

**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. 2016 Supp. 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. 2016 Supp. 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. 2016 Supp. 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, 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. 2016 Supp. 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.

**History:** L. 1976, ch. 69, § 5; L. 1979, ch. 52, § 5; L. 1982, ch. 75, § 10; L. 1984, ch. 74, § 5; L. 1988, ch. 78, § 5; L. 1993, ch. 213, § 2; L. 1996, ch. 228, § 5; L. 1997, ch. 162, § 2; L. 1998, ch. 17, § 3; L. 1999, ch. 83, § 5; L. 2001, ch. 103, § 9; L. 2003, ch. 97, § 4; L. 2003, ch. 154, § 6; L. 2004, ch. 183, § 4; L. 2005, ch. 132, § 6; L. 2007, ch. 179, § 26; L. 2010, ch. 156, § 16; L. 2011, ch. 91, § 6; L. 2014, ch. 119, § 3; July 1.

**Revisor's Note:**

Section was amended twice in the 2010 session, see also, 12-1774c.