



**OVERVIEW**

Kansas Sales Tax and Revenue (STAR) Bonds are bonds issued by cities and counties in Kansas for the financing of major commercial entertainment and tourism areas. Such bonds may be secured by and payable from a tax increment that is the portion of the revenue derived from state and local sales, use and transient guest tax collected from taxpayers doing business within that portion of a STAR Bond project district occupied that is in excess of the amount of base year revenue, except that for any STAR bond project district established and approved on or after January 1, 2017, such tax increment shall not include any sales tax revenue from retail automobile dealers. The base year shall be the 12-month period immediately prior to the month in which the district is established. Revenues shall not include local sales and use tax revenue that is sourced to jurisdictions other than those in which the Project is located, without the consent of such city or county. The tax increment shall be captured, placed in a special fund and applied only for the purposes of paying project costs, including repayment of any authorized indebtedness associated with the project. When all project costs, including debt service on bonds, have been paid, the tax increment shall be apportioned to all taxing jurisdictions as before the creation of the district.

The maximum maturity on STAR Bonds is twenty years. As a rule, STAR Bond financing should constitute less than fifty percent of total project costs. Any developer of a STAR Bond project must commence work within two years from the date of adoption of the project plan.

**ELIGIBLE PROJECTS**

Types of projects eligible for STAR Bond financing are:

- In metropolitan areas, STAR Bonds can be used only for projects with at least a \$50 million capital investment and \$50 million in projected gross annual sales.
- Projects located outside of metropolitan areas have no specific financial threshold, but must be of major regional or statewide significance.
- A major commercial entertainment and tourism area as determined by the Secretary of Commerce.

Any project that includes a gambling casino is specifically excluded from eligibility for STAR bonds.

**ELIGIBLE USES FOR STAR BOND PROCEEDS**

All project costs must be approved by the Secretary of Commerce.

<b>Allowable costs:</b>	<b>Costs not allowed, except as shown in the allowable costs column:</b>
<ol style="list-style-type: none"> <li>1. Property acquisition</li> <li>2. Relocation assistance for property owners moving out of the project district.</li> <li>3. Site preparation including utility relocation.</li> <li>4. Sanitary and storm sewers and lift stations</li> </ol>	<ol style="list-style-type: none"> <li>1. Costs incurred in connection with the construction of buildings or other structures.</li> <li>2. Proceeds are not available for fees and commissions paid to real estate agents, financial advisors, or any other consultants who represent the developer</li> </ol>





<ol style="list-style-type: none"> <li>5. Drainage conduits, channels, levees and river walk canal facilities.</li> <li>6. Parking facilities, including multilevel parking structures devoted to parking only.</li> <li>7. Street improvements and drive and driveway approaches in the public right of way</li> <li>8. Water system improvements.</li> <li>9. Plazas and arcades.</li> <li>10. Street light fixtures, connection and facilities.</li> <li>11. Utilities located within the public right-of-way.</li> <li>12. Landscaping, fountains, decorations.</li> <li>13. Sidewalks and pedestrian underpasses or overpasses.</li> <li>14. Auto racetrack facility, major multi-sport athletic complex, museum facility, and major motorsports complex.</li> <li>15. All related expense, subject to prior approval of the Secretary.</li> </ol>	<ol style="list-style-type: none"> <li>or any other business considering locating in, or located in, a redevelopment district.</li> <li>3. Salaries for local government employees.</li> <li>4. Moving expenses for employees of the businesses locating within the redevelopment district.</li> <li>5. Property taxes for businesses that locate in the redevelopment district</li> <li>6. Lobbying costs.</li> <li>7. Bond origination fees paid to the city.</li> <li>8. Any personal property as defined in KSA 79-102.</li> <li>9. Travel, entertainment, and hospitality.</li> </ol>
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**STEPS IN THE STAR BOND PROCESS**

1. A city identifying potential STAR Bond district boundaries.
2. City council setting public hearings to discuss creating the STAR Bond district.
3. The Secretary of Commerce approving the potential district.
4. City council holding public hearings and adopting ordinances to actually create the district.
5. Feasibility studies completed and delivered to the city.
6. Project planning prepared and delivered to the city.
7. The local planning commission reviewing the project.
8. City council setting and holding public hearings to adopt the project plan.
9. City council adopting the project plan.
10. The Secretary of Commerce approving the project plan.
11. Bond documents developed.
12. STAR Bonds issued for project.
13. Project begins.

For more information please review: K.S.A. 12-17,160 et seq.

