

## SENATE BILL No. 417

By Committee on Ways and Means

1-14

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9 AN ACT concerning rural housing; creating the housing development  
10 grant program; exempting certain cities from certain requirements for  
11 rural housing incentive district financing; amending K.S.A. 12-5246  
12 and K.S.A. 2007 Supp. 12-5242, 79-4803 and 79-4804 and repealing  
13 the existing sections.

14  
15 *Be it enacted by the Legislature of the State of Kansas:*

16 Section 1. K.S.A. 2007 Supp. 12-5242 is hereby amended to read as  
17 follows: 12-5242. *Except as otherwise provided, as used in ~~the rural hous-~~*  
18 *ing incentive district act K.S.A. 12-5241 through 12-5251 and sections 3*  
19 *through 9, and amendments thereto, the following words and phrases*  
20 *shall have the following meanings unless a different meaning clearly ap-*  
21 *pears from the context:*

22 (a) “City” means any city incorporated in accordance with Kansas law  
23 with a population of less than 40,000 in a county with a population of less  
24 than 60,000, as certified to the secretary of state by the director of the  
25 division of the budget on the previous July 1 in accordance with K.S.A.  
26 11-201, and amendments thereto;

27 (b) “City housing authority” means any agency of a city created pur-  
28 suant to the municipal housing law, K.S.A. 17-2337 et seq., and amend-  
29 ments thereto.

30 (c) “Corporation” means the Kansas housing resources corporation.

31 ~~(b)~~ (d) “County” means any county organized in accordance with  
32 K.S.A. 18-101 et seq., and amendments thereto, with a population of less  
33 than 40,000, as certified to the secretary of state by the director of the  
34 division of the budget on the previous July 1st in accordance with K.S.A.  
35 11-201, and amendments thereto;

36 ~~(e)~~ (e) “Developer” means the person, firm or corporation responsi-  
37 ble under an agreement with the governing body to develop housing or  
38 related public facilities in a district.

39 ~~(f)~~ (f) “District” means a rural housing incentive district established  
40 in accordance with this act.

41 ~~(g)~~ (g) “Governing body” means the board of county commissioners  
42 of any county or the mayor and council, mayor and commissioners or  
43 board of commissioners, as the laws affecting the organization and status

1 of cities affected may provide;

2 (h) “Housing development activities” means the construction or re-  
3 habilitation of infrastructure necessary to support construction of new  
4 residential dwellings and the actual construction of such residential dwell-  
5 ings, if such construction is conducted by a city housing authority.

6 ~~(f)~~ (i) “Secretary” means the secretary of commerce of the state of  
7 Kansas.

8 ~~(g)~~ (j) “Real property taxes” means and includes all taxes levied on  
9 an ad valorem basis upon land and improvements thereon.

10 ~~(h)~~ (k) “Taxing subdivision” means the county, the city, the unified  
11 school district, and any other taxing subdivision levying real property  
12 taxes, the territory or jurisdiction of which includes any currently existing  
13 or subsequently created rural housing incentive district.

14 Sec. 2. K.S.A. 12-5246 is hereby amended to read as follows: 12-  
15 5246. (a) At the public hearing, a representative of the city or county shall  
16 present the proposed plan for the development or renovation of housing  
17 in the proposed district. Each project proposed for the district shall be  
18 identified and explained. At the hearing the developer or developers that  
19 have contracted with the city to undertake such project shall be identified  
20 and present in person or through such developer’s representative. Fol-  
21 lowing the presentation, all interested persons shall be given an oppor-  
22 tunity to be heard. The governing body for good cause shown may recess  
23 such hearing to a time and date certain, which shall be fixed in the pres-  
24 ence of persons in attendance at the hearing.

25 (b) Upon the conclusion of the public hearing, the governing body  
26 may adopt the plan for the district and may establish the district by or-  
27 dinance or, in the case of any county, by resolution. The boundaries of  
28 such district shall not include any area not designated in the notice re-  
29 quired by K.S.A. 12-5245. Any addition of area to the district or any  
30 substantial change to the plan shall be subject to the same procedure for  
31 public notice and hearing as required for the initial establishment of the  
32 district.

33 (c) The ordinance or resolution establishing the district shall be null  
34 and void if, within 30 days following the conclusion of the hearing:

35 (1) The board of education levying taxes on such property determines  
36 by resolution that the proposed district will have an adverse effect on  
37 such school district;

38 (2) the governing body of any city located within three miles of  
39 [the]district proposed to be established by a county determines by ordi-  
40 nance that the proposed district will have an adverse effect on such city;  
41 or

42 (3) the board of county commissioners of the county in which a city  
43 governing body proposes to establish such a district *determines by reso-*

1 *lution that the proposed district will have an adverse effect on such*  
2 *county.*

3 New Sec. 3. (a) Any city that prior to July 1, 2013, is located, in whole  
4 or in part, within the boundaries of a county designated by the United  
5 States federal emergency management agency under major disaster dec-  
6 laration FEMA-1711-DR or FEMA-1699, as eligible to receive individual  
7 or public assistance from the United States federal government that de-  
8 sires to designate a rural housing incentive district pursuant to this act  
9 shall be exempt from the provisions of subsection (c) of K.S.A. 12-5244,  
10 subsections (b), (c) and (d) of K.S.A. 12-5245 and K.S.A. 12-5246, and  
11 amendments thereto, and may adopt a plan for a designated rural housing  
12 incentive district without the approval of the secretary and without con-  
13 ducting a public hearing on such proposed plan.

14 (b) For any city in a county declared by the governor to be a state of  
15 disaster after January 1, 2008, if the governor finds that such disaster  
16 resulted in the destruction of a significant amount of residential housing  
17 in such city the governor may designate such city to exercise the exemp-  
18 tion authorized by subsection (a) for a period of five years from the date  
19 of the declaration of a state of disaster.

20 (c) Nothing in this section shall be construed so as to exempt a city  
21 from any other requirement set forth in this act, or to limit any of the  
22 rights, duties and privileges of a city under any other provisions of this  
23 act.

24 New Sec. 4. (a) The corporation is hereby authorized to develop a  
25 program of grants to cities to carry out housing development activities in  
26 accordance with the provisions of this act. Cities to be awarded grants  
27 pursuant to this act shall be selected by the corporation in accordance  
28 with rules and regulations adopted by the president of the corporation.

29 (b) A city shall submit a request for grant funds to the corporation in  
30 a form and manner prescribed by the corporation. Such request shall  
31 include a statement of such city's proposed housing development activi-  
32 ties, projected use of grant funds and any other information related to  
33 the grant required by the corporation.

34 (c) As part of any request for grant funds the requesting city shall  
35 certify to the corporation that the city will provide matching funds in an  
36 amount equal to at least 10% of the total amount of funds granted to the  
37 city by the corporation if the grant funds are to be used for construction  
38 or rehabilitation of infrastructure, and at least 50% of the total amount  
39 of funds granted if the grant funds are to be used by a city housing  
40 authority for purposes other than construction or rehabilitation of infra-  
41 structure, or in-kind labor and services with an equivalent value and that  
42 the city will comply with all other provisions of this act and abide by all  
43 federal, state and local laws.

- 1 (d) The president of the corporation shall adopt rules and regulations  
2 regarding the application procedure, grant periods, grant evaluation and  
3 reporting criteria, the filing of forms that support the request for grant  
4 awards, the method and manner of payment of grant funds to any city,  
5 and any other matter necessary to carry out the provisions of this act.
- 6 New Sec. 5. (a) Each city shall submit to the corporation, at a time  
7 determined by the corporation, a performance and evaluation report con-  
8 cerning the use of grant funds made available under this act, together  
9 with an assessment by the city of the relationship of such use to the  
10 housing development activities identified in the city's statement under  
11 subsection (b) of section 4, and amendments thereto. The city's report  
12 shall indicate an evaluation of the housing development activities, the  
13 nature of and reasons for any changes in such activities and an evaluation  
14 of the use of the grant funds for such activities. The corporation shall, at  
15 least on an annual basis, make such reviews and audits as may be nec-  
16 essary or appropriate to determine:
- 17 (1) Whether the city has carried out its housing development activi-  
18 ties in a timely manner;
- 19 (2) whether the city has carried out those activities and its certifica-  
20 tions in accordance with the requirements of this act and all federal, state  
21 and local laws; and
- 22 (3) whether the city has a continuing capacity to carry out those ac-  
23 tivities in a timely manner.
- 24 (b) Insofar as they relate to grant funds provided under this act, the  
25 financial transactions of cities may be audited under such rules and reg-  
26 ulations as may be adopted by the corporation. The corporation shall  
27 report the final results of any audits conducted pursuant to this section  
28 to the state legislature, the governor and the secretary of revenue during  
29 the legislative session immediately following the audit.
- 30 New Sec. 6. (a) The proceeds of any grant funds received pursuant  
31 to this act may only be used for expenditures incurred in carrying out  
32 housing development activities.
- 33 (b) No more than \$50,000 shall be expended out of grant funds  
34 awarded pursuant to this act on the construction of a single-family resi-  
35 dential dwelling by a city housing authority, excluding infrastructure costs.
- 36 New Sec. 7. (a) There is hereby established in the state treasury the  
37 housing development grant program fund. All moneys credited to such  
38 fund shall be used only for the awarding of grants pursuant to sections 4  
39 through 6, and amendments thereto. Such fund shall be administered in  
40 accordance with the provisions of sections 4 through 6, and amendments  
41 thereto, and the provisions of appropriation acts.
- 42 (b) All expenditures from the housing development grant program  
43 fund shall be made in accordance with appropriation acts upon warrants

1 of the director of accounts and reports issued pursuant to vouchers ap-  
2 proved by the president of the Kansas housing resources corporation.

3 (c) On July 1 of each year, or as soon thereafter as sufficient moneys  
4 are available, \$4,000,000 credited to the state gaming revenues fund shall  
5 be transferred and credited to the housing development grant program  
6 fund established by subsection (a).

7 (d) On or before the 10th of each month, the director of accounts  
8 and reports shall transfer from the state general fund to the housing  
9 development grant program fund interest earnings on:

10 (1) The average daily balance of moneys in the housing development  
11 grant program fund for the preceding month; and

12 (2) the net earnings rate for the pooled money investment portfolio  
13 for the preceding month.

14 New Sec. 8. For purposes of sections 4 through 8, and amendments  
15 thereto, the term "city" means any city that prior to July 1, 2011, is lo-  
16 cated, in whole or in part, within the boundaries of a county designated  
17 by the United States federal emergency management agency under major  
18 disaster declaration FEMA-1711-DR or FEMA-1699, as eligible to re-  
19 ceive individual or public assistance from the United States federal gov-  
20 ernment, or designated exempt by the governor pursuant to section 3,  
21 and amendments thereto. On or after July 1, 2011, "city" shall mean any  
22 city incorporated in accordance with Kansas law with a population of less  
23 than 40,000 in a county with a population of less than 60,000, as certified  
24 to the secretary of state by the director of the division of the budget on  
25 the previous July 1 in accordance with K.S.A. 11-201, and amendments  
26 thereto.

27 New Sec. 9. The provisions of sections 3 through 9 are hereby made  
28 a part of and supplemental to the Kansas rural housing incentive district  
29 act.

30 Sec. 10. K.S.A. 2007 Supp. 79-4803 is hereby amended to read as  
31 follows: 79-4803. (a) After the transfer of moneys pursuant to K.S.A. 2007  
32 Supp. 79-4806 *and section 7*, and amendments thereto:

33 (1) An amount equal to 10% of the balance of all moneys credited to  
34 the state gaming revenues fund shall be transferred and credited to the  
35 correctional institutions building fund created pursuant to K.S.A. 76-6b09  
36 and amendments thereto, to be appropriated by the legislature for the  
37 use and benefit of state correctional institutions as provided in K.S.A. 76-  
38 6b09 and amendments thereto; and

39 (2) an amount equal to 5% of the balance of all moneys credited to  
40 the state gaming revenues fund shall be transferred and credited to the  
41 juvenile detention facilities fund.

42 (b) There is hereby created in the state treasury the juvenile deten-  
43 tion facilities fund which shall be administered by the commissioner of

1 juvenile justice. The Kansas advisory group on juvenile justice and delin-  
2 quency prevention shall review and make recommendations concerning  
3 the administration of the fund. All expenditures from the juvenile deten-  
4 tion facilities fund shall be for the retirement of debt of facilities for the  
5 detention of juveniles; or for the construction, renovation, remodeling or  
6 operational costs of facilities for the detention of juveniles in accordance  
7 with a grant program which shall be established with grant criteria de-  
8 signed to facilitate the expeditious award and payment of grants for the  
9 purposes for which the moneys are intended. "Operational costs" shall  
10 not be limited to any per capita reimbursement by the commissioner of  
11 juvenile justice for juveniles under the supervision and custody of the  
12 commissioner but shall include payments to counties as and for their costs  
13 of operating the facility. The commissioner of juvenile justice shall make  
14 grants of the moneys credited to the juvenile detention facilities fund for  
15 such purposes to counties in accordance with such grant program. All  
16 expenditures from the juvenile detention facilities fund shall be made in  
17 accordance with appropriation acts upon warrants of the director of ac-  
18 counts and reports issued pursuant to vouchers approved by the com-  
19 missioner of juvenile justice or the commissioner's designee.

20 Sec. 11. K.S.A. 2007 Supp. 79-4804 is hereby amended to read as  
21 follows: 79-4804. (a) After the transfer of moneys pursuant to K.S.A. 2007  
22 Supp. 79-4806 and section 7, and amendments thereto, an amount equal  
23 to 85% of the balance of all moneys credited to the state gaming revenues  
24 fund shall be transferred and credited to the state economic development  
25 initiatives fund. Expenditures from the state economic development ini-  
26 tiatives fund shall be made in accordance with appropriations acts for the  
27 financing of such programs supporting and enhancing the existing eco-  
28 nomic foundation of the state and fostering growth through the expansion  
29 of current, and the establishment and attraction of new, commercial and  
30 industrial enterprises as provided by this section and as may be authorized  
31 by law and not less than  $\frac{1}{2}$  of such money shall be distributed equally  
32 among the congressional districts of the state. Except as provided by sub-  
33 section (g), all moneys credited to the state economic development ini-  
34 tiatives fund shall be credited within the fund, as provided by law, to an  
35 account or accounts of the fund which are created by this section.

36 (b) There is hereby created the Kansas capital formation account in  
37 the state economic development initiatives fund. All moneys credited to  
38 the Kansas capital formation account shall be used to provide, encourage  
39 and implement capital development and formation in Kansas.

40 (c) There is hereby created the Kansas economic development re-  
41 search and development account in the state economic development ini-  
42 tiatives fund. All moneys credited to the Kansas economic development  
43 research and development account shall be used to promote, encourage

1 and implement research and development programs and activities in Kan-  
2 sas and technical assistance funded through state educational institutions  
3 under the supervision and control of the state board of regents or other  
4 Kansas colleges and universities.

5 (d) There is hereby created the Kansas economic development en-  
6 dowment account in the state economic development initiatives fund. All  
7 moneys credited to the Kansas economic development endowment ac-  
8 count shall be accumulated and invested as provided in this section to  
9 provide an ongoing source of funds which shall be used for economic  
10 development activities in Kansas, including but not limited to continuing  
11 appropriations or demand transfers for programs and projects which shall  
12 include, but are not limited to, specific community infrastructure projects  
13 in Kansas that stimulate economic growth.

14 (e) Except as provided in subsection (f), the director of investments  
15 may invest and reinvest moneys credited to the state economic develop-  
16 ment initiatives fund in accordance with investment policies established  
17 by the pooled money investment board under K.S.A. 75-4232, and  
18 amendments thereto, in the pooled money investment portfolio. All mon-  
19 eys received as interest earned by the investment of the moneys credited  
20 to the state economic development initiatives fund shall be deposited in  
21 the state treasury and credited to the Kansas economic development en-  
22 dowment account of such fund.

23 (f) Moneys credited to the Kansas economic development endow-  
24 ment account of the state economic development initiatives fund may be  
25 invested in government guaranteed loans and debentures as provided by  
26 law in addition to the investments authorized by subsection (e) or in lieu  
27 of such investments. All moneys received as interest earned by the in-  
28 vestment under this subsection of the moneys credited to the Kansas  
29 economic development endowment account shall be deposited in the  
30 state treasury and credited to the Kansas economic development endow-  
31 ment account of the state economic development initiatives fund.

32 (g) In each fiscal year, the director of accounts and reports shall make  
33 transfers in equal amounts on July 15 and January 15 which in the aggre-  
34 gate equal \$2,000,000 from the state economic development initiatives  
35 fund to the state water plan fund created by K.S.A. 82a-951, and amend-  
36 ments thereto, except that the aggregate amount of the transfers on such  
37 dates during state fiscal year 2004 shall not exceed \$1,900,000. No other  
38 moneys credited to the state economic development initiatives fund shall  
39 be used for: (1) Water-related projects or programs, or related technical  
40 assistance; or (2) any other projects or programs, or related technical  
41 assistance, which meet one or more of the long-range goals, objectives  
42 and considerations set forth in the state water resource planning act.

43 Sec. 12. K.S.A. 12-5246 and K.S.A 2007 Supp. 12-5242, 79-4803 and

1 79-4804 are hereby repealed.

2 Sec. 13. This act shall take effect and be in force from and after its  
3 publication in the Kansas register.