

MINUTES OF THE HOUSE COMMITTEE ON NEW ECONOMY.

The meeting was called to order by Chairperson Mason at 3:30 p.m. on March 20, 2001 in Room 522-S of the Capitol.

All members were present

Committee staff present: Bob Nugent, Revisor of Statutes
 Renae Jefferies, Revisor of Statutes
 April Holman, Legislative Research Department
 Lynne Holt, Legislative Research Department
 Rose Marie Glatt, Secretary

Conferees appearing before the committee:

Proponent: Ashley Sherard, Intergovernmental Relations Manager Johnson County, KS
Opponent: John Ballou, Representative

Written testimony Only: Proponents:

Doug Patterson, Representative
Blake Schreck, President, Lenexa Chamber of Commerce
Jon Stewart, Chairman of the Board, Overland Park Chamber of Commerce

The Chairman opened the hearing on a proposal from Johnson County that would extend the sunset on the OZ Legislation.

Mr. Nugent explained the bill would be read into the record tomorrow, 3-21. The only change in the bill is an amendment on page 2, that extends the date from July 1, 2001 to July 1, 2002 (Attachment 1). Johnson County has to approve a redevelopment agreement that cannot be accomplished within the time frame. They are requesting an extension of one year. Mr. Nugent clarified the state's role in this endeavor and the Chairman gave a brief history of the OZ project.

Ashley Sherard submitted a request, from Johnson County, that the Legislature extend for one year the statutory time for consideration of the OZ project (Attachment 2). She answered questions relating to a recent meeting of the Board of County Commissioners of Johnson County.

Representative Kuether distributed copies of a Time line of OZ park events (Attachment 3). She expressed concern over the length of time the Legislature has dealt with this issue and questioned the process of the Johnson County Commissioners. She stated that she was opposed to the bill.

Discussion followed regarding the pros and cons of the extension. Representative Kuether suggested that the feasibility study include data on power requirements (utilities) of the project and that data should be gathered and reviewed on the success of Euro Disney.

Additional written testimonies in favor of the amendment were distributed: Doug Patterson (Attachment 4), Blake Schreck (Attachment 5), and Jon Stewart (Attachment 6).

Representative Ballou appeared as an opponent to the amendment (No written testimony). He suggested that private developers, other than OZ, should be given the opportunity to submit proposals for the use of the land designated for the OZ project. Representative Osborne supports his idea.

The Chairman closed the hearing on the extension of the sunset on the Oz project. Additional information on the OZ project was requested by several members.

Discussion followed regarding the financial backing of Solomon, Smith Barney and the time line for the legislative process. The meeting was adjourned at 4:18 p.m.

Next meeting on call of the Chairman.

HOUSE BILL NO. _____

By Committee on Taxation

AN ACT concerning the Kansas development finance authority; relating to the financing of certain projects of statewide as well as local importance; amending K.S.A. 2000 Supp. 74-8922 and repealing the existing section.

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

Section 1. K.S.A. 2000 Supp. 74-8922 is hereby amended to read as follows: 74-8922. (a) If the developer proposes to undertake a project of statewide as well as local importance within a redevelopment district established pursuant to K.S.A. 2000 Supp. 74-8921, and amendments thereto, the developer shall prepare a redevelopment plan. The redevelopment plan shall include:

- (1) A summary of the feasibility study required by K.S.A. 2000 Supp. 74-8921, and amendments thereto;
- (2) a reference to the redevelopment district established under K.S.A. 2000 Supp. 74-8921 and amendments thereto;
- (3) a comprehensive description of the project of statewide as well as local importance;
- (4) a description and map of the area to be redeveloped;
- (5) a detailed description of the buildings and facilities proposed to be constructed or improved in such area; and
- (6) any other information the authority deems necessary to advise the public of the intent of the plan.

(b) A copy of the proposed redevelopment plan shall be delivered by the developer to the authority, the secretary of commerce and housing and the board of county commissioners of the county in which the redevelopment district is located, and the board of county commissioners shall determine, within 30 days after receipt of the plan, whether the plan as proposed is consistent with the comprehensive general plan for the development of the area. If the proposed redevelopment plan is not consistent with the comprehensive general plan, the board of county commissioners shall provide its comments and objections to the authority, which shall modify, approve or deny the plan. If the redevelopment plan is consistent with the comprehensive

general plan of the county, then the authority may adopt the redevelopment plan by a resolution passed by a majority of the board of directors of the authority. Any substantial changes to the plan as adopted shall be made in the same manner, with notice and approval of the board of county commissioners and adoption of a resolution by the authority. A redevelopment plan may be adopted by the authority, pursuant to these procedures, at the same time that the authority establishes the redevelopment district under K.S.A. 2000 Supp. 74-8921, and amendments thereto. Any redevelopment plan which proposes to undertake a project of statewide as well as local importance in a county which according to the 1990 decennial census contained a population greater than 25,000 shall be adopted prior to July 1, ~~2001~~ 2002.

(c) (1) Under no circumstances shall the state of Kansas, any of its political subdivisions, the Kansas development finance authority or any unit of local government assume responsibility or otherwise be responsible for any environmental remediation which may be required to be performed within the redevelopment district designated through any redevelopment plan. Any person or entity, other than the state, an instrumentality of the state, or a unit of local government, who proposes to take legal title to land which is located at a site designated as a federal enclave prior to January 1, 1998, for the purpose of developing a project of state-wide as well as local importance shall: (1) prior to taking such title, enter into a consent decree agreement with the Kansas department of health and environment or the United States environmental protection agency under which such person or entity expressly agrees to be responsible for and to complete the remediation of all environmental contamination of such land according to established standards and levels for appropriate property uses, except that part, if any, of the remediation which is, by agreement approved by the governor, to be retained by the federal government or any agency thereof and (2) prior to taking title to any of the land, provide prepaid third-party financial guarantees to the state or an instrumentality thereof sufficient

in form and amount to insure full and complete remediation of all of the land within the federal enclave as required in the consent decree agreement. Nothing in this section is intended and shall not be construed to relieve the United States army, the federal government or any agency thereof from any duty, responsibility or liability for any contamination or remediation of the land as may be imposed or required under state or federal law; and

Prior to taking title, possession or otherwise exercising control over the land within a former federal enclave or in any other way exposing the state to potential liability for environmental remediation of such property, the state or any instrumentality of the state shall obtain the written opinion of a competent attorney, specializing in environmental law and maintaining professional liability insurance, regarding the state's potential liability resulting from taking title, possession or otherwise exercising control over the land.

Sec. 2. K.S.A. 2000 Supp. 74-8922 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.



Johnson County, Kansas

OFFICE OF THE COUNTY ADMINISTRATOR

To: The Honorable William Mason, Chair
Members, House New Economy Committee

From: Ashley Sherard
Intergovernmental Relations Manager

Date: March 20, 2001

Subject: One-Year Extension of the Sunset on STAR Bond Legislation

As you may be aware, last Thursday the Board of County Commissioners of Johnson County, Kansas, again deadlocked in a tie vote (2-2) with respect to the redevelopment project proposed by the OZ Entertainment Company, Inc. Following that vote, a motion was made and carried to seek the Kansas Legislature's support in extending the special STAR bond legislation for a period of one additional year.

This extension, if granted, would permit the County sufficient time to conduct an independent feasibility study with respect to the redevelopment project.

If the extension is not granted, the Kansas Development Finance Authority's authorization to issue STAR bonds in support of the project will expire on July 1, 2001.

The time extension is supported by all four of the Commissioners voting on this important issue for the County. The original legislation granted the Commission the authority to review the project, and they believe the additional time and the independent feasibility study will enable them to reach the final and best decision for our community and for the State of Kansas.

Accordingly, on behalf of the Johnson County Board of Commissioners, we respectfully request that you extend for one year the statutory time for consideration of this project. We realize that time is short, and we would appreciate your support and assistance in this important matter.

I would be happy to answer any questions you might have. Once again, thank you for your time and consideration regarding this issue of statewide significance.

NEW ECONOMY COMMITTEE
3-20-2001
Attachment 2

Date: June 11-7-2000

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|----------------------------|---------------------|-----------------------|
| () Topeka Capital Journal | () Hays Daily News | () Manhattan Mercury |
| () Wichita Eagle | () Hutchinson News | () Olathe Daily News |
| () Kansas City Star | () Iola Register | () Parsons Sun |
| () Chanute Tribur | | burg Morning Sun |
| () Dodge City Dai | | a Journal |
| () Emporia Gazet | | ield Daily Courier |
| () Garden City T | | |

Timeline of Oz park events

Robert Kory has sought to build a Wizard of Oz theme park for years.

NOVEMBER 1991: K.C. Theme Park Inc. proposes a 550-acre theme park and lake hotel resort in western Wyandotte County. Cost: \$150 million to \$300 million. The Board of Public Utilities and Kansas City, Kan., agree to spend \$450,000 for a feasibility study.

DECEMBER 1991: Turner Home Entertainment grants exclusive rights to the group, allowing developers to use characters and themes from "The Wizard of Oz."

JUNE 1992: Developers, now calling themselves OZ Resorts & Entertainment Inc., secure the rights from heirs of Oz author L. Frank Baum, allowing them to use images from nearly 40 Oz books.

OCTOBER 1992: Developers say they plan to open the park complex in early 1996.

FEBRUARY 1993: Questions are raised about how the developers have spent the \$450,000, but within a year, Kansas City, Kan., and Wyandotte County governments give \$100,000 more.

MAY 1993: Developers remove former Kansas Lt. Gov. Dave Owen from the project after Owen is convicted of federal income tax fraud.

JULY 1994: Kansas City, Kan., officials wonder whether the project will happen, saying they haven't spoken with key Oz officials in months.

FEBRUARY 1995: The FBI investigates Oz developers' use of public money. The investigation is later dropped.

MAY 1995: Skip Palmer of San Diego joins what is now called the Oz Entertainment Co. as president of the Wonderful World of Oz, the theme park.

APRIL-MAY 1996: The project is revived with a new \$440 million proposal in Wyandotte County, and developers say construction could begin in 1997.

AUGUST 1997: Developers say construction won't begin until 1999, with the park opening in 2001. Palmer says the project's cost is approaching \$700 million.

JANUARY 1998: Oz developers consider the Sunflower Army Ammunition Plant for the project and lobby

the state for legislation to create a development district at the site.

MAY 1998: The Legislature approves a bill to allow the Kansas Development Finance Authority to issue bonds for the project. The legislation paves the way for the project's development in Johnson County.

DECEMBER 1998: Oz negotiates with the authority to take over the land. An authority official says more momentum is building for the project, which is now estimated to cost \$618 million. The federal government issues its finding that the Sunflower land transfer would have no significant impact on the environment, an important procedural step.

FEBRUARY 1999: The Johnson County Commission determines that the Oz plan is consistent with the county's plan for the Sunflower site, a step required by the Oz legislation. A lawyer for Oz tells the commission the project will "happen this year or not at all."

MAY 1999: The Legislature approves a bill extending the term of the bonds from 20 years to 30 years and increasing the sales tax at Sunflower from 7.375 percent to 8.375 percent. The sales taxes would be used to repay the bonds.

SEPTEMBER 1999: State environmental officials estimate the Sunflower environmental cleanup to cost as much as \$130 million, while Oz says it will cost \$32 million to \$40 million.

MARCH 2000: Taxpayers Opposed To Oz files suit against the General Services Administration in federal court, claiming the government has not followed the law in transferring the land.

JUNE 2000: Oz reaches environmental cleanup and land transfer agreements with state and federal officials, a major step toward seeking approvals. Oz releases its latest plan for Sunflower, revealing its theme park resort price tag has reached \$861 million and that it would ask the county to build a road and dam, in addition to property tax breaks.

NOVEMBER 2000: The Johnson County Commission votes 2-2, tabling the project.

Johnson Co. Commissioners
March 2001
2-2 vote

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STATE OF KANSAS

DOUG PATTERSON
REPRESENTATIVE, 28TH DISTRICT
JOHNSON COUNTY
12712 EL MONTE
LEAWOOD, KANSAS 66209
(913) 897-6905
STATE CAPITOL, RM. 174-W
TOPEKA, KANSAS 66612-1504
(785) 296-7655



TOPEKA
HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
MEMBER: BUSINESS, COMMERCE & LABOR
HEALTH & HUMAN SERVICES
JUDICIARY

Supportive of the OZ Theme Park financing extension

March 20, 2001

Dear Chairman Mason and members of the New Government Committee:

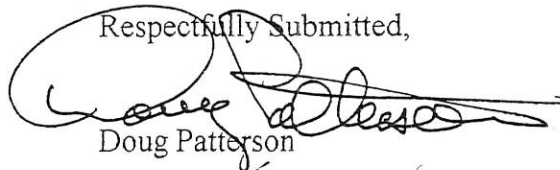
I regret my inability to appear before your committee today. I was advised however, this morning during caucus, that not only the Taxation Committee would be considering the OZ Theme Park financing extension requested by the Johnson County Board of County Commissioners, but that also such measure would, naturally, be before your Committee.

I believe that the Board of County Commissioners have taken a wise and careful approach to, essentially, the final approval of this project. In light of new membership on the BOCC, and with a new focus on feasibility, they have requested that Oz undertake a renewed feasibility study. This was a good thing.

Mr. Chairman, while the substance of the merits of OZ will remain in debate until final consideration by the Board of County Commissioners, this extension will allow the Commission to have a clearer focus on the substance of this project. The extension under consideration by you today neither supports nor opposes the OZ project. It only allows all interested parties to have a more understandable and clearer idea of the issues being addressed by the OZ applicants, citizens and the Commission.

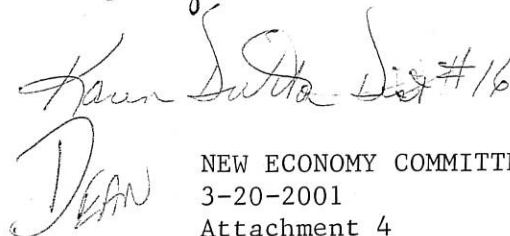
I would respectfully urge you to so extend the financial deadlines as suggested by this measure.

Respectfully Submitted,



Doug Patterson

LEGISLATURE HOTLINE
1-800-432-3924



NEW ECONOMY COMMITTEE
3-20-2001
Attachment 4



The Historic Lackman-Thompson Estate

11180 Lackman Road
Lenexa, KS 66219-1236
913.888.1414
Fax 913.888.3770

March 20, 2001

Members of the Committee:

On behalf of the Lenexa Chamber of Commerce Board of Directors, I would like to express our support for a one year extension of the July 1 deadline for the Oz development to allow time to conduct a feasibility study for the project.

Our Board believes that with the dramatic impact the Oz development would have on both the State of Kansas and Johnson County, an extension would enable the Johnson County Commission to make a more informed decision of this complicated project.

Thank you for your consideration of our request.

Sincerely,

Blake Schreck, CED
President
Lenexa Chamber of Commerce



Testimony for the House New Economy Committee

Regarding the extension of the sunset pertaining to the Oz Legislation

March 20, 2001

Mr. Chairman and members of the Committee:

On behalf of the Overland Park Chamber of Commerce, I urge your support for extending the special Wonderful World of OZ STAR bond legislation for a period of one year. Our Board of Directors supports the decision of the Johnson County Commission to requests this extension.

As you may know, the redevelopment project proposed by OZ Entertainment Company, Inc. could be a significant economic boost to the Johnson County and Kansas economies. The Overland Park Chamber of Commerce supports the proposed redevelopment project and would appreciate your assistance in extending the sunset provision.

The Wonderful World of OZ project has seen substantial improvements since first introduce to the Kansas Legislature. This extension would allow for a thorough independent feasibility study of the project.

Please contact Ed O'Malley, Governmental Relations Manager for the Overland Park Chamber of Commerce, if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Stewart".

Jon Stewart
Chairman of the Board