

BPA

Approved: April 30, 1997
Date

MINUTES OF THE HOUSE TOURISM COMMITTEE.

The meeting was called to order by Chairperson Barbara P. Allen at 1:00 p.m. on March 31, 1997 in Room 522-S of the Capitol.

All members were present except: Rep. Wilk - excused
Rep. Adkins - excused
Rep. Presta - excused
Rep. Sawyer - excused
Rep. Toelkes - excused

Committee staff present: Carolyn Rampey, Legislative Research Department
Tom Severn, Legislative Research Department
Renaë Jefferies, Revisor of Statutes
Nancy Kirkwood, Committee Secretary

Conferees appearing before the committee: Senator Karin Brownlee
Lt. Governor Gary Sherrer
Senator Gary Steineger
Skip Palmer, President, The Wonderful World of Oz
William Sneed, Legislative Counsel, International Speedway Corporation
Bob Marcusse, President, Kansas City Area Development

Others attending: See attached list

Chairperson Allen brought the committee's attention to the hearing of **SB325- Use of tax increment financing and SB337 expansion of enterprise zone law.**

Chairperson Allen recognized Senator Brownlee as a proponent of **SB325** and **SB337**. Senator Brownlee said these bills would work for Kansas for the economic benefit it would provide(**Attachment 1**).

Senator Chris Steineger, proponent of **SB325** and **SB337** was recognized by Chairperson Allen. He offered an amendment to **SB325** that would make it inapplicable to an enterprise zone already subject to a development agreement by a developer who is proposing to meet the \$300 million threshold(**Attachment 2**).

Chairperson Allen recognized Steve Kelly, proponent of **SB325**. Steve said the KDOCH supports both **SB325** and **SB337** from the standpoint of tourism development in Kansas (**Attachment 3**)

Lt. Governor Gary Sherrer was recognized by Chairperson Allen to address the committee. He stated that this is an issue, if the bills are enacted, which would bring benefit to the people of the state and to the economy of the state.

Chairperson Allen recognized Bill Sneed a proponent of **SB325** and **SB337** (**Attachment 4**).

Bob Marcusse, a proponent of **SB325** and **SB337**, was recognized by Chairperson Allen. Mr Marcusse stated there is a very sincere interest in the Kansas City area. Kansas City is very interested in this activity in both states of Kansas and Missouri. They are very interested in the legislative activity in both states as well. In both states there is an area to create a more favorable climate that would make a significant difference in bridging that final gap. He stated that Kansas may be behind in that Missouri already has this type of legislation in place. These two bills would bridge the gap between the two states.

Chairperson Allen recognized Skip Palmer as a proponent of **SB325** (**Attachment 5**)

Chairperson Allen asked Lynne Holt, Legislative Research, to explain the bills as she had been in on the Senate Committee meetings regarding **SB325** and **SB337**.

Chairperson Allen closed the hearings on **SB325 use of tax increment financing to assist in development of a major tourist attraction. and SB337 expansion of enterprise zone law.**

Chairperson Allen informed the committee they would be meeting tomorrow upon first adjournment. The meeting adjourned at 1:40 p.m.



KARIN BROWNLEE
SENATOR, 23RD DISTRICT
JOHNSON & MIAMI COUNTIES
1232 S. LINDENWOOD DR.
OLATHE, KANSAS 66062



TOPEKA

SENATE CHAMBER

COMMITTEE ASSIGNMENTS
COMMERCE
FINANCIAL INSTITUTIONS
AND INSURANCE
UTILITIES
JOINT COMMITTEES:
ARTS & CULTURAL RESOURCES
CLAIMS AGAINST THE STATE
HOME Email: brownlee@wwi.net
Email: sen_karin_brownlee@ksleg.state.ks.us

DURING SESSION
STATE CAPITOL—143-N
TOPEKA, KANSAS 66612-1504
782-5000; 913-296-7358
HOTLINE 1-800-432-3924

TESTIMONY BEFORE HOUSE TOURISM COMMITTEE:
In support of SB 325 & SB 327

BY: Senator Karin Brownlee

Thank you for the opportunity to speak before this committee. I originally introduced these bills because International Speedway Corporation was considering a sight close to Gardner, in my Senate district. The community of Gardner did not feel the NASCAR Speedway was a good match for their way of life.

Wyandotte County has indicated their interest in a NASCAR Speedway and for their benefit I pursue this legislation. Both bills carefully spell out the eight-digit SIC code (specially for a raceway) to qualify for the TIF and Enterprise Zone benefits. I view this as permissive legislation which would encourage this major tourism attraction to locate in Kansas

The economic benefit to our state, should this project locate here would be tremendous. At the Alabama ISC raceway, hotels/motels within a two hour driving radius are filled.

Here are a few quick figures which indicate how revenue can be anticipated to be generated by this project:

ANNUAL TOURISM *OUTSIDE* SPEEDWAY FACILITY--\$17 million in expenditures.

ANNUAL TOURISM *INSIDE* SPEEDWAY FACILITY--\$28.82 million in retail sales.

DAYTONA area has a 90-95% ticket renewal.

TICKET BUYERS from Kansas to Daytona total 4,000.

TICKET BUYERS from Missouri to Daytona total 5,000.

Thank you for hearing this testimony in support of the NASCAR project for Wyandotte County.

Senator Karin Brownlee
District 23

House Tourism
03-31-97
Attachment 1

THE WONDERFUL WORLD OF OZ

AN OZ ENTERTAINMENT COMPANY



Skip Palmer

President

3176 Woodview Ridge Drive #208 Kansas City, Kansas 66103
Tel. 913-789-8065 • skip@ozco.com • Fax 913-671-7936

We are here to support tourism

- we support development of other major attractions in addition to OZ
- we would support a race track
- we are deeply appreciative of the efforts by the state to encourage use of STAR bonds to foster tourist development

We are also here to express concern about 325, as currently drafted. Our concerns are threefold

First:

- Nascar has declared their intention to put their track in exactly the same location as we have planned to put OZ
- By lowering the \$300 million threshold under which OZ has been working to \$100 million for Nascar, the legislation crates very substantial risk that we will have to move the OZ project to an alternate location.
 - We have offered to include Nascar in our plan and to work together in land planning issues, but they have declined
 - Land planning and development for project of this magnitude are so complex that we would be reluctant to get into a competitive development effort with Nascar
 - Our investors would probably then have us focus on our alternate site

Second:

- We feel 325 may set a bad precedent by encouraging developers to seek special legislation for specific projects
- What would prevent a small theme park developer from coming next year to request a lower threshold for a theme park, or a destination mall developer for a lower threshold for a destination mall

Third:

- Our land use plan is predicated on making land available to accommodate additional, complimentary development
- We have worked for over a year with Kansas City Kansas on creating a tourist district that would reflect the quality of a multi-attraction, multi-hotel destination
- No changes to the existing STAR bond legislation are necessary for that plan to work, and we already have interest from major developers in joining us
- 325 as written reduces the incentive for developers to work together to create a truly national destination

We would think all these issue could be solved by amending 325 to make it inapplicable to an enterprise zone already subject to a development agreement by a developer who is proposing to meet the \$300 million threshold.

House Tourism
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Attachment 2

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON TOURISM
THE KANSAS DEPARTMENT OF COMMERCE & HOUSING
STEVE KELLY, DIRECTOR, BUSINESS DEVELOPMENT DIVISION
MARCH 31, 1997**

Madame Chair and members of the Committee. I am here today as a conferee on Senate Bill 325, an act involving expanded use of tax increment financing as a vehicle to support tourism development.

Tax increment financing is a tool which provides a local jurisdiction the ability to pledge certain incremental revenues, obtained following development or redevelopment of a designated area, to retire debt incurred in the development of the property. Tax increment financing in Kansas was originally designed to address the infrastructure needs associated with the redevelopment of blighted areas. In recent years TIF has been recognized as having potential for other types of development and, alternative uses have been proposed. Changes made in TIF legislation several years ago, dealing with the "Land of Oz" theme park in Wyandotte County, provide an example of a specific tourism-related activity which the Legislature supported through changes in the TIF statute. This financing vehicle allowed the project to, in a sense, pay its own way, as taxes collected from development stimulated by this financing are used to pay off debt.

Our agency has been working for several months with an organization in the automobile racing field that has expressed a keen interest in the development of a major auto racing facility in the Kansas City area as part of their strategic plan for growth and expansion into new markets. There has been considerable press coverage on this proposed facility and International Speedway Corporation, the owner of the Daytona 500 speedway and several

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Attachment 3*

other major auto racing facilities in the country, is publicly known to be the prospect.

International Speedway Corporation is the parent of the NASCAR racing series which has enjoyed tremendous growth over the past several years. The company is looking at both sides of the state line and there are several sites in Kansas that have been considered for the facility.

A track of this type has been proven to have very significant impacts on tourism visitation and revenues in other markets and it would most certainly be viewed as a premier tourism opportunity for Kansas. Initial plans call for a 75,000 seat stadium with a facility design that would allow for a doubling of facility capacity, an indication of the International Speedway's long term strategy. The infrastructure requirements for such a project can be quite high, far beyond the levels that a local unit can absorb, or that an agency such as ours can impact within our limitations of program funding.

We support the use of tax increment financing as a vehicle for the promotion of such tourism oriented development. The language in this bill would identify businesses using the 8 digit code 7948-0201 (auto race tracks) with a capital investment of at least \$100 million as eligible projects for tax increment financing. We recognize that future opportunities will undoubtedly, wherein TIF financing can be an important tool is assuring projects important to the State can progress. We think that over the long term, an approach that allows for consideration of projects that meet certain state objectives and criteria, without the need for specific changes to legislation as new opportunities arise is appropriate.

While such comprehensive legislation is certainly the long term goal, a review of tourism opportunities and the thresholds and impacts for TIF should be made before a major

change in existing legislation is sought. While we share the interest of the Committee in a comprehensive long term solution to this issue, the International Speedway timeline does not allow the luxury of a longer term review to determine the appropriate breadth and focus of such an incentive. It is our view that the changes necessary to allow the International

Speedway Corporation to use TIF financing on the project must be made now. Without this sort of financing vehicle it is doubtful whether Kansas can stay in contention for the project.

We believe that SB235 provides a vehicle that allows the state a funding option for this major tourism opportunity. We ask that the Committee favorably consider passage of SB325.

MEMORANDUM

TO: The Honorable Barbara Allen
House Tourism Committee

FROM: William W. Sneed, Legislative Counsel
International Speedway Corporation

DATE: March 31, 1997

RE: SB 337

Madame Chair, members of the Committee, my name is Bill Sneed and I appear today on behalf on International Speedway Corporation (ISC), a corporation promoting motor sports entertainment. We appreciate this opportunity to present testimony today on SB 337.

ISC is a publicly held company, and ISC and its subsidiaries are predominantly sports-oriented, producing and conducting major motor sports in the form of stock car, sports car, motorcycle and go cart racing events for spectators. ISC owns Daytona International Speedway in Daytona Beach, Florida; Darlington Raceway in Darlington, South Carolina; Talladega Super Speedway in Talladega, Alabama; and Watkins Glen International in upstate New York. The corporation also manages Tucson (Arizona) Raceway Park. Attached to my testimony is a brief history of ISC for your review.

SB 337 is an amendment to K.S.A. 1996 Supp. 74-50,114 and is a companion bill to SB 325. As was noted in SB 325, the definition of nonmanufacturing business found on page 2 of the bill is being amended to include the standard industrial classification code 7948-0201 and that the enterprise must have capital improvements costing not less than \$100,000,000. As stated by the Department of Commerce, our concern is that without this revision, my client's proposal for a major auto raceway might be classified as a retail business. If such a classification were to take place, we

*House Tourism
03-31-97
Attachment 4*

would not be able to utilize the enterprise zone law if the community had a population under 2,500 people.

My client has been working with the Department of Commerce for several months because we have a keen interest in developing a major auto racing facility in the Kansas City area. Obviously, my client is looking both in Kansas and Missouri, and as Kansas counsel we believe that a change in these laws would allow Kansas to compete as an attractive site for a major tourism facility. We would contend that this facility would provide significant tourism revenues within the State of Kansas and, as such, we believe these changes are appropriate.

Therefore, we respectfully request that your committee act favorably on SB 337.

Thank you for this opportunity and if you have any questions, please feel free to contact me.

Very truly yours,

William W. Sneed

William W. Sneed

WWS:pk
Attachment



Daytona International Speedway
July 5, 1997 For Tickets Call :
(904) 253-7223



ISC History Timeline | ISC 1997-98 Schedule
ISC News

International Speedway Corporation (ISC), the leader in motorsports entertainment, is a publicly-held company founded by William Henry Getty (Bill) France. France, who also founded and incorporated the National Association for Stock Car Auto Racing (NASCAR) in 1948, began Bill France Racing, Inc. in 1953

Bill France Racing, Inc. signed the initial contract to secure land for construction of Daytona International Speedway on Nov. 8, 1957. Thus, Daytona International Speedway Corporation (now International Speedway Corporation) was born.

ISC and its subsidiaries are predominantly sports-oriented, producing and conducting major motorsports activities in the form of stock car, sports car, motorcycle and go-kart racing events for spectators.

ISC owns Daytona International Speedway in Daytona Beach, Fla ; Darlington Raceway in Darlington, S C., Talladega Superspeedway in Talladega, Ala , and Watkins Glen International in upstate New York. The Corporation also manages Tucson (Ariz.) Raceway Park.

The corporation conducts the food, beverage and souvenir operations at these facilities through its wholly-owned subsidiary, Americrown Service Corporation (ASC). ASC has also begun servicing non-motorsports events including several LPGA tournaments. In addition, ISC produces and syndicates race and race-related radio broadcasts by America's largest independent sports radio network, Motor Racing Network.

Among the major events conducted by ISC at these facilities are stock car and truck races sanctioned by NASCAR and the Automobile Racing Club of America (ARCA); sports car races by Professional SportsCar Racing (SportsCar) and the Sports Car Club of America (SCCA); motorcycle races by the American Motorcyclist Association (AMA), the Championship Cup Series (CCS), American Historic Racing Motorcycle Association (AHRMA) and North American Sport Bike (NASB); vintage sports car races by Historic Sportscar Racing (HSR) and Sportscar Vintage Racing Association (SVRA); and go-kart races by the World Karting Association (WKA)

The development of a permanent racing facility in Daytona Beach, Fla., took shape in

1955, as France began negotiations with city officials to construct a state-of-the-art 2.5-mile high-banked speedway. Ground clearing began for the mammoth project on Nov 25, 1957, and dream became reality when the first Daytona 500 was run on Feb. 22, 1959. The world's most diverse racing facility is now recognized internationally as the "World Center of Racing." France, however, had visions of an even bigger and faster speedway, therefore, on May 23, 1968 construction of a new superspeedway began on a 2,000-acre site in North Central Alabama. The first race was held at Talladega Superspeedway on September 13, 1969. Today the Speedway hosts two NASCAR Winston Cup events, the Winston 500 and the Sears DieHard 500, annually. The 2.66-mile high-banked trioval is recognized internationally as the "World's Fastest Speedway."

Darlington Raceway was acquired by ISC in 1982. Darlington opened in 1950 and is known as NASCAR's original superspeedway. The track "Too Tough To Tame," steeped in tradition, has undergone numerous improvements and renovations under ISC ownership. The track now conducts two major weekends of racing each year, which include the TranSouth Financial 400 and Mountain Dew Southern 500 NASCAR Winston Cup events.

Watkins Glen International and Tucson Raceway Park were added to the ISC family in 1985 and 1990, respectively. ISC assumed full ownership of WGI in 1997. Watkins Glen is the home to numerous road racing events each year including the Bud at the Glen NASCAR Winston Cup race.

Through a lease agreement, ISC operates Tucson Raceway Park in Arizona, a fixture on the NASCAR Winston Racing Series for weekly stock car racers. TRP also holds several annual special events including the NASCAR Craftsman Truck Series, Winston West Series and Featherlite Southwest Tour.

ISC also holds a 12 percent interest in Penske Motorsports Inc., which built The California Speedway in Fontana outside Los Angeles and owns and operates Michigan Speedway and Nazareth (Pa) Speedway.

Motor Racing Network (MRN) went on the air on Feb. 22, 1970. Its first broadcast was the 1970 Daytona 500. Americrown Service Corporation was incorporated on Feb. 6, 1989.

DAYTONA USA, "The Ultimate Motorsports Attraction," opened its doors to the public on July 5, 1996. The attraction, located at Daytona International Speedway, educates and entertains visitors about the history of racing in the Daytona Beach area through interactive exhibits and displays. The entertainment complex is open 364 days a year.

William C. France is chairman of the board and chief executive officer. James C. France is president and Lesa Kennedy is executive vice president.

ISC History Timeline | ISC 1997-98 Schedule

ISC News



Race Tracks	MRN Radio	Discussion
Publications	Americrown Series & Gold	Tickets

MEMORANDUM

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SB 325 is an act expanding the use of tax increment financing (TIF) to support tourism development. It is my understanding that the Kansas Department of Commerce and Housing will provide the committee with a background on the propriety of such financing as a tool to increase tourism. Briefly, however, SB 325 amends K.S.A. 1996 Supp. 12-7771 and 12-7774. The first amendment is found on page 2, which amends subsection (b) of K.S.A. 12-1771 and includes a new category for those areas that are afforded the tax increment financing. As you can

see, the language states that to qualify, it must be a major tourism area as defined by K.S.A. 12-1774. The amendment to K.S.A. 12-1774 is found on page 5 of the bill. It also states that to qualify, the facility must have capital improvements of not less than \$100,000,000 and the project must be designated within the standard industrial classification code 7949-0201.

My client has been working with the Department of Commerce for several months because we have a keen interest in developing a major auto racing facility in the Kansas City area. Obviously, my client is looking both in Kansas and Missouri, and as Kansas counsel we believe that a change in these laws would allow Kansas to compete as an attractive site for a major tourism facility. We would contend that this facility would provide significant tourism revenues within the State of Kansas and, as such, we believe these changes are appropriate.

Therefore, we respectfully request that your committee act favorably on SB 325.

Thank you for this opportunity and if you have any questions, please feel free to contact me.

Very truly yours,



William W. Sneed

WWS:pk
Attachment

28. 1997 3:27PM

POL SINELLI WHITE

isc.shtml at speedweeks.com



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[ISC History Timeline](#) | [ISC 1997-98 Schedule](#)
[ISC News](#)

A horizontal navigation menu with six items, each with a small icon to its left. The items are: Race Tracks, MRN Radio, Discussion, Publications, Americrown Service Corp., and Tickets. The menu is styled with a dark background and light text.

THE WONDERFUL WORLD OF OZ

AN OZ ENTERTAINMENT COMPANY



Skip Palmer

President

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