

Approved: 2-17-98  
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION.

The meeting was called to order by Chairperson Audrey Langworthy at 11:10 a.m. on February 12, 1998, in Room 519--S of the Capitol.

Members present: Senator Langworthy, Senator Corbin, Senator Lee, Senator Bond, Senator Donovan, Senator Goodwin, Senator Hardenburger, Senator Karr, Senator Praeger, Senator Steffes and Senator Steineger.

Committee staff present: Tom Severn, Legislative Research Department  
Don Hayward, Revisor of Statutes  
Shirley Higgins, Secretary to the Committee

Conferees appearing before the committee: Karl Peterjohn, Kansas Taxpayers Network  
Whitney Damron, Wyandotte County/Kansas City, Kansas  
Mayor Carol Marinovich, Kansas City, Kansas  
Bill Sneed, International Speedway Corporation  
Grant Lynch, International Speedway Corporation

Others attending: See attached list

**HB 2631--Special revenue bonds; development of a motor speedway.**

Karl Peterjohn, Kansas Taxpayers Network, testified in opposition to **HB 2631**. Noting that the state's role in economic development schemes has generated problems and controversy in the 1990s, Mr. Peterjohn itemized several troubling problems for the state with regard to the proposed public private partnership for a NASCAR racetrack in Wyandotte County. (Attachment 1)

Whitney Damron testified in support of **HB 2631** on behalf of the unified government of Wyandotte County/Kansas City, Kansas. He reviewed the major components of the bill and distributed copies of a summary of statutory changes prepared by Gary Anderson of Gilmore and Bell. (Attachment 2)

Mayor Carol Marinovich, Kansas City, Kansas, testified in strong support of **HB 2631** as needed legislation to bring a major tourist attraction to Kansas--the Kansas International Speedway. (Attachment 3)

Bill Sneed, representing International Speedway Corporation, expressed gratitude for legislative input by the House of Representatives on **HB 2631**. He introduced Grant Lynch, a vice president of International Speedway Corporation and president of Kansas International Speedway Corporation. Mr. Lynch is also president of Talladega Superspeedway in Talladega, Alabama.

Mr. Lynch briefly outlined the history of the International Speedway Corporation which is recognized as the leading motor sports entertainment company in the industry. He emphasized that all of the speedway facilities take their responsibility as a member of the community very seriously. He supports **HB 2631** as approved by the House of Representatives and urged its quick passage. To secure that race dates needed to operate a world-class facility in Kansas, racing must begin in the year 2000. Therefore, construction must begin in early 1998. Copies of a conceptual rendering of the proposed facility and a map of the location were distributed to committee members. (Attachment 4)

In response to committee questions regarding financing of the speedway and the economic impact, Mayor Marinovich distributed copies of a fact sheet. She explained that the funding was viewed as a partnership between International Speedway Corporation, the unified government, and the state of Kansas. (Attachment 5) It has been projected that the state will get its dollars back after four years. The bond insurer will ultimately be at risk, not Kansas taxpayers.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION, Room 519-S  
Statehouse, at 11:00 a.m. on February 12, 1998.

Senator Langworthy called attention to written testimony in support of **HB 2631** submitted by Jim DeHoff, Kansas AFL-CIO, (Attachment 6) and Pat Huggins Pettey, Wyandotte County Commissioner (Attachment 7).

There being no others wishing to testify, the hearing on **HB 2631** was closed.

Senator Lee moved to recommend **HB 2631** favorable for passage, seconded by Senator Corbin. The motion carried.

The meeting was adjourned at 12:00 p.m.

The next meeting is scheduled for February 16, 1998.

# SENATE ASSESSMENT AND TAXATION COMMITTEE GUEST LIST

DATE: February 12, 1998

NAME	REPRESENTING
Bill Caton	KDFA.
Amy LIGNITZ	AP
CAROL MARINOVICH	UNIFIED GOV'T WYCH/KCK
Tom Brans	Commissioner KCK/Unified Gov't.
Sharon Meyers	Unified Government
Sally Wolfe	" "
Denise Oakley	" "
Don Penney	" "
Angie Williams	KANSAS CITY KANSAS
Ron Gaches	McGill's ASSO.
W. Grant Lynch Jr	ISC
William W Speed	ISC
Joe Dick	BPU KCK
DAN SCHENKIN	KCK AREA CHAMBER
Steve Kelly	KDOCH
Chris Browal	Leadership So. County
L. N. Collier	Texasomexie Mirror
Stan Clark	Senate
Sheeley Schindl	Hays, KS

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Stan Clark	Alurate
Shelley Schuff	Hays, KS

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DATE: February 12, 1998

NAME	REPRESENTING
<i>Dale F. Threlkord</i>	<i>Hays, KS</i>
<i>Doug Fannere</i>	<i>Division of the Budget</i>
<i>JOHN BOTTENBERG</i>	<i>Ks INT. SPEEDWAY, CORP</i>
<i>Kelly Kuitala</i>	<i>City of Overland Park</i>
<i>Ashley Sherard</i>	<i>Overland Park Chamber</i>
<i>S. Sicilian</i>	<i>KDOR</i>
<i>DAVID ZIN</i>	<i>KDOR</i>
<i>Dennis Gros, Intern</i>	<i>Sen. Huelskamp</i>
<i>Sue Kusche</i>	<i>Sen. Pres. Off.</i>
<i>Jon Khmitscha</i>	<i>Sumner County</i>
<i>Steve Montgomery</i>	<i>PAS Construction</i>
<i>Jeff Gordon</i>	<i>NASCAR</i>
<i>Jim McHaff</i>	<i>KS AFK-CIO</i>
<i>George Petersen</i>	<i>Ks Taxpayers Network</i>
<i>DENNIS HAYS</i>	<i>Unified Govt WYCO/KCKS</i>
<i>Whitney Damm</i>	<i>Unified Govt WYCO/KC, KS</i>
<i>GARY ANDERSON</i>	<i>Gilmore &amp; Bell for Unified Govt</i>
<i>Dan Seifert</i>	<i>City of Olathe</i>
<i>Chris McKinzie</i>	<i>League of Ks Muncip</i>

*John Cole*

*Antun - Sen. Lyson*



## **KANSAS TAXPAYERS NETWORK**

**P.O. Box 20050  
Wichita, KS 67208  
316-684-0082  
Fax 316-684-7527**

Testimony on H.B. 2631

By Karl Peterjohn, Executive Director

Kansas Taxpayers Network is testifying in opposition to H.B. 2631. The state's role in economic development schemes has generated problems and controversy in the 1990's. The proposed public private partnership for a NASCAR racetrack raises a number of troubling problems for the state:

- 1) The state is putting up most of the money for this proposal. In the first phase just over a quarter of the money is coming from the developer while  $\frac{3}{4}$  is coming from public sources. In the total project over 60 percent of the funding comes from taxpayer sources.
- 2) The state's power of eminent domain will force people from their homes and turn the property over to a private developer. This is a violation of private property rights, which the courts may have ratified but which violates the human right to property upon which this country was founded. The courts may have ruled in the eminent domain cases in other states that an acquisition of private property by government which is then turned over to private developers is legal, but it is an affront to the principles and freedoms this country was established to preserve and protect. This exists regardless of whether the state will pay 125% or 200% of the taxable appraised value of the private property.
- 3) Dedicating state revenues to finance the special obligation bonds for this project for as long as 30 years raises two problems. State revenues should not be involved in what is basically a local development issue. State revenues should not be dedicated to pay for some of the bonds needed for this project.
  - A. Establishing government bond arrangements for 30 years extends traditional IRB/tax abatement funding which is limited to 10 years.
- 4) There are \$34 million in available state highway funds which have surprisingly appeared and are needed for this project. A shortage of highway funds are mentioned as a possible need for raising taxes in 1999 once this year's election is completed. If this amount of money can be readily found there is no need for a 1999 highway tax hike.
- 5) Equal protection under the law is a provision of our 14<sup>th</sup> Amendment. This law provides a special treatment for a small group at the expense of all Kansans. This legislation is a public private partnership only to the extent that it creates provisions which socialize the risk while privatizing the benefits.
- 6) Wyandotte County is economically depressed which is not surprising since it possesses the highest property tax millage in the state. The best way to economically stimulate this depressed area would be to reduce the 180 mill levy to 80 mills. While this project may help this county and might be of interest to neighboring counties it has no benefit for the other 100 Kansas counties.

If Kansas has learned anything from the 1990's is this lesson: government does a lousy job of trying to pick economic winners and loser. From the KPERS scandals at the beginning of this decade until more recent economic development controversies it is clear that the state should avoid this topic. Where the state can succeed is by lowering tax rates for all citizens, making sure that Kansas taxes are not excessive when compared with our neighbors and providing a predictable legal climate with the rule of law. H.B. 2631 should be rejected by the Kansas legislature.

*Senate Assessment & Taxation  
2-12-98  
Attachment 1*

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

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**TO:** The Honorable Audrey Langworthy, Chair  
and Members of the  
Senate Committee on Assessment and Taxation

**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:** February 12, 1998

Good morning, Madam Chair Langworthy and Members of the Senate Committee on Assessment and Taxation.

My name is Whitney Damron and I appear before you this morning on behalf of my client, the Unified Government of Wyandotte County/Kansas City, Kansas in support of HB 2631 authorizing 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 million must be developed within the defined redevelopment area and the project must be of both statewide and local importance. Current law also limits such bonding terms to no greater than 20 years, which is why we are before you with HB 2631 which would extend the maximum financing period by ten years.

Appearing before you today in support of HB 2631 on behalf of the Unified Government is Mayor/CEO Carol Marinovich. We also have Mr. Kim Wells and Mr. Gary Anderson of the law firm Gilmore and Bell, who serve as bond counsel for the Unified Government, who can respond to questions regarding the financing

*Senate Assessment + Taxation*  
*2-12-98*  
*Attachment 2*



components of the project, as well as Mr. Dennis Hays, City/County Manager for the Unified Government. All of these individuals, the entities they represent and many others have worked tremendously hard during the past eight months to bring a NASCAR-caliber speedway to Kansas City, Kansas and the State of Kansas. In order to complete the financing package for the Kansas International Speedway, we are asking for your assistance by approving HB 2631 in its present form which would allow us to move forward on this project and meet a Year 2000 race schedule.

I would now like to take a few moments to review what the bill before you will allow:

Major components of HB 2631 are as follows:

- Allow for 30 year property tax TIF bonds and a 30 year property tax abatement on the racetrack facility. If the TIF bonds are paid off early, the property tax exemption expires as well.
- Allow for 20 year sales and excise tax STAR bonds. STAR bonds could be issued for up to 30 years only upon a finding by the Governor that such a longer term is necessary to finance the facility. Any excess revenues received from STAR bonds will be remitted back to the State and Wyandotte County.
- Owners of property condemned for the track would receive an additional award equal to 25 percent of the compensation or damage otherwise determined.
- Qualified competitive bidding for the underwriting services for the bonds issued pursuant to the redevelopment project.
- Allow the Governor to approve up to an additional 400 acres to be included in the major tourism area as designated by the Secretary of Commerce and Housing for development and projects which will enhance the major tourism area.

Since there has been some confusion regarding this section and the Unified Government's intent with that property, I would like to elaborate on this particular issue:

Under HB 2631, numerous restrictions have been placed on this additional property in efforts to better define what can and cannot be developed within the Major Tourism Area on that property. Those restrictions include:

- Designation of no more than 400 acres of additional property, excluding roads and highways, which may be included in the Major Tourism Area as defined by the Secretary of Commerce and Housing.
- The Unified Government must submit a redevelopment plan to the Governor for his approval regarding the additional property. Each individual project located within the additional property must also be approved by the Governor. The Governor must make a finding that such redevelopment plan and individual projects will enhance the Major Tourism Area.
- STAR bond financing capability for a maximum of 20 years on the additional property.
- No property tax abatements or property tax TIF will be available for projects located within the additional property utilizing STAR financing.
- Any project approved by the Governor within the additional property must be commenced prior to July 1, 2002 in order to utilize STAR financing.
- Prohibit any existing Kansas business located within 50 miles of the speedway project from relocating within the additional property area and utilizing STAR financing.
- Redevelopment of the additional property shall be done by qualified developers pursuant to request for proposals in accordance with written official procedures adopted by the Unified Government.
- The Unified Government must submit an annual report to the State and Legislature describing the status of any projects within such additional property from 1999 through 2002.

The Unified Government believes the additional property provision of HB 2631 is vital to the redevelopment of the area surrounding the speedway project and will facilitate planned and coordinated development around the speedway during the construction phase and early operating years of the facility. The financing and development limitations placed upon the property as well as the executive and legislative oversight required under this section will assure that the interests of the state and local citizenry are protected.

This concludes my opening remarks. At this point in time, I would like to introduce Mayor Marinovich of the Unified Government of Wyandotte County/Kansas City, Kansas for comments on the proposed speedway development project and this legislation. And while I would be pleased to stand for questions at the appropriate time, I would defer to the professionals who are present in the audience who may better respond to your questions.

I thank you for your time this morning.

February 20, 1998

**SUMMARY OF STATUTORY CHANGES  
FOR MAJOR TOURISM AREA**

STATUTORY REFERENCE	EXPLANATION OF CHANGE
12-1770	Adds major tourism area to general purposes section of the TIF Act.
12-1771	<p>(a) Correct cross-reference to KSA 12-1774 from KSA 12-774.</p> <p>(b) Adds a general description of the geographic location of the major tourism area in Wyandotte County.</p> <p>(g) Change redevelopment project time period for an auto race track facility in a major tourism area to 30 years.</p> <p>(h) Change maximum maturity of bonds for an auto race track facility in a major tourism area to 30 years and bonds payable from STAR revenues could have a maximum 30 year maturity upon a finding by the governor that 30 years is necessary for the economic feasibility of financing the auto race track facility.</p> <p>(k) Add new section to provide that an auto race track facility in a major tourism area shall be exempt from all real and personal property taxes if a city determines that revenues from sources other than property taxes will be sufficient to pay any special obligation bonds used to finance the major tourism area. The exemption shall be for a period ending on the earlier of (i) 30 years or (ii) the date no special obligation bonds are outstanding.</p> <p>(l) Allows an additional 400 acres to be included in the major tourism area if governor determines that the development plan and each project will enhance the major tourism area. Construction of such projects within the 400 acres must commence by 7/1/02 to receive benefits.</p>
12-1773(a)	Change to provide that if condemnation used as a result of the construction of an auto race track facility to acquire property, the city shall provide for payment of additional compensation of 25% of the condemnation award.
12-1773(b)	Change to allow for the construction of private buildings for a redevelopment project which includes an auto race track facility.
New Section	New Section that requires the city to obtain underwriting services for bonds to be issued to finance projects in a major tourism area by a competitive request for proposal process.
12-1774(a)(1)(D)	Change from SIC code to auto race track facility. Auto race track facility means the auto race track facility and facilities directly related and necessary to its operation, but excluding hotels, motels, restaurants and certain retail facilities.

12-1774(b)(1)	Change to make clear that no general obligation bonds may be issued for a major tourism area.
12-1775(b)	Change to provide that only an auto race track facility in a major tourism area shall not be assessed and taxed since an auto race track facility in a major tourism area is exempt under new 12-1771(k).
12-1775(c)	No property tax increment for an auto race track facility since it is exempt under new 12-1771(k).
79-3620(d)	Add major tourism area to receive the benefit of the State sales tax revenue and to change the term "construction" to "costs" to allow for the financing of land acquisition & other non-construction costs with State sales use tax revenues.
79-3620b 79-3710(d)	Add major tourism area to receive the benefit of the State compensating use tax and to change the term "construction" to "costs" to allow for the financing of land acquisition & other non-construction costs with State compensating use tax revenues.

**USE OF FUNDS IN A MAJOR TOURISM AREA**

**STATE SALES TAX AND COMPESATING USE TAX REVENUES**

- 79-3620(d) State treasurer deposits all sales tax revenue received from major tourism area to the city bond finance fund until all amounts credited hereunder and under the compensating use tax section are sufficient to retire the special obligation bonds issued to the finance the costs of such major tourism area.
- 79-3620b State treasurer distributes funds from city bond finance fund to city for deposit in the a special fund until sufficient to retire the special obligation bonds
- 79-3710 State treasurer deposits all compensating use tax revenue received from major tourism area to the city bond finance fund until all amounts credited hereunder and under the sales tax section are sufficient to retire the special obligation bonds issued to the finance the costs of such major tourism area

**CITY/COUNTY SALES TAX REVENUES**

- 12-1774(a)(1)(D) City pledges sales tax revenues received by the city from sales taxes collected pursuant to K.S.A. 12-187 *et seq.* to repayment of the special obligation bonds.

**USE OF SALES TAX REVENUES**

State sales tax revenues used to pay debt service on special obligation bonds. After special obligation bonds are paid, sales tax revenues go to the State.

Local sales tax revenue used to pay debt service on special obligation bonds if necessary. Excess funds to be held and used to fund debt service on special obligation bonds for future project phases. If such funds exceed the estimated amount for future phases, then revenues go to the Unified Government.



Executive Chamber  
One McDowell Plaza

# City of Kansas City, Kansas

Carol Marinovich, Mayor



Kansas City, Kansas 66101  
Phone (913) 573-5010

## MEMORANDUM

**TO:** Hon. Audrey Langworthy, Chairperson  
Senate Assessment and Taxation Committee

**FROM:** Carol Marinovich  
Mayor/Chief Executive Officer

**DATE:** February 12, 1998

**SUBJECT:** **HB 2631 An Act concerning tourism; special revenue bonds;  
development of a NASCAR motor speedway in Wyandotte County**

Our hearts are racing, because we have the unique opportunity for our community to broaden its tax base, acquire major retail and entertainment development, become recognized as a major tourism area for the state of Kansas, and adding International Speedway Corporation to our corporate community. We appear before you today with the hopes of obtaining the needed legislation to allow us to bring to Kansas a major tourist attraction; specifically, Kansas International Speedway. We believe this project is a solid investment for the future of Wyandotte County/Kansas City, Kansas, and whose positive impact will reach far across the state of Kansas.

Local race fans and residents are excited; not only about the prospect of having a superspeedway in Kansas City, but of having it in Kansas City, *Kansas*. Throughout the negotiating period of this project we have received tremendous support from neighboring communities, cheering us on to bring this project to Kansas.

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2-12-98  
Attachment 3

After having an opportunity to visit a couple of the speedways and their communities, the greatest impression I have is a tremendous amount of ongoing development--both in new homes and in retail businesses. I would love to see similar activity in Wyandotte County. While there is a tremendous amount of direct benefit to the community, unfortunately there are 146 homeowners and four businesses that will have to be displaced to make room for this project. We empathize for the people being uprooted. We are committed to deal with them as fairly as possible in one-on-one land acquisition negotiations.

Bringing a major sports facility, such as the speedway, to Kansas City, Kansas is something every community in America covets. There is fierce competition for a project of this magnitude. Hosting a Winston Cup Race at the superspeedway carries the same prestige and excitement of hosting the Super Bowl.

There are only a handful of superspeedways east of the Mississippi giving Kansas International Speedway the potential to dominate the midwestern market of this sports venue whose popularity continues to grow in record numbers. Currently approximately 10,000 people from Kansas and Missouri attend events at Daytona Beach, Florida and Talladega, Alabama.

There is little doubt that the proposed Kansas International Speedway would have an enormous impact to the economies of Wyandotte County and the state of Kansas. However, we feel that it is equally important to consider the other benefits it will foster, such as increased tourism and national recognition. We would like to see this exciting opportunity become a reality for KCK and the state of Kansas, and are hopeful that upon conclusion of your careful consideration you will agree that this is a project that will benefit all Kansans.



**Grant Lynch, International Speedway Corporation  
Testimony Before the Senate Assessment and Taxation Committee  
February 12, 1998**

Madame Chair, 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 address your committee and present our support for House Bill 2631 as it was approved by the House earlier this week.

We are delighted to partner with you and the Unified Government of Wyandotte County Kansas to develop a state-of-the-art speedway in the state of Kansas.

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, Ala.; Watkins Glen International in upstate New York; and Phoenix International Raceway in Phoenix, Ariz. The corporation manages Tuscon Raceway Park in Arizona and has majority interest in Metro-Dade Motorsports in Homestead, Fla.

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

Motorsports has enjoyed tremendous growth in the past 10 years, and 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. 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.

*Senate Assessment & Taxation  
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Attachment 4*

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. 50 years ago to sanction and conduct motorsports events. Today, NASCAR operates 12 different 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 10 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.

This weekend, Daytona International Speedway will kick off the 1998 Winston Cup series which is 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 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, Kan. 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, Kan., Wyandotte County and the state of Kansas. When Lt. Governor Sherrer, Mayor Marinovich, and several local business and community leaders made their presentation to us in Daytona Beach on July 31<sup>st</sup>, 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 16<sup>th</sup>, the development agreement received unanimous approval from the commissioners of the Unified Government.

In the meantime, the city was doing their 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 for Kansas 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.

I want to share with you how the economic impact of another major national event, the Super Bowl, would compare to this type of facility. The 1996 Super Bowl which was held in Phoenix, attracted 89,000 out-of-town visitors. A study by the Business College of Arizona State University determined the total economic impact of the 1996 Super Bowl was about 109 million dollars.

A Coopers and Lybrand study commissioned by the Unified Government estimated the total economic impact of the proposed Kansas speedway to be 118 million dollars for the state and 41 million dollars for Wyandotte County. That's nearly 50 million dollars more than the impact of the 1996 Super Bowl.

And while a community only gets a Super Bowl once every 10 years or so, the speedway would be producing this multi-million dollar impact every year.

In addition to the economic impact, the major races bring considerable national media attention. When television cameras focus in on one of our speedways, that community receives a great deal of exposure unrivaled with any other forum. The identity of a speedway truly reflects that of the host community, and it becomes one of the stories on which the national media focuses. While the average event attracts hundreds of media representatives, some events attract as many as 1,000 members of the media. The exposure generated for the host community and the track is measured by tens of millions of dollars.

Our speedways also provide a tremendous economic development tool for local communities. More than 70 Fortune 500 companies are major sponsors of NASCAR. These large multinational corporations visit speedways to entertain hundreds if not thousands of clients and employees alike.

This exposure to the community can often lead to development in the community by any of these respective companies.

With all of our facilities, we take our responsibility as a member of the community very seriously. When the facility is not being used for our motorsports events, we make it available to the community for various causes. In Daytona Beach, our local police officers use the track for training their motorcycle patrols. In Talladega, the regional Boy Scouts Council held their annual Jamboree in our infield last year with over 7,000 boys attending.

Each of our speedways has become recognized as a benevolent community partner oftentimes donating hundreds of thousands of dollars annually for a variety of community projects.

And that is what we plan to bring to Kansas and to Wyandotte County. A commitment to the community and a state-of-the-art facility for the fastest growing sport in America. Our cash commitment to this project is 90 million dollars. In addition, over the course of 30 years, we will pay a total of 178 million dollars to repay those bonds.

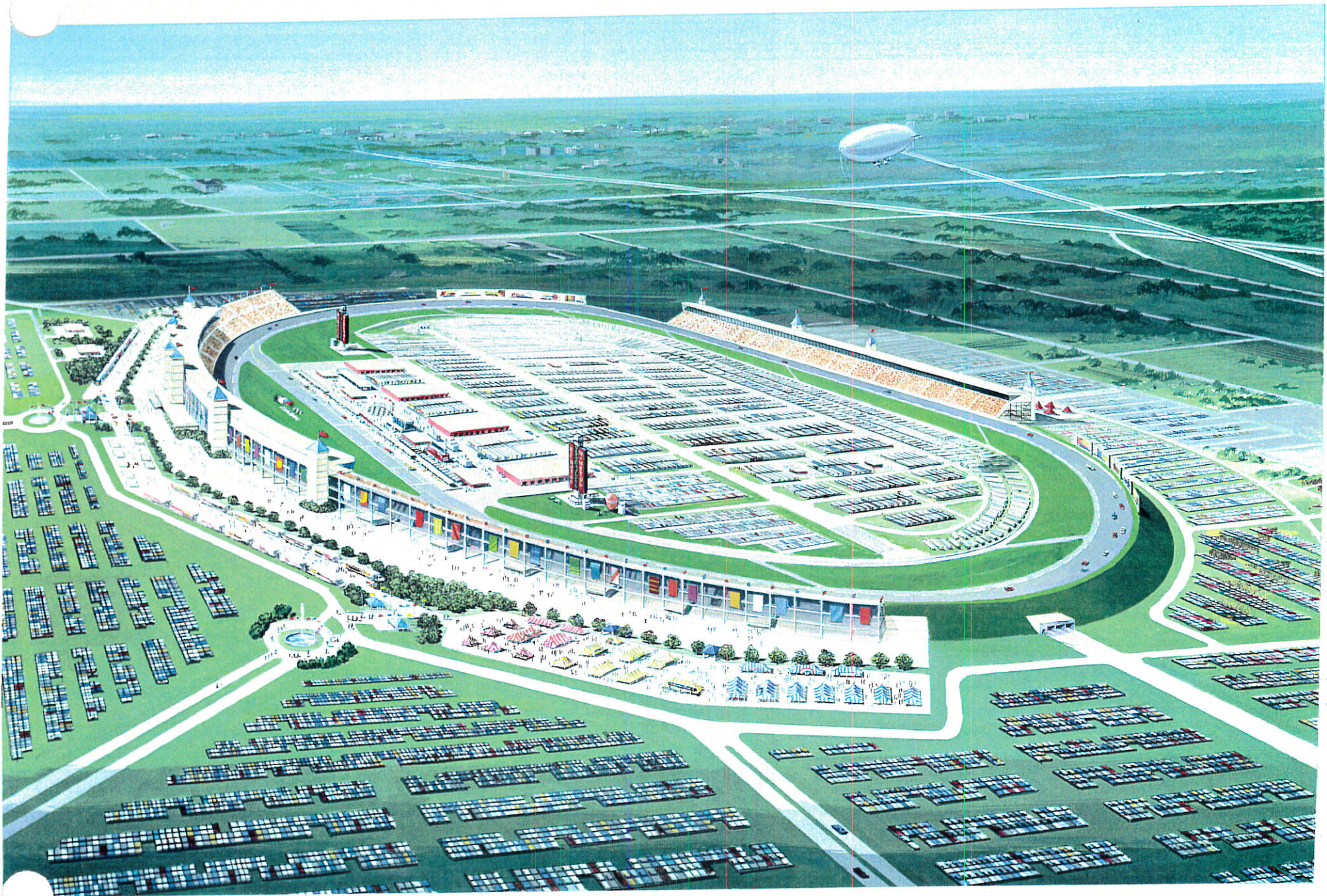
I am before you today to ask for your support of HB 2631 as it currently stands. The competition for race dates in our industry is extremely intense. To secure the race dates needed to operate a world-class facility in Kansas, racing must begin in the year 2000. That means construction has to begin in early 1998. To keep with that tight time frame, we must have the necessary legislation in place as soon as possible.

We support the amendments added to the bill in the House Tourism and Tax committees. While the requirement on land acquisition will add an additional 6 million dollars to our budget, we will accept that because our industry is growing so fast that missing just a month of construction time could be more costly in the long run.

With your help in passing this bill out of committee as it currently stands, we can capitalize on this unique window of opportunity. Today, you are in the driver seat to make sure it's Kansas that will benefit from this opportunity.

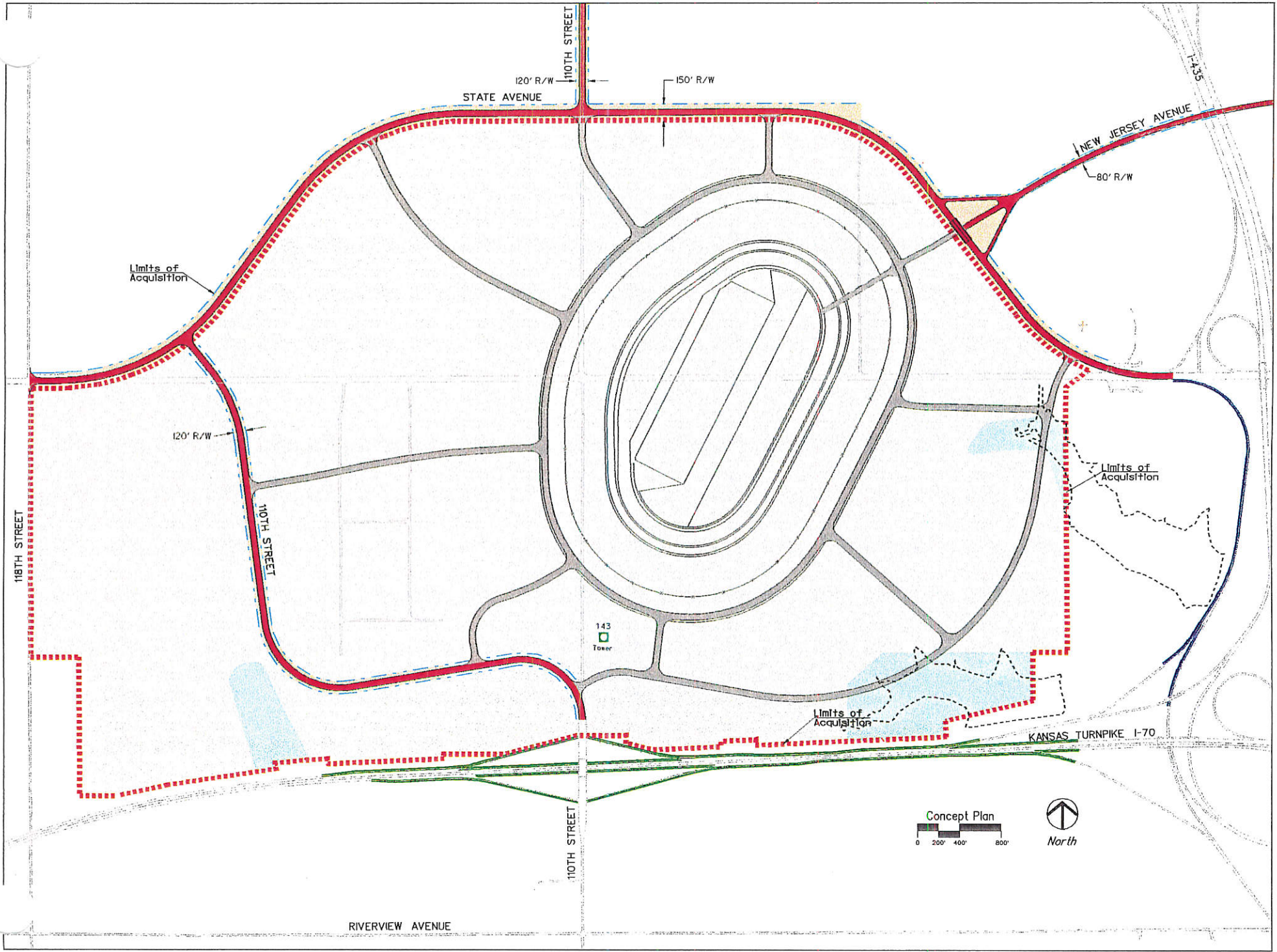
Thank you for providing time for me to address you today. I look forward to moving ahead with the project, and to partner with you to begin building the best new speedway in the United States.

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



CONCEPTUAL RENDERING OF PROPOSED FACILITY

4-6



Limits of Acquisition

120' R/W

STATE AVENUE  
120' R/W

150' R/W

NEW JERSEY AVENUE  
80' R/W

Limits of Acquisition

Limits of Acquisition

KANSAS TURNPIKE I-70

Concept Plan  
0 200' 400' 800'



North

118TH STREET

110TH STREET

100TH STREET

10TH STREET

RIVERVIEW AVENUE

143  
Tower

1435

## 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.

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Attachment 5

# 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.

**SCHEDULE D1(A)**  
**MAXIMUM TIF BOND REPAYMENT SCHEDULE**

<b>YEAR</b>	<b>TOTAL ANNUAL PAYMENT</b>
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

# 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 as 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, we estimate 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

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.



Kansas City,  
Kan./  
Wyandotte  
County

Carol  
Marinovich



President  
**Ron Eldridge**

Executive Secretary  
Treasurer  
**Jim DeHoff**

Executive Vice  
President  
**Wayne Maichel**

Executive Board

*Richard Aldrich  
Melany Barnes  
Mike Bellinger  
Clyde Bracken  
Bill Brynds  
Gary Buresh  
Jessie Cornejo  
David Han  
Jim Hastings  
Tom Hutton  
Jerry Johnson  
Greg Jones  
Earl Kanatzar  
Wil Leiker  
Frank Mueller  
Dwayne Peaslee  
Craig Rider  
Gary Russell  
Wallace Scott  
Debbie Snow  
Betty Vines*

Testimony Presented to  
Senate Assessment & Taxation Committee  
House Bill 2631  
February 12, 1998  
by  
**Jim DeHoff**

-Madame Chairperson & Committee Members:

I am Jim DeHoff, Executive Secretary of the Kansas AFL-CIO. I appear before you today on behalf of the 100,00 members of the Kansas AFL-CIO and their families.

We are asking that you give strong consideration to extending the property tax abatement for special revenue bonds to 30 years for the development of a motor speedway in Wyandotte County. The speedway would be constructed by building trades people from not only Wyandotte County, but other counties of Kansas as well. The Kansas AFL-CIO believes with the rapidly approaching completion date of the comprehensive Kansas highway program, a strong economic program is a must to continue the job market the highway program has provided. It is a well known fact that the Kansas highway program has contributed to a very good economy in Kansas.

The speedway will help provide jobs in the near future, as well as additional jobs after the first phase is completed. Opportunities for projects of this size do not come along very often. We hope you will seize this opportunity to have a first class race car facility in the State of Kansas.

In closing, I would like to re-emphasize that it is our belief that this project will benefit all Kansans. Consideration of its benefits should be strongly considered. We respectfully request that you pass this bill favorably.

Thank you.



Senate Assessment & Taxation  
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Attachment 4



# BOARD OF COMMISSIONERS

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY KANSAS

Municipal Office Building  
701 North 7th Street, Room 979  
Kansas City, Kansas 66101  
(913) 573-5040  
(913) 573-5050, fax

## MEMORANDUM

**TO:** The Honorable Audrey Langworthy, Chair  
Senate Taxation Committee

**FROM:** Pat Huggins Pettey, Commissioner District 6 <sup>PHR</sup>  
Unified Government Wyandotte County/Kansas City, Kansas

**DATE:** February 12, 1998

**SUBJECT:** HB 2631 An Act concerning tourism; special revenue bonds; development of a NASCAR motor speedway in Wyandotte County

Good afternoon Madam Chair, and Members of the Senate Taxation Committee. Having served two terms in the Kansas Legislature as a representative for the thirty-first district, it is indeed a pleasure to appear before you today. During my tenure here in Topeka, I took great pride in basing my decisions on what was best for not only my constituents, but also the citizens of Kansas.

As a commissioner for the new Unified Government of Wyandotte County/Kansas City, Kansas, I maintain that same principle in making decisions for the betterment of the people I have the pleasure of serving.

Today, I ask for your support of a project, that I firmly believe, is *the major tourism boost* we all have been searching for, that will literally bring hundreds of thousands of visitors to Kansas. Two months ago, I, and the Board of Commissioners for the Unified Government

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PAGE TWO

MEMO

February 12, 1998

unanimously approved a development agreement with the International Speedway Corporation. After countless hours of research, and a series of large public forums, Mayor Marinovich, I, and the Board of Commissioners are totally convinced that the state-of-the-art speedway will help or community broaden its tax base, and acquire major retail and entertainment development.

The question has been raised that; if you build it they will come. A proven winner for the state of Kansas regarding the auto racing industry is right here in Topeka at Heartland Park. With a seating capacity of around 30,000, Heartland Park is a lot smaller than the proposed Kansas International Speedway where the seating capacity initially will be 75,000 and subsequently increased to over 150,000. According to an independent economic study of Heartland Park, these are the proven facts of what just two annual Winston Drag Racing Series events (four-days of racing events during each series) has meant to Topeka:

- The two events stimulate more non-local consumer spending than any other events in the state of Kansas, attracts 167,800 spectators annually -- more than 80% of the spectators are from outside Topeka, and more than 50% are from outside Kansas.
- More than \$19 million annually is pumped into the local economy just from these two events -- more than 80% coming from outside Topeka. The average racing fan spends about \$91 per day on tickets, food, drink, lodging, and tourist retail.
- Businesses in Topeka that have a direct benefit from Heartland Park employ more than 18,600 workers annually, while about 2,000 new local jobs are created for the racing season.

These statistics are very impressive, and further support our belief that Kansas International Speedway will provide an even greater economic impact to Wyandotte County and the state of Kansas.

PAGE THREE

MEMO

February 12, 1998

This legislation met a lot of reservations and opposition in the House. Some of the questions were worthy of consideration, while others were tied to the politics of Wyandotte County and consolidation. I believe our local commissioners have always approached this project with the best interest of our community in mind. Remember, we as the locally elected officials will bear the burden of proof for the ultimate success of a project that can reap enormous financial benefits not only for the surrounding counties, but for the state as well.

I encourage you to pass this legislation, as amended in the house, onto the full senate. Any amendments will only help play into the hands of those who care little for Wyandotte County, or tourism advancement for the State of Kansas.

Thank you for your consideration. If I can answer any of your questions, please feel free to contact me.

PHP:jl