

MINUTES OF THE HOUSE COMMITTEE ON TAXATION.

The meeting was called to order by Chairperson Phill Kline at 9:00 a.m. on January 21, 1998 in Room 519-S of the Capitol.

All members were present except:

Committee staff present: Chris Courtwright, Legislative Research Department
Tom Severn, Legislative Research Department
Don Hayward, Revisor of Statutes
Shirley Sicilian, Department of Revenue
Ann McMorris, Committee Secretary

Conferees appearing before the Committee:

Rep. Doug Spangler
Bill Sneed, International Speedway Corporation
Whitney Damron, Unified Govt. Wyandotte County
Grant Lynch, International Speedway Corporation
Gary Anderson, Gilmore & Bell, KC
Chuck Finch, Cooper & Lybrand, KC
Carol Marinovich, mayor/CEO, KC & Wyandotte Co.
Lloyd Hazen, KC
Joyce Cunningham, KC
Rex Morris, KC
Marion Lawrence, KC
Charles Hale, KC
Terrill Henry, KC
Ruth Delladio, Bonner Springs
Howard Miller, KC
Bill Zimmer, KC

Others attending: See attached list

Chair announced the committee would be working **HB 2642** and **HB 2610** at the January 22 meeting.

Chair opened public hearing on:

HB 2631: Special revenue bonds for tourist attraction development

Proponents:

Rep. Doug Spangler

Commented on the impact of this bill on the economy of Kansas and Wyandotte County. This is a needed aid to help solve the tourism problem of Kansas. The problem specifically is extending the abatement period from twenty to thirty years. We need to be cognizant of the burden on affected homeowners and an amendment is being prepared toward this end. Asked the committee to review the cost benefit analysis done by Mr. Finch of Cooper & Lybrand, CPAs and the cost benefit analysis done by the State of Kansas. He is in favor of this project being done in Wyandotte County.

Bill Sneed, International Speedway Corporation

Spoke in favor of the proposed bill and introduced his constituency.

Whitney Damron, Unified Govt. Wyandotte County (Attachment 1)

Grant Lynch, International Speedway Corporation (Attachment 2)

Gary Anderson, Gilmore & Bell, KC (Attachment 3)

Presented a revised version of HB 2631 with new language.

Chuck Finch, Cooper & Lybrand, KC (Attachment 4)

Presented the thirty year repayment schedule.

Carol Marinovich, mayor/CEO, KC & Wyandotte Co.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON TAXATION, ROOM 519-S Statehouse, at 9:00 a.m. on January 21, 1998.

Opponents:

Lloyd Hazen, KC (Attachment 5)

Joyce Cunningham, KC (Attachment 6)

In addition to her testimony, Ms. Cunningham presented a petition containing over 250 signatures from residents of the area being considered for the ISC project.

Rex Morris, KC (Attachment 7)

Marion Lawrence, KC (Attachment 8)

Charles Hale, KC (Attachment 9)

Terrill Henry, KC (Attachment 10)

Ruth Delladio, Bonner Springs

Howard Miller, KC

Bill Zimmer, KC

Chair recessed the public hearing due to House session starting and announced continuation of testimony immediately after the House adjourned their session.

Chair opened and called for committee bill introduction.

Moved by Representative Kline, seconded by Representative Larkin, introduction by committee of resolution that Congress pass legislation which would prevent the use of tax incentives for business relocation. Motion carried.

Continued hearing on **HB 2631**. Chair called on those who had signed up to testify in opposition to **HB 2631**. Ms. Delladio, Mr. Miller and Mr. Zimmer had no written testimony but cited the problems that would be encountered if they and the 145 homeowners in the area were forced to sell their homes.

Mayor Carol Marinovich, proponent asked for permission to speak to several of the objections which had been raised by the opponents and to clarify issues that the homeowners had questioned in their testimony against this bill.

The next meeting is scheduled for January 22, 1998.

Adjournment.

Attachments - 10

TAXATION COMMITTEE GUEST LIST

DATE: JAN. 21, 1998

NAME	REPRESENTING
Don Dunney	Unified Govt. WyCo/KCK
Tim/R. King	myself as a homeowner
Harriet Lange	Ks Assn B'casters
George Petersen	Ks Taxpayers Network
Bill Sneed	ISC
Kate Watson	University of Kansas
Greg Tugman	DOB
Lisa Kennedy	ISC ISC
W. Grant Lynch Jr	ISC
Kelly Kuetala	City of Overland Park
Ashley Shevard	Overland Park Chamber
Martha Jean Smith	KMHA
Ray Merris	A.C. Ks.
Maura & Lianne	W.C. Ks
Thanda Hazen	Ks. Ks.
Lloyd Hazen	Ks. Ks.
Charles Hale	K.C. Ks.
Margie Claxton	Bonner Springs Ks
Ruth Ann Delladio	Bonner Springs Ks

TAXATION COMMITTEE GUEST LIST

DATE: **JANUARY 21, 1998**

NAME	REPRESENTING
Shon Robben	Manhattan, KS
Alan Parker	Manhattan, KS
James H. Williams	MANHATTAN, KS
Jerry & Joyce Cunningham (Steve Montgomery)	K. Co., Ks. 66111 CAS Construction
Andrea Moxkatt	Manhattan, KS
Susan Reid Shipman	Manhattan, KS
Rich Vargo	Manhattan, KS
Harold Smith	ISC
Denise Oakley	Unified Govt. WyCo/KCIC
Katherine	" " " "
Carol Trivisonch	Unified Govt + WyCo/KCIC
Susan Shandel	ISC
Steve Kelly	FDX + H
Bill Houghton	Lt. Governor's office
Tim Hopper	WAMEGO KS
Aileen Cray	Manhattan, KS
Gary Anderson	Gilmore & Bell for the Unified Government
Kim Wells	Gilmore & Bell for the Unified Government

WHITNEY B. DAMRON, P.A.
COMMERCE BANK BUILDING
100 EAST NINTH STREET – SECOND FLOOR
TOPEKA, KANSAS 66612-1213
(785) 354-1354 ♦ 232-3344 (FAX)

**TO: Chairman Phill Kline
and Members of the
House Taxation Committee**

**FROM: Whitney Damron
on behalf of the
Unified Government of Wyandotte County/Kansas City, Kansas**

**RE: HB 2631 An Act concerning tourism; special revenue bonds
therefor; development of a NASCAR motor speedway.**

DATE: January 21, 1998

Good morning Chairman Kline and Members of the House Taxation Committee. I am Whitney Damron and I appear before you on behalf of my client, the Unified Government of Wyandotte County/Kansas City, Kansas in support of HB 2631 which would allow for the issuance of special revenue bonds for up to 30 years to finance a redevelopment project in a major tourism area as defined under K.S.A. 12-1744(a)(1)(D). Under current law, in order to be designated a "major tourism area" capital improvements costing not less than \$100,000,000 must be developed within the defined redevelopment area and the project must be of both statewide and local importance.

With me today to discuss the financing mechanisms of the project are Mr. Gary Anderson and Mr. Kim Wells of the law firm Gilmore & Bell, who serve as bond counsel for the Unified Government. In addition, Mr. Dennis Hays, County Administrator for the Unified Government is also present and available for questions.

Attached to my testimony are several pieces of information on the proposed speedway redevelopment project, including a summary of the economic and fiscal impact of the project which was performed by the financial services firm of Coopers & Lybrand, a Kansas International Speedway fact sheet and a project investment summary.

As you know, HB 2631 was referred to both the House Tourism and House Taxation Committee. Hearings were held in Tourism yesterday and will continue today.

On behalf of the Unified Government, I thank you for your consideration of this very important piece of legislation and would like to introduce Mr. Gary Anderson to discuss the financing and bonding aspects of the redevelopment project.

I would be pleased to respond to questions at the appropriate time.

KANSAS INTERNATIONAL SPEEDWAY FACT SHEET

SCOPE OF PROJECT

The project consists of a 1.5 mile oval super speedway for stock car auto racing
Seating capacity of 75,000 initially
Phase II will increase seating capacity to 150,000

PROJECT LOCATION

The 1,000 acre project will be located at the northwest corner of the I-70 & I-435 interchange in western Wyandotte County

PROJECT COST

The total project cost is estimated at \$252 million
(See attached budget summary for details)

PROJECT FINANCING

This is a public/private partnership - *No new taxes are needed to support this project*
Private equity - \$55 million
Public financing -
\$67 million TIF bonds - retired by payment in lieu of taxes totaling \$178 million over a 30-year period
\$21 million STAR bonds - retired by sales tax revenues over a 30-year period
State of Kansas contributions - \$43 million - in the form of roads and economic incentive funds

PREVAILING WAGE AND MINORITY/WOMEN BUSINESS ENTERPRISES

Prevailing wage rates will be paid on all construction contracts for the total project. KISC has agreed to provisions to assure participation of minority business enterprises and women enterprises, and will retain a MBE/WBE participation expert.

PROJECT COMPLETION

It is anticipated the first race will be held at KISC in the year 2000

PROJECT REQUIRED LEGISLATION

Legislation will be introduced early in the session, and must be on the Governor's desk by early March in order for this project to proceed.

A PUBLIC PRIVATE PARTNERSHIP

KANSAS INTERNATIONAL SPEEDWAY CORPORATION AND THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS AND THE STATE OF KANSAS

December 10, 1997

<u>Project Costs</u>	<u>Estimated Amounts</u> <i>(In millions)</i>		
	<u>Phase I</u>	<u>Phase II</u>	<u>Total</u>
Land Acquisition	\$ 16.1	\$ 0.0	\$ 16.1
Track Facility	61.5	35.9	97.4
On-site infrastructure	86.2	18.2	104.4
Off-site infrastructure	<u>34.5</u>	<u>0.0</u>	<u>34.5</u>
Total Project Costs	<u>\$198.3</u>	<u>\$ 54.1</u>	<u>\$252.4</u>
<u>Project Financing</u>			
ISC Cash Equity Commitment	\$ 55.6	\$ 34.6	\$ 90.2
Project Supported Financing			
• TIF	67.4	0.0	67.4
• STAR	21.0	18.7	39.7
State Highway Funds	33.0	0.0	33.0
KDOT Economic Development Funds	1.0	0.0	1.0
State Tax Credits	3.2	0.8	4.0
State Economic Incentive Funds	6.0	0.0	6.0
Local Utility Commitments	3.6	0.0	3.6
Local CMIP Street/Matching Funds	<u>7.5</u>	<u>0.0</u>	<u>7.5</u>
Total Project Financing	<u>\$198.3</u>	<u>\$ 54.1</u>	<u>\$252.4</u>

KANSAS INTERNATIONAL SPEEDWAY
PRELIMINARY ECONOMIC AND FISCAL IMPACT ASSESSMENT
 By Coopers & Lybrand L.L.P.

Construction-Period Impacts (one-time impacts to the economy during construction) -
 Preliminary total construction costs Phase I - approximately \$198.3 million

	<u>within Wy Co</u>	<u>within Kansas</u>	<u>Total</u>
Direct construction expenditures-	\$ 72.4 million	\$121.3 million	\$193.7 million
*Indirect expenditures -	\$ 36.2 million	\$116.5 million	\$152.7 million
Full-time equivalent (FTE) jobs generated -	1,530	3,820	5,350
Resulting in earnings of -	\$ 55.1 million	\$110.7 million	\$165.8 million
Fiscal impacts (tax revenues) -	\$ 1.1 million	\$ 11.7 million	\$12.8 million

(primarily sales taxes)(workers' income taxes/sales taxes)

Operation-Period Impacts (recurring annual impacts when the track becomes operational) -
 Total direct spending as a result of the Speedway - \$87.0 million
 (includes money spent on ticket sales, concessions, restaurants, hotels and retail stores)

	<u>within Wy Co</u>	<u>within Kansas</u>	<u>Total</u>
Direct expenditures -	\$ 20.0 million	\$ 42.5 million	\$ 62.5 million
*Indirect expenditures -	\$ 20.9 million	\$ 75.3 million	\$ 96.2 million
Full-time equivalent (FTE) jobs generated -	910	2,455	3,365
Resulting in earnings of -	\$ 15.5 million	\$ 42.6 million	\$ 58.1 million
Fiscal impacts (tax revenues) -	\$ 0.8 million	\$ 5.3 million	\$ 6.1 million

(sales, hotel & personal income taxes assessed by local and state govt.)

- Non-Quantifiable Impacts (benefits from this project that cannot be measured in \$ figures) -**
- economic growth and additional private sector development spurred by operation of speedway
 - family entertainment alternatives in the area
 - new advertising opportunities for local businesses
 - enhanced community pride, self-image, exposure and reputation

- Significant potential impacts *not* included in this report -**
- retail development in Wyandotte County resulting from the speedway
 - construction-period impacts from Phase II expansion
 - operation-period impacts from Phase II expansion

* Indirect expenditures are direct expenditures that are re-spent in subsequent rounds of expenditures until they eventually "leak out" of Wyandotte County and the state of Kansas.

Superspeedway would be a solid investment for KCK

The Unified Government's Board of Commissioners' unanimous decision to approve a development agreement with the International Speedway Corp. for construction of a two-phase, \$252 million motor speedway in western Wyandotte County is a solid investment for the immediate future of our community.

Consider the facts:

■ The speedway will initially seat 75,000 people, annually bringing more than 250,000 racing fans to Wyandotte County. Upon completion of phase two, the track will seat 150,000 people, proportionately increasing the number of visitors to our community.

■ Wyandotte County will receive the direct benefit of more than \$70 million to its local economy during the construction period of the state-of-the-art facility (1998 to 2000).

■ Once constructed, the track will generate a direct economic benefit to Wyandotte County of more than \$25 million each and every year.

■ The speedway will serve as a catalyst for major economic development in Kansas City, Kan., and Wyandotte County. Developers are currently seriously considering proposals for major development in Wyandotte County, including hotels and retail shopping. There are other commercial developers examining the possibilities of bringing their respective businesses to our community. These potential developments hinge on the construction of the speedway.

■ This project pays for itself. No new taxes are needed to support it. There are no general obligation bonds involved. The Bonner Springs, Piper and Kansas City, Kan., school districts, which serve the area where the speedway will be built, are guaranteed at least current levels of property tax revenue for the first four years of the project.

■ ISC will invest more than \$90 million in equity and make payments in lieu of taxes of more than \$178 million with the first payment of more than \$4.8 million due in 1998.

Balancing the risks and rewards for a development of this magnitude has been challenging. We have tried to be candid and open as possible throughout the process, despite the complexity of the project and the sensitive nature of the negotiations. Over the past several months, a series of large public forums, meetings with various organizations, and neighborhood groups were held. These meetings were important to us in assessing the views and concerns of our residents.

This agreement was developed during months of negotiations. There was a lot of give and take on both sides. For example, ISC wanted 1,500 acres, but in the final development agreement, they are limited to 1,000 acres. While there is a tremendous amount of direct benefit to the community, unfortunately there are 146 homeowners

have empathy for the people being uprooted, and we are committed to deal with them as fairly as possible in one-on-one land acquisition negotiations. We want to do our best to relocate as many of these residents in Wyandotte County as possible.

The Board of Commissioners and I are convinced the agreement creates a unique opportunity for our community to broaden its tax base, and acquire major retail and

entertainment development. Bringing a major sports facility to Kansas City, Kan., such as the speedway is something every community in America covets. There is fierce competition for a project of this magnitude.

The support of the Wyandotte

**Kansas City,
Kan./
Wyandotte
County**

*Carol
Marinovich*



County legislative delegation in the last session of the Kansas Legislature enabled passage of special legislation. This legislation was important in earning the opportunity to gain exclusive negotiation rights with ISC. To complete the project and begin construction, we need further support from the Legislature in revising current legislation. Again, in lieu of the taxes, ISC will make annual payments during a 30-year period totaling more than \$178 million to retire the revenue bonds required to build the project.

When compared to what other cities have had to offer for similar projects, our agreement with ISC is outstanding. Some communities are increasing local and state taxes to pay for new facilities. Nashville, for example, is building a new \$290 million stadium that is being financed with more than \$218 million in public funds. Local government is funding the biggest portion for the project. In St. Louis, the city and county are responsible for paying off 50 percent of the revenue bonds used in building the \$280 million Trans World Dome. In addition, in order to attract the National Football League Rams, the St. Louis Convention and Visitors Commission retired a \$28 million team debt, paid \$5.5 million in relocation fees, and agreed to pay \$20 million for a relocation fine assessed the Rams by the NFL.

We can look to our immediate east to see what the vision Jackson County leaders had 30 years ago has meant to the metropolitan Kansas City area. The economic impact created by the Truman Sports Complex has been a tremendous benefit to the entire area. Without the Truman Sports Complex, would the Chiefs be here in the playoffs? The economic impact of the Chiefs is equal to the excitement being generated throughout the metropolitan area about the team's success and the anticipation of Kansas City being in this year's Super Bowl. Hosting a Winston Cup Race at the speedway carries the same prestige and excitement of having a Super Bowl.

Unlike the Truman Sports Complex, where the taxpayers of Jackson County directly paid for that project, the speedway will pay for itself.

1-6

Testimony to the House Taxation Committee
January 21, 1998
Grant Lynch, International Speedway Corporation

Mister Chairman, members of the committee, my name is Grant Lynch. I am a Vice President of International Speedway Corporation.

I am very happy to be here today to speak to your committee about our company and the proposed speedway project that we are partnering with you and the Unified Government of Wyandotte County Kansas to develop.

ISC is recognized as the leading motorsports entertainment company in the industry. We are a publicly-held company whose roots go back 40 years when Bill France Sr. built the world center of racing on the beaches of Daytona Beach, Florida.

Today, 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.

Among the speedways ISC owns are Daytona International Speedway in Daytona Beach, Fla.; Darlington Raceway in Darlington, S.C.; Talladega Superspeedway in Talladega, Alabama; Watkins Glen International in upstate New York; and Phoenix International Raceway in Arizona. The corporation manages Tuscon Raceway Park in Arizona and has majority interest in Metro-Dade Motorsports in Homestead, Florida.

ISC also holds a 12 percent interest in Penske Motorsports, Inc. Penske Motorsports, Inc built the new California Speedway in Fontana, California and owns and operates Michigan Speedway and Nazareth Speedway which is in Pennsylvania.

Motorsports has enjoyed tremendous growth in the past ten years. This growth has spawned a diverse fan base. Today, racing is family entertainment. More than 40 percent of our fans are women, and nearly one third have a household income of 50,000 dollars. As you can imagine, corporate America has followed this growth closely and is bringing their consumer products into the sport as quickly as they can.

While the France family maintains controlling interest in ISC, they also privately own NASCAR, the National Association of Stock Car Auto Racing.

NASCAR was founded by Bill France Sr. fifty years ago to sanction and conduct motorsports events. Today, NASCAR operates 12 different racing series across the country. The sport has grown so significantly in recent years that *Forbes* magazine has called it the fastest growing professional sport in America. Over the past ten years, attendance at NASCAR events has more than doubled. Hundreds of thousands of fans show up for race weekends. They are joined by millions more who watch by live television or radio broadcasts.

In just four weeks, Daytona International Speedway will kick off the 1998 Winston Cup series, the premier NASCAR racing program. The Daytona 500 has the highest viewership of any motorsports event in the world.

The economic impact of this event for the Daytona Beach community and surrounding counties will be nearly a half billion dollars. We have ticketholders from all 50 states who will attend this race. And we are very proud that nearly 10,000 of our ticketholders are from the Kansas City, Kansas area.

This is one of the reasons we want to build a facility in Kansas. The closest superspeedway of this magnitude to where we sit today is 500 miles away. With the average fan traveling 300 miles to attend a race, it makes Kansas a natural location. When we began exploring the possibility of putting a track here in 1996, we were overwhelmed by the community support we received. And we were extremely pleased when several communities responded positively to our formal request for proposal.

But, I must say, well ahead of the other respondents was the presentation and proposal from Kansas City, Kansas, Wyandotte County and the state of Kansas. When Lt. Governor Sherrer, Mayor Marinovich, Representative Spangler, and several local business and community leaders made their presentation to us in Daytona Beach on July 31st, we were blown away. Their effort on the community's behalf demonstrated they were serious about making this happen and they truly wanted to be our partner.

On August 6th, we committed to negotiate exclusively for 60 days with the Unified Government. Following very intense negotiations, on October 6th, we agreed to move forward with a development agreement to build a new superspeedway in western Wyandotte County.

Then, on December 16th, the development agreement received unanimous approval from the commissioners of the Unified Government.

In the meantime, the city was doing its due diligence on behalf of the community. Mayor Marinovich established a community task force which traveled to several of our facilities in order to investigate the impact speedways have on a local community. They took their responsibility very seriously. While we had tours and presentations set up for them, they also went out on their own to question homeowners, police officers, track employees and nearly anyone else they ran into to get a real understanding of the impact of a speedway.

What we are proposing in Wyandotte County is a one and one-half mile oval track that would seat 75,000 initially with the potential to expand to over 150,000 seats. We hope to have three major races at the facility each year and several smaller events. Our investment in the project is \$90 million. This cash investment plus revenues generated from the operations of the speedway will pay for eighty percent of the total cost of the project.

We are before your committee today because your help is needed. To make the proposal work, the Unified Government needs additional legislation. This legislation is critical because it will allow Kansas to capitalize on a unique window of opportunity that exists in our industry today. To secure the race dates needed to operate a world-class facility here, racing must begin in the year 2000. That means construction has to begin in early 1998.

I regret that we are under such time constraints, but that's how fast this industry is growing. The competition for race dates is very intense. And today, you are in the driver's seat to make sure it's Kansas that will benefit.

Thank you for the opportunity to address you today. I look forward to moving ahead with this project, and to begin building the best new speedway in the United States.

I would be more than happy to answer any of your questions.

HOUSE BILL No. 2631

By Committee on Tourism

1-15

9 AN ACT concerning tourism; special revenue bonds therefor; develop-
10 ment of a ~~NASCAR~~ motor speedway; amending K.S.A. 79-3620, 79-
11 3620b and 79-3710 and K.S.A. 1997 Supp. 12-1771, 12-1774 and 12-
12 1775 and repealing the existing sections.
13

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

15 Section 1. K.S.A. 1997 Supp. 12-1771 is hereby amended to read as
16 follows: 12-1771. (a) No city shall exercise any of the powers conferred
17 by K.S.A. 12-1770 *et seq.*, and amendments thereto, unless the governing
18 body of such city has adopted a resolution finding that the specific project
19 area sought to be redeveloped is a blighted area, a conservation area, a
20 major tourism area as defined in K.S.A. ~~12-774~~ 12-1774 and amendments
21 thereto or was designated prior to July 1, 1992, as an enterprise zone
22 pursuant to K.S.A. 12-17,110 prior to its repeal, and the conservation,
23 development or redevelopment of such area is necessary to promote the
24 general and economic welfare of such city. Enterprise zones designated
25 prior to July 1, 1992, may be enlarged by the city to an area not exceeding
26 25% of the city's land area upon a finding by the secretary of the de-
27 partment of commerce and housing that a redevelopment project pro-
28 posed by the city which requires the enlargement is of statewide impor-
29 tance and that it will meet the criteria specified in ~~K.S.A.~~
30 ~~12-1774(a)(1)(D)~~ subsection (a)(1)(D) of K.S.A. 12-1774, and amend-
31 ments thereto. For the purpose of this subsection, the term "blighted
32 area" means an area which: (1) Because of the presence of a majority
33 of the following factors, substantially impairs or arrests the sound devel-
34 opment and growth of the municipality or constitutes an economic or
35 social liability or is a menace to the public health, safety, morals or welfare
36 in its present condition and use: (A) A substantial number of deterio-
37 rated or deteriorating structures; (B) predominance of defective or in-
38 adequate street layout; (C) unsanitary or unsafe conditions; (D) deterior-
39 ation of site improvements; (E) diversity of ownership; (F) tax or special
40 assessment delinquency exceeding the fair value of the land; (G) defective
41 or unusual conditions of title; (H) improper subdivision or obsolete plat-
42 ting or land uses; (I) the existence of conditions which endanger life or
43 property by fire and other causes; or (J) conditions which create economic

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1 obsolescence; or (2) has been identified by any state or federal environ-
2 mental agency as being environmentally contaminated to an extent that
3 requires a remedial investigation, feasibility study and remediation or
4 other similar state or federal action; or (3) previously was found by res-
5 olution of the governing body to be a slum or a blighted area under K.S.A.
6 17-4742 *et seq.*, and amendments thereto.

7 For the purpose of this subsection, conservation area means any im-
8 proved area within the corporate limits of a city in which 50% or more
9 of the structures in the area have an age of 35 years or more, which area
10 is not yet blighted, but may become a blighted area due to the existence
11 of a combination of two or more of the following factors: (i) Dilapidation,
12 obsolescence or deterioration of the structures; (ii) illegal use of individual
13 structures; (iii) the presence of structures below minimum code stan-
14 dards; (iv) building abandonment; (v) excessive vacancies; (vi) overcrowd-
15 ing of structures and community facilities; or (vii) inadequate utilities and
16 infrastructure. Not more than 15% of the land area of a city may be found
17 to be a conservation area.

18 (b) The powers conferred upon cities under the provisions of K.S.A.
19 12-1770 *et seq.*, and amendments thereto, shall be exercised by cities, as
20 determined by resolution adopted pursuant to K.S.A. 12-1772, and
21 amendments thereto, (1) in enterprise zones designated prior to July 1,
22 1992, including any area added to such enterprise zone after July 1, 1992,
23 pursuant to subsection (a), (2) in blighted areas of cities and counties
24 described by subsection (a)(2), (3) in conservation areas of cities, (4) in
25 major tourism areas as defined in K.S.A. 12-1774 and amendments
26 thereto or (5) in blighted areas of cities, as determined by resolution
27 adopted pursuant to K.S.A. 17-4742 *et seq.*, and amendments thereto.

28 (c) Within that portion of the city described in subsection (b), the
29 governing body of a city may establish a district to be known as a "rede-
30 velopment district". Within that portion of a city and county described in
31 subsection (b) excluding paragraph (3) of subsection (b), the governing
32 body of the city, upon written consent of the board of county commis-
33 sioners, may establish a district inclusive of land outside the boundaries
34 of the city to be known as a redevelopment district. In all such cases, the
35 board of county commissioners, prior to providing written consent, shall
36 be subject to the same procedure for public notice and hearing as is
37 required of a city pursuant to subsection (d) for the establishment of a
38 redevelopment district. One or more redevelopment projects may be un-
39 dertaken by a city within a redevelopment district after such redevel-
40 opment district has been established in the manner provided by subsection
41 (d).

42 (d) Any city proposing to establish a redevelopment district shall
43 adopt a resolution stating that the city is considering the establishment

1 of a redevelopment district. Such resolution shall:

2 (1) Give notice that a public hearing will be held to consider the
3 establishment of a redevelopment district and fix the date, hour and place
4 of such public hearing;

5 (2) describe the proposed boundaries of the redevelopment district;

6 (3) describe a proposed comprehensive plan that identifies all of the
7 proposed redevelopment project areas and that identifies in a general
8 manner all of the buildings and facilities that are proposed to be con-
9 structed or improved in each redevelopment project area;

10 (4) state that a description and map of the proposed redevelopment
11 district are available for inspection at a time and place designated;

12 (5) state that the governing body will consider findings necessary for
13 the establishment of a redevelopment district.

14 Notice shall be given as provided in subsection (c) of K.S.A. 12-1772,
15 and amendments thereto.

16 (e) Upon the conclusion of the public hearing, the governing body
17 may adopt a resolution to make any findings required by subsection (a)
18 and may establish the redevelopment district by ordinance. Such reso-
19 lution shall contain a comprehensive plan that identifies all of the pro-
20 posed redevelopment project areas and identifies in a general manner all
21 of the buildings and facilities that are proposed to be constructed or im-
22 proved in each redevelopment project area. The boundaries of such dis-
23 trict shall not include any area not designated in the notice required by
24 subsection (d). Any addition of area to the redevelopment district or any
25 substantial change to the comprehensive plan shall be subject to the same
26 procedure for public notice and hearing as is required for the establish-
27 ment of the district.

28 (f) No privately owned property subject to ad valorem taxes shall be
29 acquired and redeveloped under the provisions of K.S.A. 12-1770 *et seq.*,
30 and amendments thereto, if the board of county commissioners or the
31 board of education levying taxes on such property determines by reso-
32 lution adopted within 30 days following the conclusion of the hearing for
33 the establishment of the redevelopment district required by subsection
34 (d) that the proposed redevelopment district will have an adverse effect
35 on such county or school district.

36 (g) Any redevelopment plan undertaken within the redevelopment
37 district may be in separate development stages. Each plan shall be
38 adopted according to the provisions of K.S.A. 12-1772, and amendments
39 thereto, and shall fix a date for completion. Except as provided herein,
40 any project shall be completed within 20 years from the date of the es-
41 tablishment of the redevelopment district. Projects relating to environ-
42 mental investigation and remediation under subsection (i) shall be com-
43 pleted within 20 years from the date a city enters into a consent decree

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1 agreement with the Kansas department of health and environment or the
 2 United States environmental protection agency. Redevelopment projects
 3 ~~relating to a major tourism area, shall be completed within 30 years from~~
 4 ~~the date the secretary of commerce and housing makes the finding that~~
 5 ~~the redevelopment project will create a major tourism area pursuant to~~
 6 ~~subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto.~~

A r
in

for an auto race track facility described in
subsection (a)(1)(D) of K.S.A. 12-1774

7 (h) Any increment in ad valorem property taxes resulting from a re-
 8 development district undertaken in accordance with the provisions of this
 9 act, shall be apportioned to a special fund for the payment of the cost of
 10 the redevelopment project, including the payment of principal and inter-
 11 est on any special obligation bonds or full faith and credit tax increment
 12 bonds issued to finance such project pursuant to this act and may be
 13 pledged to the payment of principal and interest on such bonds. The
 14 maximum maturity on bonds issued to finance projects pursuant to this
 15 act shall not exceed 20 years, except for the maturity of bonds issued to
 16 finance projects for a major tourism area which shall not exceed 30 years.

an auto race track facility described in
subsection (a)(1)(D) of K.S.A. 12-1774

17 For the purposes of this act, "increment" means that amount of ad va-
 18 lorem taxes collected from real property located within the redevelop-
 19 ment district that is in excess of the amount which is produced from such
 20 property and attributable to the assessed valuation of such property prior
 21 to the date the redevelopment district was established, as determined
 22 under the provisions of K.S.A. 12-1775, and amendments thereto.

23 (i) The governing body of a city, in contracts entered into with the
 24 Kansas department of health and environment or the United States en-
 25 vironmental protection agency, may pledge increments receivable in fu-
 26 ture years to pay costs directly relating to the investigation and remedi-
 27 ation of environmentally contaminated areas. The provisions in such
 28 contracts pertaining to pledging increments in future years shall not be
 29 subject to K.S.A. 10-1101 *et seq.* or 79-2925 *et seq.*, and amendments
 30 thereto.

31 (j) Before any redevelopment project is undertaken, a comprehensive
 32 feasibility study, which shows the benefits derived from such project will
 33 exceed the costs and that the income therefrom will be sufficient to pay
 34 for the project shall be prepared. Such feasibility study shall be an open
 35 public record.

36 (k) If a city determines that revenues from sources other than prop-
 37 erty taxes will be sufficient to pay any special obligation bonds issued to
 38 finance a redevelopment project for which the secretary of commerce and
 39 housing makes a finding that such project will create a major tourism area
 40 pursuant to subsection (a)(1)(D) of K.S.A. 12-1774, and amendments
 41 thereto, all property, both real and personal, in such redevelopment dis-
 42 trict shall be exempt from property taxation for a period ending on the
 43 earlier of (1) the date which is 30 years after the date of the funding by

an auto race track facility described in
subsection (a)(1)(D) of K.S.A. 12-1774

constituting an auto race track facility
described in subsection (a)(1)(D) of K.S.A. 12-1774

the secretary of commerce and housing with respect to such major tourism area; or (2) the date on which no such special obligation bonds issued to finance such redevelopment project in a major tourism area remain outstanding.

Sec. 2. K.S.A. 1997 Supp. 12-1774 is hereby amended to read as follows: 12-1774. (a) (1) Any city shall have the power to issue special obligation bonds to finance the undertaking of any redevelopment project in accordance with the provisions of this act. Such special obligation bonds shall be made payable, both as to principal and interest:

(A) From property 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 under this act;

(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 transient guest, sales and use taxes collected pursuant to K.S.A. 12-1696 *et seq.*, 79-3601 *et seq.*, 79-3701 *et seq.* and 12-187 *et seq.*, and amendments thereto, and which are collected from taxpayers doing business within that portion of the city's redevelopment district established pursuant to K.S.A. 12-1771, and amendments thereto, occupied by a redevelopment project if there first is a finding by the secretary of commerce and housing that the redevelopment project is of statewide as well as local importance or will create a major tourism area for the state. In making a finding that a redevelopment project is of statewide as well as local importance, the secretary must conclude at least: (i) That capital improvements costing not less than \$300,000,000 will be built in the state for such redevelopment project; and (ii) not less than 1,500 permanent and seasonal employment positions as defined by K.S.A. 74-50,114, and amendments thereto, will be created in the state by such redevelopment project. In making a finding that a redevelopment project will create a major tourism area within the state, the secretary must conclude at least: (i) That capital improvements costing not less than \$100,000,000 will be built in the state to construct a project for such major tourism area; and (ii) that the project constructed will include a facility designated within the standard industrial classification code 7948-0201 and ancillary facilities thereto;

(E) (i) from a pledge of a portion or all increased revenue received by the city from franchise fees collected from utilities and other businesses using public right-of-way within the redevelopment district; (ii) from a pledge of a portion or all of the revenue received by the city from

an auto race track

. An auto race track facility means (i) an auto race facility and facilities directly related and necessary to the operation of an auto race track facility including, but not limited to, grandstands, suites and viewing areas, concessions and souvenir facilities, catering facilities, visitor and retail centers, signage and temporary hospitality facilities; but excluding (ii) hotels, motels, restaurants and retail facilities not included in (i);

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1 sales taxes collected pursuant to K.S.A. 12-187, and amendments thereto;
2 or

3 (F) by any combination of these methods.

4 The city may pledge such revenue to the repayment of such special
5 obligation bonds prior to, simultaneously with, or subsequent to the is-
6 suance of such special obligation bonds.

7 (2) Bonds issued under paragraph (1) of subsection (a) shall not be
8 general obligations of the city, nor in any event shall they give rise to a
9 charge against its general credit or taxing powers, or be payable out of
10 any funds or properties other than any of those set forth in paragraph (1)
11 of this subsection and such bonds shall so state on their face.

12 (3) Bonds issued under the provisions of paragraph (1) of this sub-
13 section shall be special obligations of the city and are declared to be
14 negotiable instruments. They shall be executed by the mayor and clerk
15 of the city and sealed with the corporate seal of the city. All details per-
16 taining to the issuance of such special obligation bonds and terms and
17 conditions thereof shall be determined by ordinance of the city. All special
18 obligation bonds issued pursuant to this act and all income or interest
19 therefrom shall be exempt from all state taxes except inheritance taxes.
20 Such special obligation bonds shall contain none of the recitals set forth
21 in K.S.A. 10-112, and amendments thereto. Such special obligation bonds
22 shall, however, contain the following recitals, viz., the authority under
23 which such special obligation bonds are issued, they are in conformity
24 with the provisions, restrictions and limitations thereof, and that such
25 special obligation bonds and the interest thereon are to be paid from the
26 money and revenue received as provided in paragraph (1) of this subsec-
27 tion.

28 (b) (1) Subject to the provisions of paragraph (2) of this subsection,
29 any city shall have the power to issue full faith and credit tax increment
30 bonds to finance the undertaking of any redevelopment project in ac-
31 cordance with the provisions of K.S.A. 12-1770 *et seq.*, and amendments
32 thereto other than a project determined by the secretary of commerce
33 and housing to be of statewide as well as local importance ~~and to meet~~
34 ~~the other criteria or will create a major tourism area as specified in K.S.A.~~
35 ~~12-1774(a)(1)(D) subsection (a)(1)(D) of K.S.A. 12-1774, and amend-~~
36 ~~ments thereto.~~ Such full faith and credit tax increment bonds shall be
37 made payable, both as to principal and interest: (A) From the revenue
38 sources identified in paragraph (1)(A), (B), (C), (D) and (E) of subsection
39 (a) or by any combination of these sources; and (B) subject to the pro-
40 visions of paragraph (2) of this subsection, from a pledge of the city's full
41 faith and credit to use its ad valorem taxing authority for repayment
42 thereof in the event all other authorized sources of revenue are not suf-
43 ficient.

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1 (2) Except as provided in paragraph (3) of this subsection, before the
2 governing body of any city proposes to issue full faith and credit tax in-
3 crement bonds as authorized by this subsection, the feasibility study re-
4 quired by K.S.A. 12-1771, and amendments thereto, shall demonstrate
5 that the benefits derived from the project will exceed the cost and that
6 the income therefrom will be sufficient to pay the costs of the project.
7 No full faith and credit tax increment bonds shall be issued unless the
8 governing body states in the resolution required by K.S.A. 12-1772, and
9 amendments thereto, that it may issue such bonds to finance the proposed
10 redevelopment project. The governing body may issue the bonds unless
11 within 60 days following the date of the public hearing on the proposed
12 redevelopment plan a protest petition signed by 3% of the qualified voters
13 of the city is filed with the city clerk in accordance with the provisions of
14 K.S.A. 25-3601 *et seq.*, and amendments thereto. If a sufficient petition
15 is filed, no full faith and credit tax increment bonds shall be issued until
16 the issuance of the bonds is approved by a majority of the voters voting
17 at an election thereon. Such election shall be called and held in the man-
18 ner provided by the general bond law. The failure of the voters to approve
19 the issuance of full faith and credit tax increment bonds shall not prevent
20 the city from issuing special obligation bonds in accordance with K.S.A.
21 12-1774, and amendments thereto. No such election shall be held in the
22 event the board of county commissioners or the board of education de-
23 termines, as provided in K.S.A. 12-1771, and amendments thereto, that
24 the proposed redevelopment district will have an adverse effect on the
25 county or school district.

26 (3) As an alternative to paragraph (2) of this subsection, any city which
27 adopts a redevelopment plan but does not state its intent to issue full
28 faith and credit tax increment bonds in the resolution required by K.S.A.
29 12-1772, and amendments thereto, and has not acquired property in the
30 redevelopment project area may issue full faith and credit tax increment
31 bonds if the governing body of the city adopts a resolution stating its intent
32 to issue the bonds and the issuance of the bonds is approved by a majority
33 of the voters voting at an election thereon. Such election shall be called
34 and held in the manner provided by the general bond law. The failure of
35 the voters to approve the issuance of full faith and credit tax increment
36 bonds shall not prevent the city from issuing special obligation bonds
37 pursuant to paragraph (1) of subsection (a). Any redevelopment plan
38 adopted by a city prior to the effective date of this act in accordance with
39 K.S.A. 12-1772, and amendments thereto, shall not be invalidated by any
40 requirements of this act.

41 (4) During the progress of any redevelopment project in which the
42 city's costs will be financed, in whole or in part, with the proceeds of full
43 faith and credit tax increment bonds, the city may issue temporary notes

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1 in the manner provided in K.S.A. 10-123, and amendments thereto, to
2 pay the city's cost for the project. Such temporary notes shall not be issued
3 and the city shall not acquire property in the redevelopment project area
4 until the requirements of paragraph (2) or (3) of this subsection, which-
5 ever is applicable, have been met.

6 (5) Full faith and credit tax increment bonds issued under this sub-
7 section shall be general obligations of the city and are declared to be
8 negotiable instruments. They shall be issued in accordance with the gen-
9 eral bond law. All such bonds and all income or interest therefrom shall
10 be exempt from all state taxes except inheritance taxes. The amount of
11 the full faith and credit tax increment bonds issued and outstanding which
12 exceeds 3% of the assessed valuation of the city shall be within the bonded
13 debt limit applicable to such city.

14 (6) Any city issuing special obligation bonds under the provisions of
15 this act may refund all or part of such issue pursuant to the provisions of
16 K.S.A. 10-116a, and amendments thereto.

17 Sec. 3. K.S.A. 1997 Supp. 12-1775 is hereby amended to read as
18 follows: 12-1775. (a) For the purposes of this act, the term "taxing sub-
19 division" shall include the county, the city, the unified school district and
20 any other taxing subdivision levying real property taxes, the territory or
21 jurisdiction of which includes any currently existing or subsequently cre-
22 ated redevelopment district. The term "real property taxes" includes all
23 taxes levied on an ad valorem basis upon land and improvements thereon.

24 (b) *Except for redevelopment projects satisfying the conditions of sub-*
25 *section (k) of K.S.A. 12-1771 hereof*, all tangible taxable property located
26 within a redevelopment district shall be assessed and taxed for ad valorem
27 tax purposes pursuant to law in the same manner that such property
28 would be assessed and taxed if located outside such district, and all ad
29 valorem taxes levied on such property shall be paid to and collected by
30 the county treasurer in the same manner as other taxes are paid and
31 collected. Except as otherwise provided in this section, the county trea-
32 surer shall distribute such taxes as may be collected in the same manner
33 as if such property were located outside a redevelopment district. Each
34 redevelopment district established under the provisions of this act shall
35 constitute a separate taxing unit for the purpose of the computation and
36 levy of taxes.

37 (c) ~~B~~eginning with the first payment of taxes which are levied follow-
38 ing the date of approval of any redevelopment district established pur-
39 suant to K.S.A. 12-1771, and amendments thereto, real property taxes
40 received by the county treasurer resulting from taxes which are levied
41 subject to the provisions of this act by and for the benefit of a taxing
42 subdivision, as herein defined, on property located within such redevel-
43 opment district constituting a separate taxing unit under the provisions

Except for redevelopment projects satisfying
the conditions of subsection (k) of
K.S.A. 12-1771 hereof, b

3-9

1 of this section, shall be divided as follows:

2 (1) From the taxes levied each year subject to the provisions of this
3 act by or for each of the taxing subdivisions upon property located within
4 a redevelopment district constituting a separate taxing unit under the
5 provisions of this act, the county treasurer first shall allocate and pay to
6 each such taxing subdivision all of the real property taxes collected which
7 are produced from that portion of the current assessed valuation of such
8 real property located within such separate taxing unit which is equal to
9 the total assessed value of such real property on the date of the estab-
10 lishment of the redevelopment district.

11 (2) Any real property taxes produced from that portion of the current
12 assessed valuation of real property within the redevelopment district con-
13 stituting a separate taxing unit under the provisions of this section in
14 excess of an amount equal to the total assessed value of such real property
15 on the effective date of the establishment of the district shall be allocated
16 and paid by the county treasurer to the treasurer of the city and deposited
17 in a special fund of the city to pay the cost of redevelopment projects
18 including the payment of principal of and interest on any special obliga-
19 tion bonds or full faith and credit tax increment bonds issued by such city
20 to finance, in whole or in part, such redevelopment project. When such
21 obligation bonds and interest thereon have been paid, all moneys there-
22 after received from real property taxes within such redevelopment district
23 shall be allocated and paid to the respective taxing subdivisions in the
24 same manner as are other ad valorem taxes. If such obligation bonds and
25 interest thereon have been paid before the completion of a project, the
26 city may continue to use such moneys for any purpose authorized by this
27 act until such time as the project is completed, but for not to exceed 20
28 years from the date of the establishment of the redevelopment district.

29 (d) In any redevelopment plan or in the proceedings for the issuing
30 of any special obligation bonds or full faith and credit tax increment bonds
31 by the city to finance a redevelopment project, the property tax increment
32 portion of taxes provided for in paragraph (2) of subsection (c) may be
33 irrevocably pledged for the payment of the principal of and interest on
34 such obligation bonds, subject to the provisions of subsection (h) of K.S.A.
35 12-1771, and amendments thereto. A city may adopt a redevelopment
36 plan in which only a specified percentage of the tax increment realized
37 from taxpayers in the redevelopment district are pledged to the redevel-
38 opment project. The county treasurer shall allocate the specified per-
39 centage of the tax increment to the treasurer of the city for deposit in the
40 special fund of the city to finance the cost of redevelopment projects if
41 the city has other available revenues and pledges the revenues to the
42 redevelopment project in lieu of the tax increment. Any portion of such
43 tax increment not allocated to the city for the redevelopment project shall

1 be allocated and paid in the same manner as other ad valorem taxes.

2 Sec. 4. K.S.A. 79-3620 is hereby amended to read as follows: 79-
3 3620. (a) All revenue collected or received by the director of taxation
4 from the taxes imposed by this act shall be deposited daily with the state
5 treasurer. The state treasurer shall credit all revenue received from this
6 act, less amounts withheld as provided in subsection (b) and amounts
7 credited as provided in subsection (c) and (d), to the state general fund.

8 (b) A refund fund, designated as "sales tax refund fund" not to exceed
9 \$100,000 shall be set apart and maintained by the director from sales tax
10 collections and estimated tax collections and held by the state treasurer
11 for prompt payment of all sales tax refunds including refunds authorized
12 under the provisions of K.S.A. 79-3635, and amendments thereto. Such
13 fund shall be in such amount, within the limit set by this section, as the
14 director shall determine is necessary to meet current refunding require-
15 ments under this act. In the event such fund as established by this section
16 is, at any time, insufficient to provide for the payment of refunds due
17 claimants thereof, the director shall certify the amount of additional funds
18 required to the director of accounts and reports who shall promptly trans-
19 fer the required amount from the state general fund to the sales tax refund
20 fund, and notify the state treasurer, who shall make proper entry in the
21 records.

22 (c) The state treasurer shall credit 5/98 of the revenue collected or
23 received from the tax imposed by K.S.A. 79-3603, and amendments
24 thereto, at the rate of 4.9%, and deposited as provided in subsection (a),
25 exclusive of amounts credited pursuant to subsection (d), in the state
26 highway fund.

27 (d) The state treasurer shall credit all revenue collected or received
28 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
29 certified by the director, from taxpayers doing business within that por-
30 tion of a redevelopment district occupied by a redevelopment project that
31 was determined by the secretary of commerce and housing to be of state-
32 wide as well as local importance ~~and to meet the other criteria or will~~
33 ~~create a major tourism area for the state as specified in K.S.A. 12-~~
34 ~~1774(a)(1)(D) subsection (a)(1)(D) of K.S.A. 12-1774, and amendments~~
35 thereto, to the city bond finance fund, which fund is hereby created. The
36 provisions of this subsection shall expire when the total of all amounts
37 credited hereunder and under subsection (d) of K.S.A. 79-3710, and
38 amendments thereto, is sufficient to retire the *special obligation* bonds
39 issued for the purpose of financing all or a portion of the ~~construction~~
40 ~~costs~~ of such redevelopment project.

41 Sec. 5. K.S.A. 79-3620b is hereby amended to read as follows: 79-
42 3620b. Moneys credited to the city bond finance fund in accordance with
43 the provisions of subsections (d) of K.S.A. 79-3620 and (d) of K.S.A.

1 79-3710, and amendments thereto, shall be distributed biannually to cities
2 which have issued special obligation bonds to finance, in whole or in part,
3 a redevelopment project which was determined by the secretary of com-
4 merce and housing to be of statewide as well as local importance ~~and to~~
5 ~~meet the other criteria or will create a major tourism area for the state~~
6 ~~as specified in K.S.A. 12-1774(a)(1)(D) subsection (a)(1)(D) of K.S.A. 12-~~
7 ~~1774, and amendments thereto.~~ The state treasurer shall make such bi-
8 annual distributions on such dates as mutually agreed to by the city and
9 the state treasurer. The total of all distributions under this section shall
10 not exceed an amount determined to be sufficient to retire the principal
11 and interest payable on such *special obligation* bonds. Moneys paid to
12 cities hereunder shall be deposited in a special fund of the city to pay the
13 costs described herein.

14 Sec. 6. K.S.A. 79-3710 is hereby amended to read as follows: 79-
15 3710. (a) All revenue collected or received by the director under the
16 provisions of this act shall be deposited daily with the state treasurer and
17 the state treasurer shall credit the same, less amounts set apart as pro-
18 vided in subsection (b) and amounts credited as provided in subsection
19 (c) and (d), to the general revenue fund of the state.

20 (b) A revolving fund, designated as "compensating tax refund fund"
21 not to exceed \$10,000 shall be set apart and maintained by the director
22 from compensating tax collections and estimated tax collections and held
23 by the state treasurer for prompt payment of all compensating tax refunds.
24 Such fund shall be in such amount, within the limit set by this section,
25 as the director shall determine is necessary to meet current refunding
26 requirements under this act.

27 (c) The state treasurer shall credit 5/98 of the revenue collected or
28 received from the tax imposed by K.S.A. 79-3703, and amendments
29 thereto, at the rate of 4.9%, and deposited as provided in subsection (a),
30 exclusive of amounts credited pursuant to subsection (d), in the state
31 highway fund.

32 (d) The state treasurer shall credit all revenue collected or received
33 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as
34 certified by the director, from taxpayers doing business within that por-
35 tion of a redevelopment district occupied by a redevelopment project that
36 was determined by the secretary of commerce and housing to be of state-
37 wide as well as local importance ~~and to meet the other criteria or will~~
38 ~~create a major tourism area for the state as specified in K.S.A. 12-~~
39 ~~1774(a)(1)(D) subsection (a)(1)(D) of K.S.A. 12-1774, and amendments~~
40 thereto, to the city bond finance fund created by subsection (d) of K.S.A.
41 79-3620, and amendments thereto. The provisions of this subsection shall
42 expire when the total of all amounts credited hereunder and under sub-
43 section (d) of K.S.A. 79-3620, and amendments thereto, is sufficient to

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1 retire the *special obligation* bonds issued for the purpose of financing all
2 or a portion of the ~~construction costs~~ of such redevelopment project.

3 Sec. 7. K.S.A. 79-3620, 79-3620b and 79-3710 and K.S.A. 1997 Supp.
4 12-1771, 12-1774 and 12-1775 are hereby repealed.

5 Sec. 8. This act shall take effect and be in force from and after its
6 publication in the statute book.

SCHEDULE D1(A)
MAXIMUM TIE BOND REPAYMENT SCHEDULE

<u>YEAR</u>	<u>TOTAL ANNUAL PAYMENT</u>
1998	\$ 4,803,000
1999	4,803,000
2000	4,803,000
2001	4,803,000
2002	4,803,000
2003	4,893,000
2004	4,987,000
2005	5,081,000
2006	5,177,000
2007	5,275,000
2008	5,375,000
2009	5,477,000
2010	5,581,000
2011	5,687,000
2012	5,795,000
2013	5,905,000
2014	6,017,000
2015	6,131,000
2016	6,247,000
2017	6,365,000
2018	6,486,000
2019	6,609,000
2020	6,734,000
2021	6,862,000
2022	6,992,000
2023	7,125,000
2024	7,260,000
2025	7,398,000
2026	7,538,000
2027	<u>7,681,000</u>
	\$178,693,000

D1(A)-1

December 12, 1997
12:39 PM

House Taxation
1-21-98
Attachment 4-1

My name is Lloyd Hazen. I have been a resident of Wyandotte County for the past 75 years.

When a lot of people moved from the county, I preferred to stay, even though I knew we were taxed more than any other county. I was loyal to the area where I was born and raised.

Now, some outsider comes in with a race track proposal and an Oz theme park. I have paid taxes in this county for many years and never have been given a tax abatement, nor did I want any.

Yes, I would want a reduction in taxes as we all would, but not at the expense of all our Citizens in the county, and if the race track owners are granted this tax abatement, in my opinion, down the road, we are all going to suffer for it.

My property is located in the track area, so I am against the track being built, when in this same county there is all kinds of blighted areas that a track could be built. ~~_____~~

~~_____~~ So, why should we be the sacrificial lambs? We are located in probably one of the nicest and most desirable areas in the county.

There has to be some reason they are so insistent in building the track in this proposed area.

I'm not the smartest of people, but I sense something behind the scene that we are not aware of.

Also, if the Oz is realized, does that mean they will also get a big tax abatement? Can anyone say with a certainty that this race track is going to last 30 years?

Based on my experience a lot of changes come and go in 30 years. By that time, we could have rocket ships flying to the Moon, which would be a lot more exciting for people to participate in than cars going around a race track.

Believe me, 30 years is a long time, and many people who are in favor of this track will not be around to benefit from it. And, another thing, do we realize that Kansas City, Missouri and Johnson County and all out-lying areas are getting a free ride in all of this?

They are not spending a dime as to what they will benefit from the building of this track. Has it ever occurred to you that Kansas City, Missouri actually dumped this track on us?

I think we were duped. About hotels, motels, restaurants, etc. are we naive enough to think developers are going to build all those facilities, when there are plenty of hotels in Kansas City, Missouri and Johnson County to house patrons for the race track 3 times a year.

Look at the Woodlands - that was also supposed to happen there, which it did not.

Kansas City, Kansas is not going to be able to support this track - so are we depending on outsiders? And again, they will stay where the hotels and motels already are.

Surely not everyone will stay at the Harvest Moon Motel or Sharons Motel in Kansas City, Kansas.

Let's "WAKE UP!", as my old Dad would say - "Don't buy a pig in a poke."

I hope you have listened to my passionate plea and will vote the track DOWN.

In the future there has to be better things for Wyandotte County.

I will pray for that!

Thank you for your attention in listening to me.

Good morning Ladies and Gentlemen. My name is Joyce Cunningham and I am a resident of Wyandotte County, Kansas. We as residents of Wyandotte County are opposed to a 30 year tax abatement for ISC. The Boeing Corporation in Wichita spent over a Billion dollars on expansion - provided over 1,000 **"REAL FULL TIME JOBS"** and didn't ask for anything.

A local Wyandotte County Businessman, Mr. Jim Denham is building a Holiday Inn Express & has already opened a tire store on this same land at I-70 & 7 Highway - he didn't ask for abatement.

The Woodlands purchased land in our county and built without city or county bonds or help to acquire the land. Our State government chose not to help them when the river boats arrived on the Missouri side of the river. Slots would have helped them immensely. They would have generated taxes **"365"** days a year, not just during a racing season.

Under this proposed bill, ISC will be abated 30 years from property, concession, & ticket sales taxes. As we understand it, this bill also includes surrounding land. Meaning that any business purchasing the adjoining land will also be afforded this same 30 year abatement. We understand that Wyandotte County needs something to bolster it's economy, but at **WHAT COST? Who will pay taxes, the residents and business already in the county?**

The racing season in this region of the country is considerably shorter than that of the racing facilities in the warmer climates visited by members of the Unified Board and their Committee of local residents. Who will fill the proposed restaurants, hotels, & businesses during the other parts of the year? Will the residents of the adjoining Johnson County and the residents of Missouri come to Wyandotte County to Eat, Sleep, & Shop. I doubt it !!!

The study completed by Mr. Charles Finch of Cooper & Lybrand for the Unified Board claims 900 full time jobs, \$850,000. in sales tax for Wyandotte County, & 5.3 million in new tax money for Kansas. Most of the sales tax generated will come from Johnson County because all of the taxes for ISC are abated to pay off bonds. The rest of the business for the most part coming into Wyandotte County will be abated for 30 years also. We only have two family hotels in our county, The American on I-70 and the Holiday Inn Express now being built. There are only 3 family dining restaurants left, they are Cracker Barrel, Grandma's Kitchen, & The Frontier. These businesses should not be expected to carry the tax burden when no one else has to pay. Mr. Finch's report seemed incomplete, because it left out the subsidies, cost & tax breaks, & all of the government services being provided free of charge to ISC. What would be the total of all unrecovered government costs for the track for all the years it pays no taxes?

ISC is holding USD #204 Bonner Springs School District harmless for 4 years. They or someone has agreed to pay the district \$125,000. a year for the next 4 years. We are loosing 43 students @ \$4,000. a student, that adds up to \$170,000. a year. This already makes a shortfall of \$45,000. a year, over a 4 year period this amounts to \$180,000.. And what happens at the end of the four years? Any Suggestions as to how our school district

can make up this money lost as well as the property taxes we will loose? Will Our State pick up the difference?

We have a very prominent area banker with ties to our Unified Government & members of our newly elected Unified Board who either control or own land adjoining the proposed track site. These people will gain tremendously if this bill passes. We as residents of this area being displaced will not gain. Do you call this fair?

My home as well as that of my Parents lies within the designated area, but is not being taken for the track itself. Instead we are being held for future commercial development at the discretion of ISC. We will be paid **BEFORE** race track **FAIR MARKET VALUE** as determined by an unbiased firm hired by the Unified Government, but who must report back to a committee of 4 Unified Government officials (Who to my knowledge have yet to be named) for approval before an offer can be made. We have been told to be prepared to "SELL" our homes to the people coming to make offers - convince them that our property is worth what we think it is. Why should we have to go through this trauma? When our homes weren't for sale in the first place. We should be compensated for more than **BEFORE** race track **FAIR MARKET VALUE** without any hassle. At fair market prices there is no way any of us will be able to replace what we have. Even those who have only a home on a lot cannot find replacement @ a reasonable price now. Leavenworth County just passed a bill stating that unless your are in a housing development, you cannot build a single family dwelling on less than 10 acres. Building lots and acreage have soared in our area since this proposed track came to light. What you used to be able to buy @ \$9,950. now costs \$19,950. or more.

They have given us the Date of May 1, 1998 as the buyout date. This is also the day we people in Zone 1 as they call it, must be out of our homes. How, I ask, can this happen to tax paying citizens. When we ask the Unified Government about this, the condemnation laws are recited or we are totally ignored and given no answer at all.

To add insult to injury, as we were investigating the use of TIF Bonds, we discovered that we were place in an Enterprise Zone when the Land of Oz was first proposed. This Enterprise Zone constitutes a blighted area. I have pictures with me to prove this is not so! This knowledge quickly explained why TIF Bonds could be used. However Our taxes over the past 9 years have continued to be high, never indicating that we were living in what our State, City, & County designated blighted.

We are making a huge sacrifice for this private corporation, who is only obligated to provide 1 race a year for a period of 5 years, and then if it doesn't suite them they are free to pull out. Then Wyandotte County is left with yet another **WHITE ELEPHANT!!!** If they want so badly to run with the Big Boys let them pay their way! The State of Missouri refused all of their request for concessions. *What is wrong with Kansas?*

LADIES AND GENTLEMEN, HOW CAN THESE THINGS BE HAPPENING TO THE PEOPLE WHO ELECTED YOU TO REPRESENT THEM?



HNTB

D.R. Lecher and Mahony

Turner

KANSAS INTERNATIONAL SPEEDWAY
KANSAS CITY, KANSAS

December 11, 1997

Parcel Plan

6-3

This is the undeveloped area that the City would not agree for the racetrack to use. From 110th st. to 126th st. there are 26 homes and 1 business

This parcel of land with 10 homes was added after 10-1-97. No additional funds were allocated over the original 16.1 million for acquisition.

This land was part of 1184 City of Edwardsville

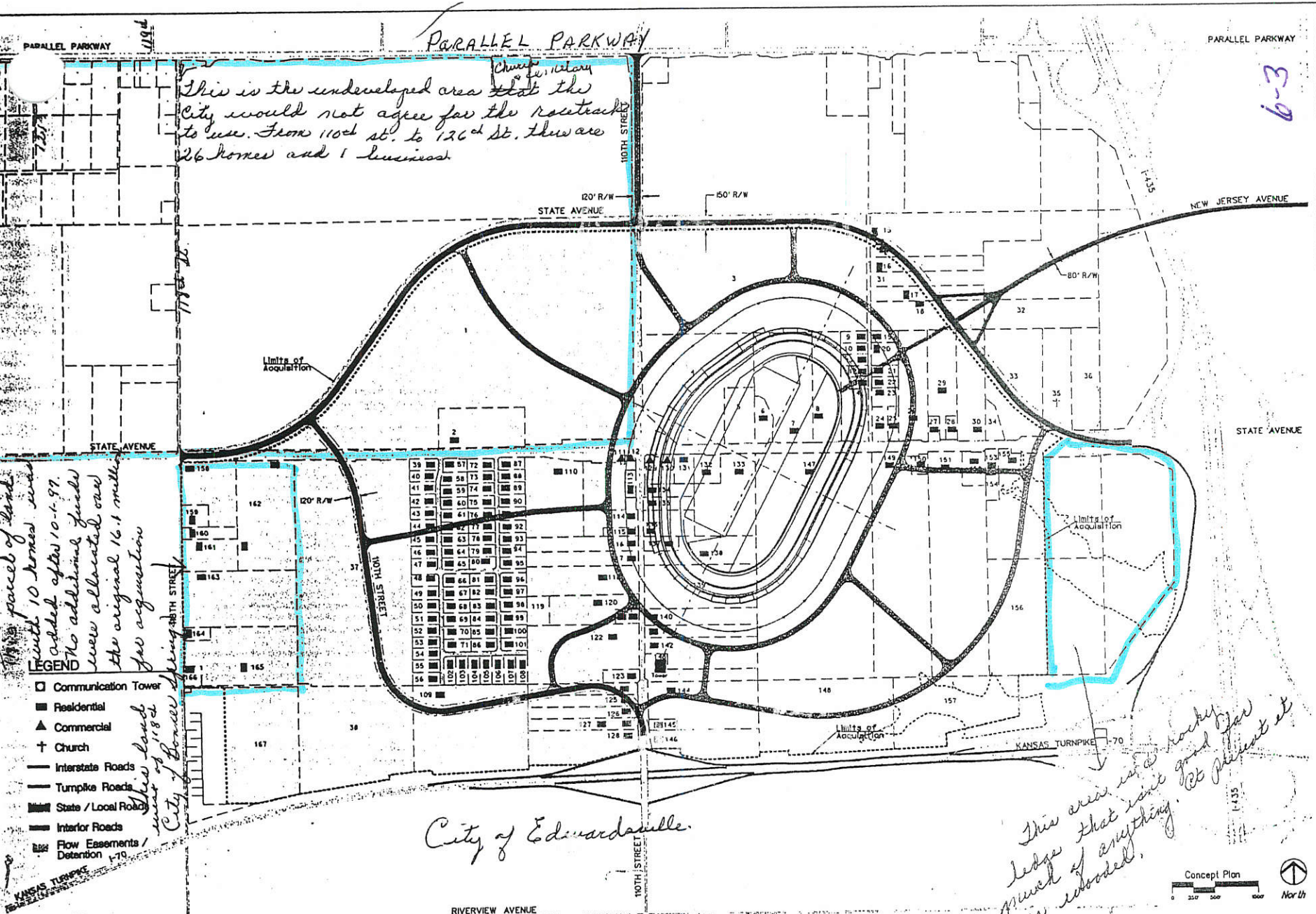
City of Edwardsville

This area is a rocky ledge that isn't good for much of anything. It's present at is shown.

Gov. GRAVES

The "undeveloped land" that you referred to in your statement contains 146 homes plus 4 businesses. According to a statement made by Sen. Stanger the F.S.C. is only committed to 1 race per year for 5 years. Exp. only at the end of 5 yrs. It could be our "baby."

3



I'M HERE WITH A GROUP OF HOME OWNERS FROM WESTERN WYANDOTTE COUNTY WHERE THE PROPOSED RACETRACK IS SUPPOSED TO GO IN.

I'M HERE TO GIVE YOU SOME INFORMATION ABOUT THIS AREA OF ABOUT 1000 ACRES. LADIES AND GENTLEMEN THE TRUTH IS, THAT THIS IS NOT A BLIGHTED AREA THAT SHOULD BE TORN DOWN OR QUALIFIED FOR T.I.F. BONDS. I'M AN ENGINEER NOT A LAWYER SO I DON'T KNOW ABOUT LOOPHOLES, BUT I DO KNOW A BLIGHTED AREA WHEN I SEE ONE. WE HAVE THOSE ALSO BUT NOT IN THIS PARTICULAR LOCALITY. THIS AREA IS ABOUT 3 OR 4 MILES NORTH OF THE KAW RIVER. AS YOU LEAVE THE RIVER BOTTOM YOU GO THROUGH SOME BLUFFS AND ROUGH COUNTRY AND THEN YOU GET INTO THE ROLLING HILLS AND CROSS I-70 AND YOU ARE AT MY HOUSE. THIS AREA OF 1000 ACRES IS MOSTLY PASTURELAND WITH SOME CREEKS AND WOODED AREAS AND MANY DEER.

MY HOUSE SITS ON 8.6 ACRES ON THE NORTH SIDE OF I-70 AT 110th. ST. THIS IS AN ALL BRICK RANCH HOUSE THAT WAS CUSTOM BUILT IN 1969. IT HAS 2 FIREPLACES, HARDWOOD FLOORS AND HAND-RUBBED FINISH ON THE WOODWORK AND CABINETS. IT WAS BUILT WITH ALL NO. 1 GRADE LUMBER AND IS STILL AS STURDY AS THE DAY IT WAS BUILT. I HAVE LOOKED AT NEW HOMES LATELY AND QUITE FRANKLY I JUST DON'T SEE THE QUALITY THAT I HAVE IN MINE. WHILE MY HOUSE IS A GOOD ONE, IT CERTAINLY IS NOT THE BEST IN THE AREA AS THERE ARE NEWER AND BIGGER ONES INVOLVED IN THIS PROJECT THAT WILL JUST BE TORN DOWN ALSO.

MY REALTOR MADE THE STATEMENT THAT THIS AREA OF WYANDOTTE CO. IS AS NICE AS JOHNSON CO. AND THAT SAYING IT WAS A BLIGHTED AREA MADE ABOUT AS MUCH SENSE AS SAYING THE PLAZA IN K.C.MO, WAS BLIGHTED. HIS OFFICE HAPPENS TO BE IN JOHNSON CO.

EVERY YEAR WE SEE MORE CONCRETE AND BLACKTOP MOVING FARTHER OUT FROM THE CITY AND COVERING UP THE GREEN GRASS AND FARMLANDS AND WOODLANDS.

I WOULD LIKE TO SEE A CHANGE IN ATTITUDE AND BELIEVE OUR LEADERS NEED TO RETHINK THEIR IDEAS OF PROGRESS.

THEREFORE I BELIEVE THE CITY HAS MADE A BAD CHOICE IN PUTTING THE TRACK WHERE THEY HAVE PROPOSED

AS A 33 YEAR RESIDENT OF WYANDOTTE CO. I'M MORE INTERESTED IN THE QUALITY OF LIFE FOR MYSELF AND THE OTHER RESIDENTS, THAN I AM IN BEING A BIG TOURIST ATTRACTION 2 OR 3 TIMES A YEAR.

WE ARE PAYING A HIGH PRICE IN TAXES FOR THIS QUALITY OF LIFE AND I DO NOT BELIEVE THAT THE I.S.C. OR ANY ONE ELSE, SHOULD BE GRANTED A 30 YEAR TAX ABATEMENT SO THEY CAN PUT THIS TRACK IN ON THE HOME-OWNERS BACKS.

THE ORIGINAL INTENT FOR EMINENT DOMAIN WAS NOT INTENDED TO BE USED FOR PRIVATE ENTERPRISE PROJECTS SUCH AS THIS.. THESE ARE MY BELIEFS AND ALSO THE BELIEFS OF MANY OF MY FRIENDS AND NEIGHBORS.

THANK YOU FOR YOUR KIND ATTENTION.....

REX O. MORRIS
445 N. 110th. St.
KANSAS CITY, KS. 66111
PH 721-5368

House Taxation
1-21-98
Attachment 7-1

I oppose the 30 year tax abatement for the ISC race track. First this is not a NASCAR race track it may or may not have any major races on this track. About three months ago the City of Kansas City Ks told us taxpayers that the ISC wanted to build a race track in this area. First in order to get TIF and STAR it is supposed to be a blighted run down area. This is not a blighted area. There has been no impact study for a race track on this land, only a theme park and that was only half way done. It was to bring about 300 million dollars to the area. Now after a consultant study they say it will bring in about 500 thousand dollars. They studied tracks in Texas, California and Arizona. What is wrong with this study? There are about 400 million citizens in a 100 mile radius of the track in Texas and California and about 200 million in Arizona, so they are talking about a Rolls Royce area in comparison with a GEO area. The first offer, 300 million dollars, was with a 10 year tax abatement. Now they want a 30 year tax abatement with a lot less money then the first offer. They say it will make 700 or more jobs. How? The ISC told me there would be about 40 full time jobs where the other jobs come from we do not know. If it is from the construction workers they are wrong as most will be from Kansas City MO. and the 20 million from sales tax, where is that coming from? This is a STAR project so the taxes goes towards paying off the bonds. They say the State will get 5 million dollars a year. If so it will take the state 20 years to pay off their bonds. The city will have to pay for all the upkeep on this non-profit race track, the State will have to pay for all the road upkeep. Then there are about 150 homes to be taken, Why? There is plenty of land form I-435 west to 110th St South to I-70 and North to Parallel but a member of your Senate and his partner are managers of this land. They say the river boats was the cause of the woodlands downfall, wrong. Ask yourself are their riverboats in Wichita and Pittsburgh Kansas these tracks failed also. You gave General Motors a 10 year tax break on a billion dollar plant. You gave Boeing a 10 year tax break on a billion dollar plant, which have a thousand taxpayers working for them. The ISC has none as I checked the ISC and it said they had between 250 and 499 employees all over their other tracks. This race track would be being built in Kansas City MO right now if the State was willing to give what the State of Kansas is giving them. They would only get a 10 year tax break from Kansas City MO but they were told the City of KCK and the State of Kansas would give them the State and City to get this track. Remember KCK was the third choice. You know the tobacco and beer companies will have to quit advertising at race tracks before long. Also all your big name drivers will be retiring. At this race track if you do not have Winston Cup racing you will need less than 25,000 seats. Also there are too many race tracks now the drivers say they cannot race on all of these tracks. There are 105 counties in Kansas but KCK and Johnson say they control the other 103 counties. What ever they say you will follow . It is a shame you let them run over your 103 counties. The ISC will still build here with a 10 year tax abatement. Why because they cannot find another state this eager. Anytime someone tries to ramrod a deal like this they do not want the taxpayers to know the truth. So kill this 30 year tax abatement and we will all be winners and the money will stay in Kansas not Florida. There are companies in Wyandotte County begging for workers but cannot get any so we are not hard up for jobs but we are for workers who want to work.

Lad and Gentlemen of the Kansas Legislature

I come to speak to you today as one of the residents of the proposed NASCAR track. The sequence of events we have been going thru, and the time frame it has taken has been quite alarming to all of us. Becoming prepared for these events has been quite a challenge. For we do not have the luxury of those whose profession is to promote this proposal.

The accelerated pace of this project has left us little time to prepare for the circumstances we must educate ourselves for, and this must be done around our daily responsibilities of work and family.

This is made even more difficult due to the lack of information we have received, and this lack of information has created a air of distrust with this project. Which becomes reminiscent of high pressure sales tactics, ("This is a last chance deal, sign on the dotted line today and don't worry about the fine print.")

Many questions arise from our concerns that we feel a need to be answered.

Can a 30 year tax abatement be guaranteed to be to the public, or can it only be guaranteed that K.I.S.C. will benefit.

Has any other property owners adjacent to the track site been given a tax abatement, and if so which ones.

Are tier any plans to give future business any tax abatements, and if so - how much.

Is the eminent domain law used to take property from citizens for corporate profit, without reaching a just with a majority of the landowners first - in the true spirit of the law that the good citizens of Kansas had intended.

Under Kansas law can Tax Increment Financing bonds be used to finance a construction project in an area which is not blighted, or a conservation area, and or environmentally contaminated.

And we hope the Unified Government will increase in its efforts to meet with our residents committee, so we can reach an agreement on the relocation plans that will be more beneficial to both parties.

A great opportunity has been lost due to the way this project has been managed. For even those of the residents who have the most to lose, and whose losses could never be truly compensated for. Acknowledge that the NASCAR track will be beneficial, even if it only accomplishes half of what the exceedingly rosy predictions have been.

This is a rare occurrence, that so many people feel that a project would be so beneficial to sacrifice that which truly can not be replaced. And for their communities benefit. But this sacrifice becomes more unbearable with the thought that the public and the residents will not benefit from the 30 year tax abatement, or the price paid for the acquisition of our homes

Kansas International Speedway corp. purpose in building this track is to better themselves, and their stock holders expect no less. Shouldn't those of us who are giving up our holmes, better ourselves in the final outcome. we only expect a just compensation.

We truly hope our Legislators will consider all the information , and choose which is best for all parties involved

Thank you for your attention
Charles W. Hale

HOUSE TAXATION
1-21-98
9-1

Rep. Phill Kline and committie,

1--21-98

I am Terrill R Henry 1233 North 106 Street Kansas City, Kansas since May 1957.

I am a World War 2 Veteran. In Oct.1942 the long arm of our Federal

Government grabbed me (20 $\frac{1}{2}$) year old, and said, come along young man,
we have a war to fight. I questioned why I should have to go to war.

I was told that by me going to war, to defend the United States of America,

I would be given the priviledge of coming back home from the war to get a job,
buy a home, and raise my family.

I went to war, was gone for 38 months minus 9 days. Dec. 10- 1945 I got
my honorable discharge. 52 years to the day Dec. 10-1997 the leaders of
our Unified Government in Kansas City Kansas signed an agreement with I.S.C.
to build a race track in Wyandotte County. This agreement included
taking my home away from me, that I went to war to to defend.

The taking of my home along with all my neighbor's homes, is a terrible
use of the law, to help a private business, this private business stands to
earn lots of money for themselves, while I have to let them (U.G.) take
away my home . The reason this is about to happen, is because the I.S.C.
and U.G. has hired the Coopers & Lybrand consulting firm, to paint a rosey
statistic report about the possible economic impack in Kansas City Kansas if
the track was built. I believe this analysis is biased, because the
estimates are based partly on I.S.C.'s experience with racing in Phoenix,
Ariz; Fontana, Calif. and Fort Worth, Texas. This analysis DID NOT give
any facts, the article in our paper stated several times,that by the track
being built here it (could) inhance general economic growth, it (could)
inhance community pride, it (could) create a working syneagy in conjunction
with other initiatives,it (could) inhance the area's reputation as a sports
center, it (could) contribute to the establishment and maintenance of the
area's national exposure.

HOUSE TAXATION
1-21-98
10-1

The analysis states that the track (could) create the equivalent of 910 permanent new fulltime jobs. I ask you how can a race track that has so few races, a year have 900 plus permanent fulltime jobs?

This last spring I think about March, a bill was passed that included changing the tax abatement from 10 years to 20 years, Now I.S.C. has said they have to have 30 years or there will be NO deal on this \$252 million dollar project. If this race track is such a money making deal, why do they need 30 years of no taxes? Just this past year Boeing Air Craft in Wichita, Ks. had an expansion worth \$ 1 Billion dollars (not 252 million, and they asked for 10 years of tax abatement.

Kansas City Kansas tax payers were told a few years back, that if the Woodlands dog track was built, our tax worrrys would be over, now chapter 11 is in place. Just a few years back, the County Commisioners built a parking lot for the Sandstones that cost the tax payers \$ 5 million dollars in bond payments, they are now in chapter 11.

Thousands of dollars have been spent studing the possibility of building the Wizard of Oz, yet NO Oz. Now we are being told if we let the U.G. have our homes, for the race track, K.C.K. will have NO more tax worrrys.

Our local U.G. leaders tells us that NO tax payer money will be used for this private project. Now, let me ask you-- where is the \$ 7.5 million in capital improvement money in K.C.K. coming from that will be used for this track? (tax payers) Where is the \$ 3.6 million of B.P.U. money coming from ? (tax payer), Where is the \$ 43.2 million of KDOT highway money coming from ? (tax payers)

The U.G. says they will pay fair marker price (before the track talk) for our homes. My home IS NOT for sale, I don't want to move . I looked in my World Book Dictionary page 751 to see what " Fair Market Price was ".

it states--- " A value established by a buyer with clear intention of buying, and a seller with clear intentions to sell, with both of whom are acquainted with market condition ". The market condition in our community is stacked in favor of the buyer (U.G.) with NO concern for the desire of the home owner. The U.G. leaders have told us that we will have to sell our homes to them, or they WILL CONDEMN our home and take it.

I thought this was America. What happened to the people's rights ?

I know that I.S.C. has agreed to pay in lieu of taxes some \$ 178 million over the next 30 years. The community will not get to use this money because it will be used to pay off the debt.

I incourage you the tax committee, to recommend to the legislative body to turn this project down. Just say NO to this 30 years free tax.

I ask you ,if this track is such a money maker,not only for K.C.K. but for the State of Kansas, why did the I.S.C. need to hire three well known lobbyists (Patrick Hubbell, John Buttenberg, Bill Sneed) and the U.G. needed to hire lobbyists (Whitney Damron) to lobby the State legislators ?

This whole thing just stinks.

Please vote no on this 30 year tax abatement.

Terrill R Henry

1233 North 106 Street

Kansas City, Kansas

Thank you for allowing me to speak to you today.