

MINUTES OF THE HOUSE TOURISM COMMITTEE.

The meeting was called to order by Chairperson Barbara P. Allen at 11:50 a.m. on March 31, 1998 in Room 313-S-of the Capitol.

All members were present except: Representative David Adkins - excused

Committee staff present: Tom Severn, Legislative Research Department
Renae Jefferies, Revisor of Statutes
Bob Nugent, Revisor of Statutes
Lynne Holt, Legislative Research Department
Nancy Kirkwood, Committee Secretary

Conferees appearing before the committee: Senator Chris Steineger
Skip Palmer, President, The Wonderful World of Oz
Michelle Miller, Intergovernmental Relations Coordinator,
Johnson County

Others attending: See attached list

Chairperson Allen brought the committee's attention to the hearing on **Sub for S 675 - projects of statewide and local importance, KDFFA revenue bonds and other provisions.**

Chairperson Allen recognized Skip Palmer, President, The Wonderful World of Oz, who presented a slide presentation on the The Wonderful World of Oz, regarding A Family Resort and Theme Park in the State of Kansas (**Attachment 1**).

Senator Chris Steineger, recognized by Chairperson Allen addressed the committee as neutral on **Sub for S 675 (Attachment 2)**.

Larry Winn, Development & Real Estate Attorney, Polsinelli, White, Vardeman & Shalton, informed the committee of its representation of Oz Entertainment Company (O.E.C.), specifically with reference to its land use, real estate and zoning efforts. Polsinelli, White, Vardeman & Shalton identified two sites on the Kansas side of the metroplex, i.e. Wyandotte County and then later Sunflower Army Ammunition Plant. He stated the purpose of **Sub for S 675** is to make the same economic development tools available in Wyandotte County similarly available in Johnson County at Sunflower. Chairperson Allen requested that Larry Winn submit his testimony in writing to the committee.

Lynne Holt, Legislative Research, was asked by Chairperson Allen to explain **Sub for S 675** to the committee.

Michelle Miller, Intergovernmental Relations Coordinator, Johnson County spoke in support of **Sub for S 6765 (Attachment 3)**.

Chairperson Allen closed the hearing on **Sub for S 675 - projects of statewide and local importance, KDFFA revenue bonds and other provisions.**

Chairperson Allen informed the committee it would be working **Sub for S 675** later this week.

The meeting adjourned at 1:30 p.m.

1 The OZ Entertainment Company

PRESENTS

The Wonderful World Of OZ

Key Issues Regarding:
A Family Resort and Theme Park

The State of Kansas

2 Why has it taken so long?

- The Evolutionary Process
- The Wonderful World of OZ: The Place
- The OZ Entertainment Company
 - » OZ Interactive
 - » OZ Consumer Products
 - » OZ Resorts
 - » Heartland Development
 - » Wizard Works
 - » The Wonderful World of OZ
- The Management Team
- The Development Team

3 The Evolutionary Process

- » The Concept
- » Turner Agreement
- » Feasibility Analysis
- » Economic Assistance Legislation: STAR Bonds
- » Financial Modeling
- » Equity Financing and Due Diligence
- » Time Warner Agreement
- » Strategic Alliances
- » Debt Financing
- » Land Use Planning
- » Public Agency Process:
 - Primary Site: Wandotte County
 - Alternate Site: Johnson County

4 The Wonderful World of OZ: The Place

- A Past ... A Present ... A Future
- L. Frank Baum
 - » The Wizard of OZ: Book published in 1900
 - » 40 Books
 - » 350 Characters
 - » Baum Trust License Agreement
- Time Warner Agreement
 - » The Wizard of OZ: Movie released in 1939
 - » More Than One Billion Viewers
 - » Exclusive Commercial Use Agreement
 - » Digital and Interactive Rights

5 Where will it be built?

Preferred Site: Wandotte County

House Tourism
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Attachment 1

- Positive:
 - » Located near Interstate 70 at K-7
 - » Closer to the Kansas City International Airport
 - » Steineger Amendment: Expansion Opportunity
- Negative:
 - » Noise
 - » Traffic

6 Where will it be built?

Alternate Site: Johnson County

- Positive:
 - » Single Owner
 - » 5,000 Acres
- Negative:
 - » Complicated Federal Government Process
 - » Further from the Metropolitan Center

7 Who will decide where the project is built?

The OZ Entertainment Company Board of Directors:

Driven by the Principal Investors and Bankers.

8 Will The Unified Government of Kansas City and Wyandotte County be reimbursed for the grant funds provided for the initial feasibility study?

Yes

9 Phase I

(1,200 - 1,500 Acres)

- Family Theme Park
 - » 36 Rides and Attractions
 - » 53 Shops
 - » 26 Restaurants (Full Service, Buffeteria, Fast Food)
- Resort and Conference Hotel
 - » 500 Rooms
 - » 50,000' of Conference and Exhibit Space
- Golf Course
 - » 18 Holes
- Recreation Vehicle Park
 - » 600 Sites

10 Phase II

(2,300 - 3,500 Acres)

- Additional Attractions
 - » Entertainment Retail
 - » Movie and Television Studio Theme Park
 - » Western Themed Town
 - » Themed Water Park
 - » Old Kansas: Farmsteads
- Additional Hotels
- Commercial
- Residential
- Technology Park

11 What is the investment and where does the money come from?

(Rounded: 2001 Dollars)

■ Equity:	(Investors)	\$ 50,000,000
■ Debt:	(Banks)	325,000,000
■ STAR Bonds:	(Banks)	<u>210,000,000</u>
■ TOTAL:		\$585,000,000

12 When will it open?

	1997	1998	1999	2000	2001
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Planning

Construction

Staffing

Training

Opening

13 Is it feasible?

14 How many people will come?

■ First Year:	3,200,000
■ Operating Days:	185
■ Design Day:	32,000
■ Average Day:	16,000

15 What are the regional impacts?

(Source: Mid-America Regional Council)

■ Overall Impact	
■ Construction	
■ Theme Park and Resort Operations	
■ Local and Tourism Expenditures	
■ Creation of Jobs	
■ Kansas	5,963
■ Missouri	<u>1,785</u>
■ Metro Total	<u>7,748</u>

16 The Wonderful World of OZ

*"Well Toto ...
I've a feeling we're
not in Kansas anymore ..."*

MARCH 31, 1998

TESTIMONY OF:

SENATOR CHRIS STEINEGER

House Tourism
03-31-98
Attachment 2

I am just going to offer various comments, and I do not want to necessarily testify as an ardent opponent to the bill but certainly as someone who is concerned about the ramifications of SB 675 and I did argue against it on the Senate floor, and that was my need and place to do that for my stockholders, my Wyandotte County constituents. We did feel that for the very threatening competition for Wyandotte County, we have worked to get this Oz project for six or seven years now, and we were the original investors in it. Wyandotte County did put several hundred thousands dollars of public money into the project, both from our board of public utilities and from the city of Kansas City, Kansas, and from Wyandotte County, as well as numerous hours of staff time, we hired some consultants to look into things, and we have spent quite a bit of money on it. But, it is small potatoes compared to the potential rewards that the Wonderful World of Oz could bring to Wyandotte County, we would love to have it. We believe that our site is far, far superior, and we have marketed it that way for a number of years. We have a far, far better transport system there. We have two interstate highways that cross, I 70 and I 435, and then we have also have two four-lane state highways, which form the other two sides of a box, if you will, and that would be 2440 which is State Avenue, and also highway 7 which runs on up to Leavenworth. They are both wide open good big four-lane state highways, and I 30 there are six-laners or will soon be. I think that one member here pointed out that with the ISC Racetrack project the state is going to pump in some money and I 70 will also be six-lanes through that section. So I think the traffic capacity is far, far superior to the De Soto site, and I would just be worried as a matter of public policy that whatever may be built at Sunflower in the future if it is a project that would have substantial numbers of people all riding at once in individual cars as opposed to a bus I really think sincerely that the roads out there would be overcrowded. K 10 is a major highway that goes by there and it is a four laner, but however Sunflower is a mile or more off of there, and it is just a little ole' two-lane country highway that services the actual front gate of Sunflower. I just can't imagine that little two-lane road, and it does not even have a turn lane in the middle, I can not imagine that little two lane road handling all those cars without having to be upgraded, and at whose expense, I am not sure, but I can imagine that we

might be asked to pony up for that in the future, and I would again point out that the Wyandotte County site certainly have already put the money into it to handle far more cars than I can see in your projects combined could generate. One part of the bill that disturbed me a little was the implementation date, normally we pass bills around here that go into effect on July 1, and this one goes into effect upon the publication of the Kansas Register, and I just express that concern. In fact, I tried to amend the bill unsuccessfully on the Senate floor just to switch it back to the July 1 implementation date, and I read that we have stuck with this project six or seven years now, and we have heard so many announcements that they are going to break ground next month, next quarter, or next year, and every one of them has fallen by the wayside for one reason or another, good reason or not, and so it just seems to me why rush now? Another thing about rushing is that this is a big piece of land, it is rare that nine thousand acres becomes available all at one time anywhere in Kansas and I think that there very well may be other parties who would be interested in using part of that land, and this bill is so specific to the Oz project that by passing the bill especially with the implementation date, that it puts them at the front of the line, in front of everybody else, before anyone else gets a shot at it, and I do know that by having spoken with Gene Denton, he is the Johnson County County administrator, that Johnson County is interested in some park land out there, the city of De Soto is also interested in some park land out there as well as the water treatment plant. I guess that the Army had paid for a water treatment plant ten or fifteen years ago with a very large capacity, and the city is interested in getting a hold of that, and I toured Sunflower myself a couple of weeks ago, and it is a very interesting site, I think that Johnson County should be very thankful they have that property available in their community. In the long run I think it has the potential for a variety of uses. I got a map which all of you might want to see in the future, I have one for the Wyandotte County site, which shows the post ISC Racetrack it shows I 70 at the bottom and the I 435 corridor and then State Avenue and Highway 7 and that both projects have been drawn in there side by side and this is a map provided by Oz Entertainment. I would just point out to you the great system not just of the roads but of the exit ramps are all high speed type, clover-leaf exits. I will point this out.

Finally I will point out. . . . speaks of the need for an alternative site. I guess if I were an investor in such a project I would want to have myself

double cover, I don't blame them for that. This seems to be a viable site. Well, how viable is viable? What does that mean? Does that mean you are going to own it all the improvements are there? How viable does it need to be. Do they need to own the land? Does it mean they have all of things in place? In my mind,. I would consider it viable as it is, that as much as we know about Sunflower and its availability. Washington says it would take six months or longer to transfer this over. Considering the Pentagon is involved I would suggest it would take longer than what we might hope for and this is just one more reason that we do not need to rush into it.

Questions and answers start here.



**TESTIMONY IN SUPPORT OF Sub for SB 675
BEFORE THE HOUSE TOURISM COMMITTEE**

On Behalf of the Johnson County Board of County Commissioners

Presented by Michelle Miller, Johnson County Intergovernmental Relations Coordinator

March 31, 1998

The Johnson County Board of County Commissioners supports Sub for SB 675, (SB 675), as amended by the Senate Commerce Committee and the Senate Committee of the Whole. This bill is important to Johnson County as it provides a necessary financing mechanism for the orderly redevelopment of the Sunflower Army Ammunition Plant, as well as for Labette County's Parsons Army Ammunition Plant. The extension of tax increment financing and the provision of STAR bonds to projects of statewide and local importance within these federal enclaves, under the oversight of the Kansas Development Finance Authority, and with local government approval, are important economic development finance tools that will greatly serve not only Johnson and Labette Counties, but the entire State of Kansas well into the twenty-first century. For these reasons, Johnson County urges the passage of SB 675.

Our interests in this bill are pointed: without the financing mechanism provided in SB 675, the County, as well as the State, will be unable to efficiently deal with the long-term land-use problems inherent in the properties. Johnson County undoubtedly faces major challenges providing for Sunflower infrastructure improvements such as roads, sewers, water and air quality assurance, as well as public safety services. And though the federal government is ultimately responsible for the significant environmental remediation that is necessary to reclaim the viability of the land for any use, oversight of a timely clean-up to promote the compatible and productive redevelopment of the site will remain a local government responsibility well into the future.

While we were not the primary sponsors of this bill, Johnson County offered amendments that would ensure the protection of the County's interests in: (1) full public participation in the professional land-use planning decisions of any redevelopment project within the site; (2) the Board of County Commissioners' approval authority over any use of County tax dollars within the site; and (3) the commitment of the non-dedicated portions of the future county-wide sales tax generated within the redevelopment district for the 20 year financing repayment period. With the incorporation of these amendments into the bill, we are satisfied that SB 675 provides sufficient safeguards for the County's interests, and so believe it also serves and protects the greater public interest of all Kansas residents in the reacquisition and redevelopment of these lands. We therefore respectfully request that the House Tourism Committee recommend this bill to the full House favorably for passage.

Thank you for taking our testimony today. I have enclosed, for your review, additional testimony that was offered in the Senate Commerce Committee. I would be happy to visit with each of you individually or stand for any questions that you may have at this time.

Position Statement
of the
Board of County Commissioners
Johnson County, Kansas
on
Senate Bill 675
Presented to
Senate Commerce Committee
March 16, 1998

The Board of County Commissioners of Johnson County, Kansas, appreciates the opportunity to address this committee on proposed Senate Bill 675. As indicated in our brief comments to the committee on March 12, Johnson County has not actively participated in sponsoring this bill, nor does the County have any agreement, commitment, or understanding with Oz Entertainment Company concerning its proposed project.

The interest of Johnson County in generally supporting the passage of Senate Bill 675, as now drafted and amended, is two-fold: (1) provisions of the bill may substantially impact the County; and, (2) the bill would provide a major economic development mechanism which may be beneficial to the County for use at the Sunflower Army Ammunition Plant, if the United States Army proceeds with disposal of the property. For those reasons, we have attempted to ensure that the language adopted under the bill is carefully considered and addresses our major issues, which are that:

the proposed redevelopment district mechanism at the Sunflower site can be used, with or without the Oz Entertainment project;

some form of public participation and comment is available prior to establishing the redevelopment district;

any redevelopment plan is subject to review by the County and must be consistent with the County's comprehensive plan;

any tax increment financing requires agreement by the County and the school district; and,

any commitment of tax revenues, including sales tax, must be authorized by the County.

We believe that these concerns have been reasonably accommodated in the present revision of the bill.

In particular, as stated on March 12, the County wants to ensure that sales taxes are not captured for a redevelopment district without agreement of the County; that

Johnson County, Kansas Sales Tax Information

Johnson County currently imposes a countywide retailers' sales tax at the rate of .975%. That sales tax is levied in four (4) separate portions:

A countywide sales tax of .50%. The revenue from this sales tax is not expressly dedicated to any particular purpose, but is shared with all of the cities in the county according to a statutory formula. This formula generally provides that half of the revenue is divided amongst the county and each city on the basis of proportionate property tax rates and half of the revenue is divided proportionately by population;

a countywide sales tax at the rate of .25%. The revenue is expressly dedicated to public safety purposes and construction of the jail. One half of the revenue goes directly to the county for that purpose. The other half is divided between the county and the cities as outlined above in paragraph one (1) for the one-half cent portion;

a countywide sales tax at the rate of .125% which is not shared with the cities. All of the revenue is dedicated to the Bi-State Culture District;

a countywide sales tax at the rate of .10% which is not shared with the cities. All of the revenue is dedicated to stormwater management projects.

Under the provisions of new Section 20 in Senate Bill 675, the sales tax imposed within a redevelopment district created under the bill would total 7.375%, which would include the following portions:

A sales tax of 4.9%, which is the current sales tax for the State of Kansas;

a sales tax of 1.00%, which is an added portion to the State sales tax rate imposed only in the redevelopment district and is based on comparability with a standard city sales tax rate;

a sales tax of .50% which is a special county sales tax imposed only within the redevelopment district;

a sales tax of .50%, which is the current countywide general sales tax rate;

a composite sales tax of .475% which includes the current county sales tax for jail/public safety (.25%); for Bi-State Culture District (.125%); and, for stormwater (.10%).

All revenue generated under the provisions of new Section 20 and identified in paragraphs A, B, C, and D above within the redevelopment district must be used for costs of the redevelopment projects and stay within the district.

The revenue generated under paragraph E (totaling .475%) within the redevelopment district will be distributed to the county and must be used for the purposes for which those taxes are imposed the jail, bi-state, and stormwater.

Thus, of the total sales tax of 7.375%, the revenue from 6.9% is committed to the district and the revenue from .475% is not.

portions of the existing sales tax levies which are dedicated to express purposes by statute, pledge, or voter approval are not compromised; and, that the share of sales tax revenues distributed to cities is considered. The County recognizes that a redevelopment district will require contributions of revenue or other assistance from government, and the County is willing to provide for the contribution of revenues from taxes generated in the district if done appropriately and with consideration for the County's concerns.

Following the hearing on March 12, counsel for the county did participate with other counsel in drafting the language which now appears as New Section 20 in the bill.

That section contains three parts. Subsection (a) authorizes the County to impose a new one-half cent sales tax, without an election, within the redevelopment district. All revenue generated from that sales tax is committed to the redevelopment district and redevelopment plan. Subsection (b) provides that the revenue generated within the redevelopment district from the County's existing countywide sales tax is also committed to the redevelopment district and plan. However, those portions of the countywide sales tax which are dedicated for specific purposes are not captured. That subsection as drafted, would still capture the share of sales taxes distributable to cities. Finally, subsection (c) covers use of the revenues, the ultimate expiration of the new additional sales tax, and rededication of the revenues from the existing sales tax.

Johnson County will generally support the bill as now drafted and amended as it applies to the County and to its share of sales tax revenue. The County can not speak for the cities in the county, nor will the county offer any position on the capture of that portion of the countywide sales taxes which would be distributable to the cities.

We thank the Committee for its consideration on this bill and our comments.