 10-116a, and amendments thereto.

39 (b) (1) Subject to the provisions of subsection (b)(2), any city shall
40 have the power to issue full faith and credit tax increment bonds to finance
41 the undertaking, establishment or redevelopment of any major motorsports
42 complex, as defined in K.S.A. 12-17,162, and amendments thereto. Such
43 full faith and credit tax increment bonds shall be made payable, both as to

1 principal and interest: (A) From the revenue sources identified in
2 subsection (a)(1) or by any combination of these sources; and (B) subject
3 to the provisions of subsection (b)(2), from a pledge of the city's full faith
4 and credit to use its ad valorem taxing authority for repayment thereof in
5 the event all other authorized sources of revenue are not sufficient.

6 (2) Except as provided in subsection (b)(3), before the governing
7 body of any city proposes to issue full faith and credit tax increment bonds
8 as authorized by this subsection, the feasibility study required by K.S.A.
9 12-17,166(b), and amendments thereto, shall demonstrate that the benefits
10 derived from the project will exceed the cost and that the income
11 therefrom will be sufficient to pay the costs of the project. No full faith
12 and credit tax increment bonds shall be issued unless the governing body
13 states in the resolution required by K.S.A. 12-17,166(e), and amendments
14 thereto, that it may issue such bonds to finance the proposed STAR bond
15 project. The governing body may issue the bonds unless within 60 days
16 following the conclusion of the public hearing on the proposed STAR
17 bond project plan a protest petition signed by 3% of the qualified voters of
18 the city is filed with the city clerk in accordance with the provisions of
19 K.S.A. 25-3601 et seq., and amendments thereto. If a sufficient petition is
20 filed, no full faith and credit tax increment bonds shall be issued until the
21 issuance of the bonds is approved by a majority of the voters voting at an
22 election thereon. Such election shall be called and held in the manner
23 provided by the general bond law. The failure of the voters to approve the
24 issuance of full faith and credit tax increment bonds shall not prevent the
25 city from issuing special obligation bonds in accordance with this section.
26 No such election shall be held in the event the board of county
27 commissioners or the board of education determines, as provided in
28 K.S.A. 12-17,165, and amendments thereto, that the proposed STAR bond
29 project district will have an adverse effect on the county or school district.

30 (3) As an alternative to subsection (b)(2), any city which adopts a
31 STAR bond project plan for a major motorsports complex, but does not
32 state its intent to issue full faith and credit tax increment bonds in the
33 resolution required by K.S.A. 12-17,166(e), and amendments thereto, and
34 has not acquired property in the STAR bond project area may issue full
35 faith and credit tax increment bonds if the governing body of the city
36 adopts a resolution stating its intent to issue the bonds and the issuance of
37 the bonds is approved by a majority of the voters voting at an election
38 thereon. Such election shall be called and held in the manner provided by
39 the general bond law. The failure of the voters to approve the issuance of
40 full faith and credit tax increment bonds shall not prevent the city from
41 issuing special obligation bonds pursuant to subsection (a)(1). Any project
42 plan adopted by a city prior to the effective date of this act in accordance
43 with K.S.A. 12-1772, and amendments thereto, shall not be invalidated by

1 any requirements of this act.

2 (4) During the progress of any major motorsports complex project in
3 which the project costs will be financed, in whole or in part, with the
4 proceeds of full faith and credit tax increment bonds, the city may issue
5 temporary notes in the manner provided in K.S.A. 10-123, and
6 amendments thereto, to pay the project costs for the major motorsports
7 complex project. Such temporary notes shall not be issued and the city
8 shall not acquire property in the STAR bond project area until the
9 requirements of subsection (b)(2) or (b)(3), whichever is applicable, have
10 been met.

11 (5) Full faith and credit tax increment bonds issued under this
12 subsection shall be general obligations of the city and are declared to be
13 negotiable instruments. Such bonds shall be issued in accordance with the
14 general bond law. All such bonds and all income or interest therefrom shall
15 be exempt from all state taxes. The amount of the full faith and credit tax
16 increment bonds issued and outstanding which exceeds 3% of the assessed
17 valuation of the city shall be within the bonded debt limit applicable to
18 such city.

19 (6) Any city issuing full faith and credit tax increment bonds under
20 the provisions of this subsection may refund all or part of such issue
21 pursuant to the provisions of K.S.A. 10-116a, and amendments thereto.

22 (c) (1) For each project financed with special obligation bonds
23 payable from the revenues described in subsection (a)(1), the city or
24 county shall prepare and submit to the secretary by October 1 of each year,
25 a report describing the status of any projects within such STAR bond
26 project area, any expenditures of the proceeds of special obligation bonds
27 that have occurred since the last annual report and any expenditures of the
28 proceeds of such bonds expected to occur in the future, including the
29 amount of sales tax revenue, how such revenue has been spent, the
30 projected amount of such revenue, the anticipated use of such revenue and
31 the names of the owners, partners, officers or principals of any developer
32 and of any associated business partners of any developer that are involved
33 in the STAR bond project. The department of commerce shall compile this
34 information and submit a report annually to the governor and the
35 legislature by February 1 of each year.

36 (2) (A) In addition to the report referenced in paragraph (1), the
37 department of commerce, in cooperation with the department of revenue,
38 shall submit a report to the senate commerce committee and the house of
39 *representatives* commerce, labor and economic development committee by
40 ~~January~~ *March* 31 of each session. The report shall include the following
41 information for the last three calendar years and the most current year-to-
42 date information available with respect to each STAR bond district:

43 (i) The gross annual sales, gross annual sales projected pursuant to

1 the STAR bond project plan and feasibility study, gross annual sales
2 required to meet bond debt service requirements and other expenses,
3 amount of sales tax collected and the amount of any "base" sales taxes
4 being allocated to the district;

5 (ii) the total amount of bond payments and other expenses incurred;

6 (iii) the total amount of bonds issued and the balance of the bonds, by
7 district and by project in the district;

8 (iv) the remaining cash balance in the project to pay future debt
9 service and other expenses;

10 (v) any new income producing properties being brought into a district
11 and the base revenue going to the state general fund and incremental sales
12 tax increases going to the district with respect to such properties;

13 (vi) the amount of bonds issued to repay private investors in the
14 project with calculations showing the private and state share of
15 indebtedness;

16 (vii) the percentage of local effort sales tax actually committed to the
17 district compared to the state's share of sales tax percentage committed to
18 the district;

19 (viii) the number of out-of-state visitors to a project and description
20 of the data gathered pursuant to the visitor tracking plan, including, but not
21 limited to, residence zip code data, a discussion of the visitor attraction
22 properties of projects in the districts, and a comparison of the number of
23 out-of-state visitors with the number of in-state visitors; and

24 (ix) if any information or data is not available, an explanation as to
25 why it is not available.

26 (B) Either the senate commerce committee or the house committee on
27 commerce, labor and economic development may amend the information
28 required in the report with additional requests and clarification on a going
29 forward basis.

30 (3) Cities, counties and developers shall provide all information
31 requested by the secretary for the secretary's database as provided by
32 K.S.A. 2022 Supp. 74-50,227, and amendments thereto. If the city or
33 county has a website, a conspicuous link directly to the information
34 pertaining to the city or county's STAR bond project on the secretary's
35 database shall be placed on the city's or county's website. A separate link
36 shall be provided for each STAR bond project of the city or county.

37 (d) The reports pursuant to subsection (c)(1) and (2) shall include a
38 description of all state, federal and local tax incentives that apply within
39 the STAR bond district or to any business located in the district.

40 (e) A city or county may use the proceeds of special obligation bonds
41 or any uncommitted funds derived from sources set forth in this section to
42 pay the bond project costs as defined in K.S.A. 12-17,162, and
43 amendments thereto, to implement the STAR bond project plan.

1 (f) With respect to a STAR bond project district established prior to
2 January 1, 2003, for which, prior to January 1, 2003, the secretary made a
3 finding as provided in subsection (a) that a STAR bond project would
4 create a major tourism area for the state, such special obligation bonds
5 shall be payable both as to principal and interest, from a pledge of all of
6 the revenue from any transient guest, state and local sales and use taxes
7 collected from taxpayers as provided in subsection (a) whether or not
8 revenues from such taxes are received by the city.

9 Sec. 4. K.S.A. 12-17,162 and 12-17,169 are hereby repealed.

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