

CORRECTED
SESSION OF 2014

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2086

As Amended by Senate Committee on
Commerce

Brief*

HB 2086, as amended, would allow costs for infrastructure improvements contiguous to a redevelopment district to be funded by the tax revenues generated from within the district, provided the infrastructure is necessary for the implementation of the redevelopment plan.

The bill also would allow costs for infrastructure contiguous to a community improvement district (CID), including infrastructure costs related to a project within or substantially for the benefit of the CID, to be funded by the tax revenue generated from within the district.

Under current law, in order to be eligible for funding, improvements must be within either type of district.

Cities and counties, under current law, are required to pledge all of their transient guest taxes and local sales and use taxes generated from within either district to make payments on special obligation bonds, if issued. The bill would permit cities and counties to pledge a portion of the revenue to make payments on the bonds.

Background

The Secretary of Commerce spoke in favor of the bill at the House Committee hearing, stating the legislation would

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

give cities and counties greater flexibility in financing and developing their local economies. Allowing a portion of transient, sales, and use taxes to be pledged would conform with similar pledges made from property tax revenue. There was no opponent testimony.

During the Senate Committee hearing, representatives of bond counsel, the League of Kansas Municipalities, the Olathe Chamber of Commerce, and the City of Overland Park spoke in favor of the bill, stating the legislation would give cities and counties greater flexibility in financing and developing their local economies. There was no opponent testimony.

The Senate Committee on Commerce amended the bill to specify infrastructure costs that are related to a CID project, or project costs substantially for the benefit of the CID, also may be paid for using tax revenue generated from within the district. The Committee also made several technical amendments.

According to the fiscal note prepared by the Division of the Budget, in consultation with the League of Kansas Municipalities and the Kansas Association of Counties, the bill, as introduced, would have no fiscal effect on the state. There is a potential for local governments to recover additional costs associated with community improvement and redevelopment districts, but no specific fiscal effect can be estimated.