

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT.

The meeting was called to order by Chairperson Representative Kenny Wilk at 3:30 p.m. on February 11, 2003 in Room 522-S of the Capitol.

All members were present except:

Committee staff present: April Holman, Legislative Research  
Debra Hollon, Legislative Research  
Rena Jefferies, Revisor of Statutes  
Fulva Seufert, Committee Secretary

Conferees appearing before the committee: Ed Wolverton, President Wichita Downtown Development  
Carl Brewer, Wichita City Council  
Lori Usher, Vice President of Economic Development for the Wichita Area Chamber of Commerce  
Ray Rancuret, President, Delano Neighborhood Assn.  
John Rolfe, President & CEO, Greater Wichita Convention & Visitors Bureau  
Sam Williams, Partner of Sullivan Higdon & Sink Advertising  
Donald R. Seifert, Policy Development Leader, City of Olathe  
Larry R. Baer, Asst. Legal Counsel, League of Kansas Municipalities  
Bud Burke, Lobbyist

Others attending: See list attached

Chairman Wilk opened the meeting Tuesday, February 11, 2003, by allowing Representative Boyer a point of personal privilege in which he passed out cookies to all the members and guests.

The Chair asked April Holman, Legislative Research, to brief the committee on:

**HB 2208: Tax increment financing and sales tax revenue bonds.**

The Chairman told the committee members that it was his policy to have a staff member brief the committee on technicalities. He also said that he would like to get this bill to conference as soon as possible. The members' attention was called to the following sections:

- New Section 1. on boundaries and maximum maturity of special obligation bonds
- Section 2 (g) "Eligible area" means a blighted area, conservation area, enterprise zone, historic theater, major tourism area or major commercial, entertainment and tourism area.
- Page 4, lines 15-18 and lines 34 and 35.
- Page 5, lines 8-10; Also "river walk canal facility" defined in lines 28-33.
- Page 10, line 15 to insert new before taxpayers; Definition of "new taxpayers" in lines 26-30

Chairman Wilk opened the public hearing on:

**HB 2208: Tax increment financing and sales tax revenue bonds**

The Chair welcomed Mr. Ed Wolverton, President, Wichita Downtown Development, who presented an attractive booklet, Sedgwick County Could Become a Star. It defined the acronym STAR as Sales Tax Revenue Bonds which is similar to Tax Increment Financing (TIF). He talked about how it works and the use of STAR proceeds. Other STAR Bond projects were discussed along with how they could work in downtown

## CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT at 3:30 p.m. on February 11, 2003 in Room 522-S of the Capitol.

Wichita. A map of the STAR Bond Area was included and the benefits listed. Mr. Wolverton also discussed the Wichita WaterWalk project and what it will take for Wichita to obtain STAR Bonds. ([Attachment 1](#)).

The Chair thanked Mr. Wolverton and then introduced Mr. Carl Brewer who represented the Wichita City Council. Mr. Brewer said that the Wichita City Council strongly supports **HB 2208** and endorses the use of STAR Bonds to help Wichita move some major plans for downtown from the drawing board to reality. ([Attachment 2](#)).

Chairman Wilk welcomed Lori Usher, Vice President of Economic Development for the Wichita Area Chamber of Commerce, who spoke in support of **HB 2208**. Ms. Usher said the Chamber has been a strong supporter of the downtown WaterWalk project and that public and private projects do work very well together. ([Attachment 3](#)).

The Chair recognized Mr. Ray Rancuret, President of the Delano Neighborhood Association, and a member of the Delano Business Association and the Delano Community Development Corporation, who also voiced his support for the proposed STAR Bond legislation to create economic and community development projects to make this area in Wichita a better place to live. He described the Delano Neighborhood Association as representing 10,000 residents. ([Attachment 4](#)).

Chairman Wilk recognized Mr. John Rolfe, President and CEO of the Greater Wichita Convention & Visitors Bureau. He said even though their Board will not meet until February 20<sup>th</sup>, he had talked with several of the Executive Committee members who all support the proposal. He said he believes the passage of this legislation would significantly enhance the economic development efforts of this area in Wichita and would increase revenues both locally and statewide. ([Attachment 5](#)).

The Chair next recognized Mr. Sam Williams, a managing partner of Sullivan Higdon & Sink Advertising, which has been in business in Wichita for 32 years. He also spoke as a member of the Business Investment Group (BIG), an affiliation of 40 businesses in the Wichita area which focuses on promoting economic development in their area. Mr. Williams spoke in support of the bill and stressed that the opportunity afforded to Wyandotte County needs to be made available to all of Kansas. ([Attachment 6](#)).

Chairman Wilk introduced Mr. Donald R. Seifert, Policy Development Leader of the City of Olathe. He thanked the committee for being able to appear and said that **HB 2208** would allow the use of STAR bonds for a new category of "major commercial, entertainment and tourism" projects of statewide importance in Sedgwick County. Mr. Seifert said that the City of Olathe has no official position on **HB 2208**, but felt like the use of STAR Bonds should be broadened without respect to location in the state. ([Attachment 7](#)).

Next, the Chair welcomed Mr. Larry R. Baer, Assistant Legal Counsel, League of Kansas Municipalities, who spoke in support of **HB 2208**. He said that due to the fiscal belt tightening at the local and state levels, it is important to address legislation that stimulates and generates economic growth along with providing financial flexibility. ([Attachment 8](#)).

The Chair recognized Mr. Bud Burke who did not present any written testimony but stated briefly that he preferred STAR Bonds be available anywhere in the state which would in turn, benefit the state as a whole.

The Chair called the committee's attention to the following written only testimony:

Jim DeHoff, Kansas AFL-CIO ([Attachment 9](#))

James W. Cabela, President, Cabela's, Inc. ([Attachment 10](#))

Michael D. Pepoon, Director, Government Relations, representing Board of County Commissioners of Sedgwick County ([Attachment 11](#))

Representative Larry Campbell ([Attachment 12](#))

Representative Thomas M. Klein ([Attachment 13](#))

Chairman Wilk asked if there were any more proponents or opponents for **HB 2208**. Upon seeing none, the Chair closed the Public Hearing for **HB 2208**.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT at 3:30 p.m. on February 11, 2003 in Room 522-S of the Capitol.

Chairman Wilk advised the Committee to listen for announcements on Thursday in the House Chamber to learn if there would be a meeting Thursday, February 13, 2003.

The Chair drew the Committee's attention to the minutes. Representative Burroughs made a motion to approve the minutes of the February 6, 2003 meeting. Representative Kuether seconded. Motion carried.

The meeting adjourned at 5:35 p.m.

HOUSE ECONOMIC DEVELOPMENT COMMITTEE

TUESDAY, FEBRUARY 11, 2003

NAME	REPRESENTING
Phil A. Gies	Wichita Chamber of Commerce
Sharon Stearey	City of Wichita
Carl Brewer	City of Wichita
Allen Bell	City of Wichita
Winton Hinkle	City of Wichita
Rae Rancourt	City of Wichita / Delano N.A.
Mark Leonard	Kansas, Inc.
Deborah High	Kansas, Inc.
Ed Wolvartan	Downtown Development Corp
Greg Kossover	Waterwalk, LLC
Waddy Glass	Ks Lady Mired County Assn
Tom Jensen	Waterwalk LLC
DAVID BURK	WATERWALK, LLC
DAVE WELLS	WATERWALK, LLC
Sam Williams	Sullivan Higdon "Sink" / BIG
Don Seifert	City of Olathe
Bud Burke	Olathe Chamber of Commerce
LARRY R. DAEK	CKM
Mike Pepoon	Sedgwick County
Erik Sartorius	City of Overland Park
Ashley Sherrard	Lenexa Chamber
Rae Anne Davis	Dept of Commerce
PAT AYARS	WATERWALK LLC
Mark Lehner	Waterwalk LLC
Anne Gallagher	Wichita State Univ
Mike Huttles	Wichita Downtown Development
Mike Taylor	City of Wichita
BILL Brody	Wichita Downtown Development
John Rolfe	Greater Wichita Convention & Visitors Bureau
Kansas Speedway	JOHN
JOHN C. BOTTENBERG	KANSAS SPEEDWAY
Stephanie Buchanan	DOB
Dow Denney	Unified Govt Wyandotte County
DENNY KOCH	CABELAS
Rick Worawer	Fahnestock
Bruce Summers	Washburn University





# Sedgwick County Could Become a STAR







# What is STAR?

- Sales Tax Revenue Bonds
- State financing program that allows local government to issue bonds that are repaid by new sales tax revenues
- Similar to Tax Increment Financing (TIF) district





# How Does It Work?

- State mandated criteria through TIF:
  - ✓ Blighted area
  - ✓ Conservation area (1/2 of structures are over 35)
  - ✓ Environmentally contaminated area
  - ✓ Enterprise zone
- State defines a geographic area
- Major tourism area or significant importance to the State





# How Does It Work?

- AREA – Set by State Legislature
- DISTRICT – Set by City
- PROJECT – Proposed by Investors then City
- Eligibility – Determined by Secretary of Housing and Commerce





# Use of STAR Proceeds

- Eligible uses include:
  - ✓ Property acquisition
  - ✓ Parking facilities
  - ✓ Street improvements
  - ✓ Drainage improvements
  - ✓ Utilities
  - ✓ Landscaping, fountains, decorations
- Ineligible uses include:
  - ✓ Constructing buildings or other structures to be owned by private entities





## Other STAR Bond Projects

- Wyandotte County
- Kansas International Speedway
  - ✓ 1,100 acres
  - ✓ \$228 million project
  - ✓ STAR Bonds - \$24.7 million
  - ✓ \$100 million minimum investment
- Village West (Cabela's, Nebraska Furniture)
  - ✓ 400 acres
  - ✓ \$340 million project
  - ✓ STAR Bonds - \$170 million
  - ✓ No minimum investment set

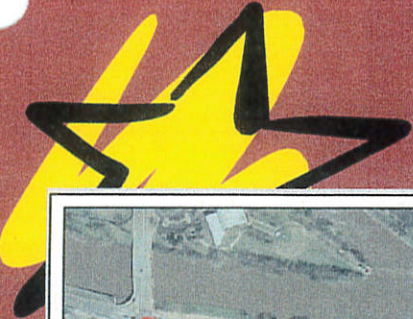




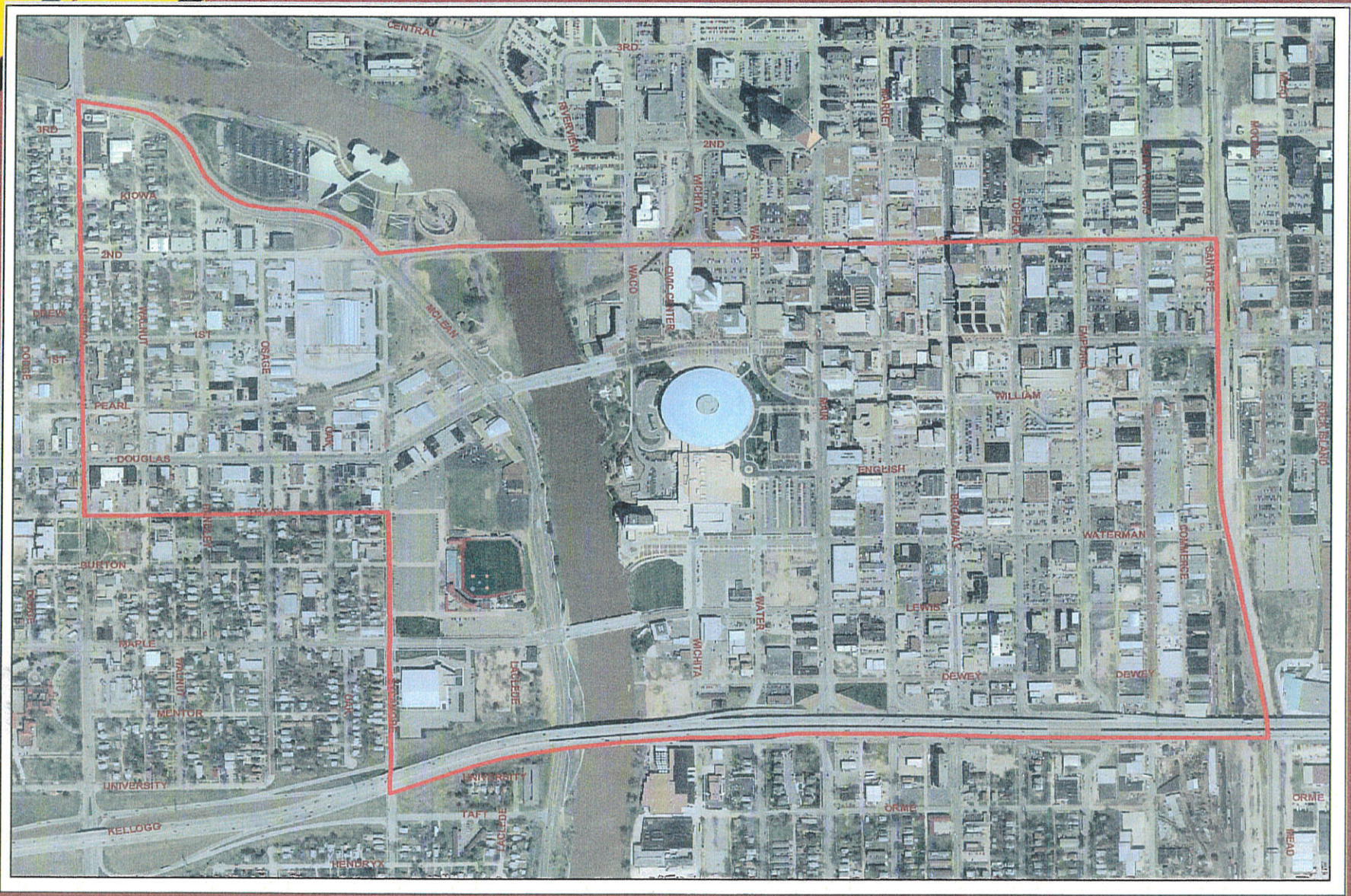
## Could STAR Bonds Work in Downtown Wichita?

- Absolutely!
- Existing Urban Renewal Area (3,500  $\pm$  acres) could be decreased to meet the all the criteria
  - ✓ Blighted area
  - ✓ Conservation area
  - ✓ Enterprise zone
  - ✓ Environmental contamination area
- Nucleus of Major Commercial, Entertainment and Tourism area





# Potential STAR Bond Area







# Benefits of a Proposed Area

- Size: 475 acres – 168 developable
- Underutilized properties
- Existing tourism facilities:
  - Century II
  - Brown Exposition Hall
  - Lawrence Dumont Stadium
  - Hyatt and Radisson Hotels
  - Boathouse
  - Art Museum
- Potential public projects:
  - Century II renovations
  - Brown Expo Hall expansion
  - Amphitheater
  - Riverwalk improvements
  - New museums
  - Parking garage(s)
  - Streetscape improvements
  - River walk canal facility
- Missing link? (hint: retail)





# What is the Trigger Project?

## Wichita WaterWalk:

- City RFP process in 2002
- 25 $\pm$  acre, mixed uses
- Land already acquired
- Canal system
- Pedestrian orientation
- \$130 million public/private project
- Destination retail prospect



*Preliminary Site Plan*





# What are the Benefits?

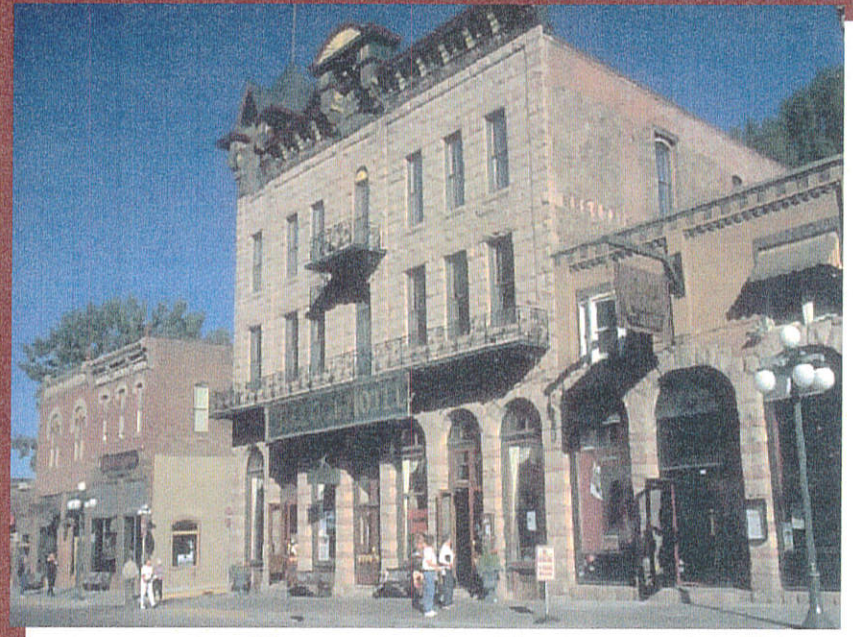
- State of Kansas:
  - Economic development - job creation and investment
  - No “out of pocket” costs
  - New tourism attraction
  - Sales tax growth after bonds repaid
- City of Wichita:
  - Job creation
  - Tourism boost
  - Grow property tax values
  - Reprogram CIP and TIF funds to other areas
- Developers:
  - Improves ability to recruit destination retailers
  - Raises project profile and amenities





# Test Case – How it could work

- New retail development
  - Tourism draw or importance to the State (Sec. of Commerce)
  - Part of a significant project
  - New or relocate from 50+ miles away
- \$20 million annual sales
- Local retail sales tax rate:
  - 5.3% State
  - 1% County (local option)
  - Captured rate: 5.3%
- Bond capacity - \$10.6 million







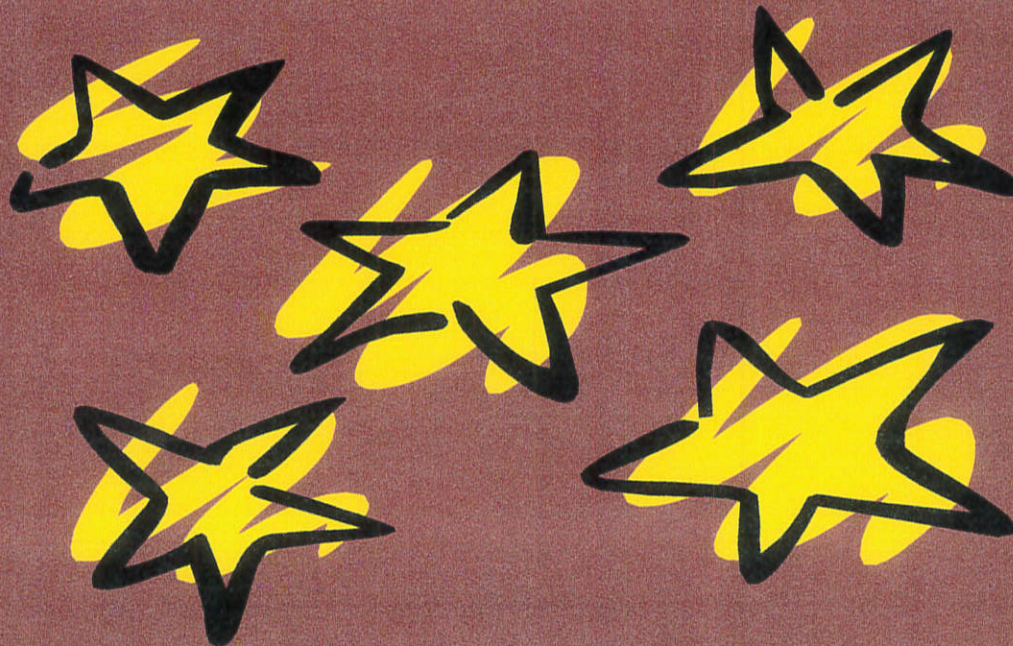
# What Will It Take for Wichita to Obtain STAR Bonds?

- Local coalition seeks STAR Bond area in Sedgwick County
- Drafted legislation to change State Law – additions only
  - Defines area outside of Wyandotte County
  - Add new term “Major Commercial, Entertainment and Tourism area”
  - Insures City can grant property tax abatements within the Major CE&T area if property is not in TIF district
  - Add new term “river walk canal facility”
  - Proposes that sales tax revenue growth from existing businesses remain with State
  - Clarify status of County Local Option Sales Tax
- No other substantive revisions





Help Make Sedgwick County and  
Downtown Wichita a STAR







# Prepared by:

Wichita Downtown Development Corporation  
100 North Broadway, Suite 465  
Wichita, KS 67202  
316.264.6005 phone  
316.264.0869 fax



*The Wichita Downtown Development Corporation is an independent, non-profit organization focused on stimulating new interest and investment in the center city.*





# **TESTIMONY**

**Mike Taylor, Government Relations Director**  
455 N Main, Wichita, KS. 67202  
Wichita Phone: 316.268.4351  
Topeka Phone: 316.648.6236  
mtaylor@wichita.gov

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## **House Bill 2208** **STAR Bonds for City of Wichita Downtown Development**

**Delivered February 11, 2003**  
**House Economic Development Committee**  
**By**  
**Wichita City Council Member Carl Brewer**

The Wichita City Council wholeheartedly supports House Bill 2208 and enthusiastically endorses the use of STAR Bonds to help us move some major plans for downtown Wichita from the drawing board to reality.

The City of Wichita and its citizens have invested hundreds of millions of dollars in downtown Wichita over the past 15 years through public-private partnerships. We are renovating, revitalizing and reinvigorating downtown Wichita. Our community wants to make downtown Wichita a destination for tourists, a recreational and entertainment center for our citizens, a profitable place for business and a good place to call home for the growing number of people who want to live downtown. These are important goals which benefit all neighborhoods in Wichita, all of South Central Kansas and the entire State of Kansas.

Downtown Wichita has had many successes in the past 15 years including: The Hyatt Hotel and Conference Center on the river front; major expansions and improvements to the Century Two Civic Center and Expo Hall; the world class Exploration Place Science Center; an innovative public-private partnership which saved the historic Eaton Hotel from ruin and turned it into beautiful downtown apartments; renovation of the neglected Keen Kutter Tool Building into the popular Hotel at Old Town; and The Old Town Entertainment District where blocks of rundown red brick warehouses are now filled with shops, restaurants, nightclubs and museums. These are just a few of the things we've accomplished.

Efforts to continue this progress are moving at a rapid pace. There are some very exciting plans for the Arkansas River corridor through downtown. Developments and attractions on both sides of the river offer a unique opportunity for our community to make the Arkansas River a focal point for tourism and local leisure activities. These plans can also give our economy a major boost at a time when we desperately need it.

The Wichita WaterWalk, with its grand canals and exciting retail, office and residential buildings promises to be a crown jewel which will create jobs, attract tourists, generate new revenues for the city and state, and become a gathering spot for Wichita residents to enjoy their community. The Wichita City Council has committed \$30-million in our Capital Improvements Program to help build much of the infrastructure and amenities for the WaterWalk development.

The Wichita City Council and many other leaders in our community spend a lot of time trying to recruit businesses and boost the economy. The investments our community has made in the heart of the city are successful and are paying big dividends. We want to continue these economic development successes and continue making Wichita a great place to live and conduct business. We are asking for your help and partnership by approving the use of STAR Bonds for eligible projects in downtown Wichita.

House Economic Development  
2-11-03  
Attachment 2



**Testimony on House Bill 2208  
Economic Development Committee  
Lori Usher - Wichita Area Chamber of Commerce**

Mr. Chairman, members of the Committee, thank you for the opportunity to appear before you today. I am Lori Usher, VP of economic development for the Wichita Area Chamber of Commerce – here to support House Bill 2208.

The Wichita Chamber's economic development division has been a strong partner in supporting the downtown WaterWalk project. As you know, the City of Wichita selected and contracted with an investment group to develop a 25-acre site along the Arkansas River. The investors have announced a development plan that includes office, restaurant, residential and retail components that will require a total private investment of \$100 million. To help pay for public improvements, the City created a developer-funded Tax Increment Financing District to support public improvements including a parking garage, street improvements, sidewalks and the waterway, or canal. The City is also using roughly \$10<sup>mil</sup> in Capital Improvement Funds to improve the riverwalk and other elements within the area.

As is evidenced by this example, and many others that have included the State's participation, the return on the investment of public sector dollars is significant. *Public/private projects do work, and they work well.*

Currently, downtown Wichita is about 20 percent of the total tax base for the City of Wichita. Beyond the economic impact of new visitor dollars gained from developing attractions within the proposed Star Bond district, the *overall increase in property values* realized through the addition of office, restaurant, residential and retail components will have *significant impact on our tax base for the city, county and school district.*

But furthermore, it is important to note the appeal that a renewed, vibrant downtown will have to new companies considering Wichita for relocation or expansion. While the supply of labor and cost of doing business will ordinarily be the top drivers for site selection decisions, often quality of life factors become the qualifier at the end of the race. Just as Wyndotte County has been granted your support of Star Bonds to add an appealing quality of life feature to their landscape, *we need your support to develop a city that has special appeal to companies and qualified workers in order to keep our economy growing.* That is what's best for Wichita, that is what's best for southcentral Kansas.....and, most certainly, that is what's best for the state of Kansas.

Thank you for your consideration.

February 11, 2003

House Economic Development

2-11-03  
Attachment 3

350 West Douglas Avenue • Wichita, KS 67202-2970

t 316.265.7771 • f 316.265.7502 • w www.wichitakansas.org

House Economic Development Committee  
STAR Bond Testimony  
Ray Rancuret – President of the Delano Neighborhood Association  
*Updated 2/10/03*

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The following identifies talking points for testimony at the House Economic Development Committee hearing on February 11, 2003.

- My name is Ray Rancuret and I serve as the President of the Delano Neighborhood Association. I am also a member of the Delano Business Association and the Delano Community Development Corporation.
- Here today to voice support for the proposed STAR Bond legislation to create an eligible area in Wichita.
- The Delano Neighborhood Association represents 10,000 residents and is focused on economic and community development projects to make the area a better place to live.
- The Business Association has about 100 members and is dedicated to creating a better business environment for commercial businesses in the area.
- The two groups have been working for 3 years to create a redevelopment plan for the area. This process has included hundreds on neighborhood meetings, dozens of contacts with residential and commercial property owners and significant work with our Metropolitan Area Planning Commission.
- After the years of work, the Mayor and City Council adopted the Plan last month. Major elements of the plan include:
  - An urban village with mixed uses
  - Continued expansion of the museum district
  - Programs to stimulate home ownership
  - Programs to stimulate building renovation and improvement projects.
  - Streetscape improvements
  - Zoning and land use changes
- A STAR bond area that includes a portion of the Delano Neighborhood will support the City-adopted plan and accelerate our redevelopment efforts. The legislation would be an especially critical tool for the urban village project, which is the northwestern corner of the proposed boundary.
- The proposed boundary reaches into the museum district, which meets the tourism criteria within the existing legislation. The City and community have implemented many projects in this area and spent millions of dollars to define a museum district. Recent projects include realigning McLean Boulevard and building Exploration Place.

House Economic Development  
2-11-03  
Attachment 4

- As the Aviation Museum and the African American Museum are both currently looking for locations in Delano and the museum district, the proposed STAR bond area could be critical in helping to develop these regional and state attractions.
- The City has also just approved a streetscape improvement plan within the STAR bond area. Due to higher than anticipated cost estimates, the City had to cut back on some elements of the streetscape plan. A STAR bond area, along with an approved project, could provide a new funding source that would allow the City to put these deleted elements back into the improvement projects.

## **STAR Bond Legislation**

**February 11, 2003**

### **Testimony to the House Economic Development Committee**

I'm John Rolfe, President/CEO of the Greater Wichita Convention & Visitors Bureau.

I am here today representing the GWCVB. Since our Board will not meet until Feb. 20<sup>th</sup>, our Board has not had the opportunity to take a formal position on the STAR Bonds proposal. However, I have had contact with several of our Executive Committee members, who are supportive of this proposal. In my review of the plan and the proposal, the passage of this legislation will significantly enhance the economic development efforts of the proposed area and revenues locally and statewide.

From a tourism perspective, the potential impact is immeasurable. A large part of the 475 acres identified is, in fact, a major convention and tourism area. With the passage of this legislation, the possibilities are great whether it's a major tourist attraction or a major national destination retailer along with other ancillary developments that often happen. These types of projects will not only impact revenues to the South Central Kansas region, but will have a large impact to all of Kansas, in the form of visitors within Kansas and from outside of Kansas, with additional revenues to the State of Kansas.

The proposed STAR bond area would greatly enhance our existing tourism product. The area is in the heart of the community's museum district. By creating new attractions within this area, we can draw more visitors who will support existing attractions like Exploration Place, Botanica, Old Cowtown, the Mid-America All-Indian Center and others. This area also is in the heart of our convention district. The ability to use STAR bonds to help finance public improvements that would add tourism attractions will strengthen our product and make us more competitive in recruiting regional and national conventions and trade shows.

Having served as the Deputy Secretary of the KDOCH from 1995- late 1999 when the initial STAR Bond legislation was passed, I know and understand the impact that this type of legislation can have on a region and the State. We can all see what this has done for the Wyandotte County area and the State of Kansas. It continues to draw an enormous amount of visitors to Kansas and has been the catalyst for additional spin off companies and revenues to the State that benefit all Kansans.

House Economic Development  
2-11-03  
Attachment 5



In closing, I have confidence in your vision for the Wichita/South Central region as well as the entire State and hope that you will support this legislation by passing it. Thank you for your time and for allowing me a few minutes on the agenda.

February 11, 2003

Honorable Representatives:

My name is Sam Williams. I am a managing partner of Sullivan Higdon & Sink Advertising, a company founded 32 years ago in Wichita, Kansas. We now have offices in Wichita, Kansas City, and Washington, DC. I am also speaking as a member of the Business Investment Group (BIG) from Wichita. BIG is an affiliation of 40 businesses in the Wichita area whose primary purpose is to help promote economic development in the Wichita area.

I am speaking as a proponent of STAR bond financing.

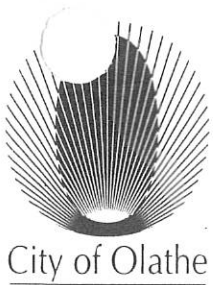
We implore you to approve the same financing for all areas in the state that you have already approved for Wyandotte County. The success of your efforts in Wyandotte is obvious as one visits the racetrack or the new Cabela's store. The use of STAR bond financing has enabled land that would have not been productive for who knows how long to become productive assets in the community. Jobs were created. And people who hold jobs pay taxes.

The same opportunity afforded to Wyandotte County needs to be made available to all of the State of Kansas. As BIG we are aware that when STAR bond financing is made available, Wichita will hopefully benefit immediately by the addition of a major national retailer to downtown Wichita. This will benefit not only Wichita but, in our opinion, all of South Central Kansas. Land that is now currently adding almost no economic value (translated – that means tax revenue) to the city or state coffers will become a productive asset. And, JOBS will be created. Again, people holding jobs pay taxes – income and sales.

As the bonds are paid off the tax revenue will revert to the state. I as a businessperson and we, as member of BIG, believe this is simply a wise investment that the State of Kansas should make to enhance the economic future for ALL of Kansas.

Thank you for listening and allowing me to speak.

House Economic Development  
2-11-03  
Attachment 6



MEMORANDUM

**TO:** Members of the House Economic Development Committee  
**FROM:** Donald R. Seifert, Policy Development Leader *DK*  
**SUBJECT:** **HB 2208-** Tax Increment Financing and Sales Tax Revenue Bonds  
**DATE:** February 11, 2003

On behalf of the city of Olathe, thank you for the opportunity to appear today and offer a comment on sales tax revenue (STAR) bonds. HB 2208 would allow the use of STAR bonds for a new category of "major commercial, entertainment and tourism" project of statewide importance located in Sedgwick County. The city of Olathe has no official position on HB 2208, but would suggest to the committee that it consider broadening the potential use of STAR bonds for similar projects worthy of statewide significance without respect to geography. It is our understanding that at least two other bills representing this viewpoint have been requested for introduction in both houses.

To date, STAR bonds have been utilized in connection with the highly successful Kansas Speedway and related development in western Wyandotte County. This project has been a tremendous economic stimulus for both Wyandotte County and the state of Kansas. The project envisioned by Wichita interests also has potential to be a great success. However, there are other development interests considering Kansas for significant investment. Olathe's position is simply that if STAR bond authority is expanded beyond current law, it should be available statewide basis for significant projects. Otherwise, we begin to legislate a competitive disadvantage between geographic areas.

This committee is especially mindful of the need to encourage growth of the Kansas economy to help the state emerge from its current fiscal situation. Projects of statewide significance may not occur every day, but they can play a powerful role in growing our state's economy. When major projects emerge, it would be much more efficient and less time consuming for the state and localities to have access to this powerful tool rather than seek project by project legislative approval. Obviously, STAR bond projects should still meet standards established by the Legislature and the Department of Commerce that define statewide significance. We urge the Legislature to set the bar high for major projects, but eliminate any special geographical designations.

The committee only has to look at the former Kansas Enterprise Zone program for an analogy. Approximately 10 years ago, the Legislature eliminated geographical zone designations, and made enhanced income and sales tax incentives available to business firms anywhere that meet certain investment and job creation qualifications. These incentives are still in effect today.

Thank you for the opportunity to comment on STAR bonds. We look forward to an opportunity to discuss this further with the committee in the context of a statewide bill.

*House Economic Development  
2-11-03  
Attachment 7*



League of Kansas Municipalities

300 SW 8th Avenue  
Topeka, Kansas 66603-3912  
Phone: (785) 354-9565  
Fax: (785) 354-4186

Date: February 11, 2003  
To: House Economic Development Committee  
From: Larry R. Baer  
Assistant Legal Counsel  
Re: HB 2208 - Testimony in Support

Thank you for allowing me to appear before the Committee this afternoon on behalf of the League of Kansas Municipalities and its member cities and present testimony in support of HB 2208.

At this time of fiscal belt tightening, both at the local and state levels, it is important to focus on legislation that stimulates and generates economic growth and that provides financial flexibility in doing so. HB 2208 would allow a governing body to establish one or more redevelopment districts in a major commercial, entertainment and tourism area. Any such district would then be eligible for financing by STAR bonds. Although initiated at the local level, such a program could not go forward without approval by the Secretary of Commerce and Housing. This would be done only after the secretary made the finding that the redevelopment would enhance the major commercial, entertainment and tourism area.

One of the most challenging aspects of economic development is determining how to spread the cost of new projects. Local governments are often faced with the dilemma of whether to have the entire community pay for the public costs associated with a new project or to find a mechanism to isolate the costs of the project to the area that receives the most benefit. HB 2208 extends the use of STAR bonds. It gives local government an additional financial tool to pay public costs associated with new development projects. Special obligation bonds isolate the costs of a project to the area that benefits from it. Most importantly, no state money is used.

HB 2208 is an important tool to help stimulate and generate local economic growth and provide additional flexibility for payment of public costs which may be associated with any project. We, therefore, urge your support and favorable action for HB 2208.

Thank you. I will stand for questions at the appropriate time.

House Economic Development  
2-11-03  
Attachment 8

# Kansas AFL-CIO

2131 S.W. 36th St.

Topeka, KS 66611

785/267-0100

Fax 785/267-2775



President  
**Ron Eldridge**

Executive Secretary  
Treasurer  
**Jim DeHoff**

Executive Vice  
President  
**Wayne Maichel**

Executive Board

*Melany Barnes  
Jim Clapper  
Richard Crusinberry  
Barbara Fuller  
David Han  
Jerry Helmick  
Larry Horseman  
Ron Jones  
Fred Kaminska  
Lloyd Lavin  
Wil Leiker  
Jerry Lewis  
Adrain Loomis  
Pam Pearson  
Dave Peterson  
Emil Ramirez  
Bruce Reves  
Steve Rooney  
Debbie Snow  
Betty Vines  
Dan Woodard*

February 11, 2003

House Economic Development Committee  
Representative Kenny Wilk, Chairperson  
Re: HB 2208  
Tuesday, February 11, 2003  
3:30 - 5:30 PM

Dear Chairperson & Committee Members,

Thank you for the opportunity to appear before you today. I am Jim DeHoff, Executive Secretary of the Kansas AFL CIO. I present this testimony on behalf of 100,000 members who belong to our state association.

HB 2208 is an effective way to help provide jobs to an area of our state hit hard with layoffs.

The Kansas AFL CIO is remaining neutral on the issue of Star Bonds at the Wichita Waterwalk Project.

We will let you know in the near future if we support or oppose HB 2208. The reason we have to take this position is because, recently, unions in the Wichita area worked many hours and spent a lot of money to help pass a school bond issue with the verbal promise that our members would obtain construction jobs on the new construction of schools. We have received a very small amount of work after the school projects were let. The jobs went to contractors who pay very low wages, no health benefits, retirements benefits and have no established apprenticeship training program. We venture to say that due to workmanship, the Wichita School District will in a short time, after construction is complete, have to spend additional money to correct substandard construction.

If the developers of the Waterwalk Project can assure us of employment on their project, we can then support the project. We are sure committee members can understand our reluctance concerning this issue.

Thank you.

Jim DeHoff



House Economic Development  
2-11-03  
Attachment 9







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February 10, 2003

Honorable Kenny A. Wilk, Chairman  
Economic Development Committee  
State Capitol  
300 SW 10<sup>th</sup> Ave.  
Topeka, KS 66612-1590

RE: House Bill No. 2208

Dear Chairman Wilk:

Your committee is considering a bill to enact legislation to create a new STAR Bond district in Sedgwick County, Kansas. As you deliberate this legislation we ask that you consider the following points as they relate to the success of the Tourism District that has been created in Wyandotte County, Kansas.

First we want to be clear that Cabela's is supportive of the STAR Bond Legislation that the State of Kansas passed which attracted the Kansas Speedway and ultimately the other development that is underway. We applaud the efforts of the State to provide a significant incentive for new business to develop within the State of Kansas. We believe the intent and purpose of the legislation is to attract people from other states to visit, recreate and shop at these exciting destinations.

Cabela's is supportive of the creation of a Tourism District in Sedgwick County provided the destination components of the district are not in direct competition with the primary destination components of the Wyandotte County Tourism District. It would not be logical for the State to build a second speedway, nor would it be appropriate to consider a destination furniture store such as Nebraska Furniture Mart. Likewise, it seems logical that the creation of a new STAR Bond district would not allow for a competing outdoor outfitter. The creation of a district in Sedgwick County that targets destinations, which are different than what is being developed in Wyandotte County, would ensure the potential success of all of the businesses that are locating in STAR Bond districts throughout Kansas.

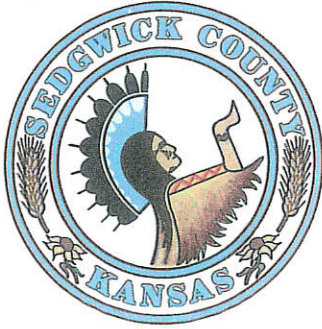
Cabela's generally considers its market area to be 200 to 250 miles around its retail stores. Under that model we believe we currently encompass the Wichita market. Cabela's has made a significant investment in Kansas City, Kansas. As one of the "destination" elements of the Wyandotte County Tourism District, we ask that you consider the impact on the ability to repay the STAR Bonds if direct competition is allowed within its market area. Certainly the impact on the traffic to Cabela's will have a direct impact on the traffic to the other businesses that are locating within the District with a direct impact on the sales tax generation from the ancillary businesses.

Wyandotte County took a bold step when it attracted the Speedway by using the tool you provided. It took an additional bold step when the Tourism District was created. We hope that the Kansas legislature will seriously consider the impact that a project in Sedgwick County may have that so directly competes with any of the destination retailers in Kansas City, Kansas.

Sincerely,

James W. Cabela  
President

House Economic Development  
2-11-03  
Attachment 10



## GOVERNMENT RELATIONS

Sedgwick County Courthouse  
525 N. Main, Suite 365  
Wichita, KS 67203  
Phone: (316) 660-9378  
Fax: (316) 383-7946

Michael D. Pepoon  
Director

**TESTIMONY HB 2208**  
**Before The House Committee on Economic Development**  
**February 11, 2003**

Honorable Chairman Wilk and members of the committee, I appreciate the opportunity to present written testimony on behalf of the board of county commissioners of Sedgwick County in support of HB 2208. It is the strong consensus of the board of county commissioners that the use of STAR bonds to revitalize and attract new businesses to downtown Wichita will benefit not only the City of Wichita, but also Sedgwick County and the entire South Central Kansas region.

We have observed the successful use of STAR bonds in Wyandotte County to develop the Kansas Speedway and other related commercial development including Cabala's and Nebraska Furniture Mart. HB 2208 would allow our region of the state to attract similar businesses and create comparable economic growth in South Central Kansas. Furthermore, STAR bonds are to be used for areas that are blighted, or are potentially blighted, environmentally contaminated, a conservation district, a state enterprise zone or an area with proposed projects that have the potential to be of statewide importance or would constitute a major tourism area. HB 2208 proposes an area covering 475 acres in the heart of downtown Wichita that ideally fits the criteria of STAR bond use and would bring much needed revitalization to this area the state.

Sedgwick County has been active in efforts to attract new businesses to our region of the state. We also strongly believe in being partners with our neighbors and supporting their efforts to bring needed development to our county. For these reasons Sedgwick County stands behind the Wichita Downtown Development Corp. and the City of Wichita in supporting HB 2208.

House Economic Development  
2-11-03  
Attachment 11

*"...To Be The Best We Can Be."*

STATE OF KANSAS

LARRY L. CAMPBELL  
STATE REPRESENTATIVE 26TH DISTRICT  
JOHNSON COUNTY  
P.O. BOX 3391  
OLATHE, KANSAS 66063-3391  
(913) 829-5756



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TAX, JUDICIAL & TRANSPORTATION  
BUDGET

STATE CAPITOL, 514-S  
TOPEKA, KS 66612-1504  
(785) 296-8430 TTY  
800-432-2924 (HOT LINE)

February 11, 2003

Mr. Chairman and  
Economic Development Committee Members:

I am writing to express my support to the use of Star Bonds as a viable economic tool throughout the state. While I am supportive of the specific request contained in HB 2208, I believe the preferable course of action would be to deal with this issue as a state wide policy issue rather than one project at a time.

In a time when we're all looking for solutions to our dire economic situation, the state wide use of Star Bonds would be an excellent tool.

A bill has been introduced that would address the state wide use of Star Bonds under certain conditions. HB 2208 is a good example of why this issue should be addressed as a state wide policy.

I encourage the committee to look favorably at Star Bond authority as an excellent tool to stimulate our economy. I would, however, request that the committee look at this as a global policy rather than one project at a time.

Larry Campbell

A handwritten signature in black ink, appearing to read 'Larry Campbell'. The signature is fluid and cursive, with a long horizontal stroke at the end.

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Attachment 12

STATE OF KANSAS

THOMAS M. KLEIN  
REPRESENTATIVE, 103RD DISTRICT  
SEDGWICK COUNTY  
3013 E. 1ST  
WICHITA, KANSAS 67214  
(316) 263-6674  
ROOM 284-W, CAPITOL BLDG.  
TOPEKA, KANSAS 66612-1504  
(785) 296-7651



TOPEKA

HOUSE OF  
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VICE-CHAIR: RULES & JOURNALS  
MEMBER: APPROPRIATIONS  
TAX, TRANSPORTATION &  
JUDICIAL BUDGET COMMITTEE

Dear Chairman Wilk

Thank you for allowing me to present written testimony on HB 2208.

I am supportive of the proposed Water Walk Project with Bass Pro Shops as the anchor. In my opinion, the Water Walk Project will encourage downtown economic activity and will be a win-win for both the city of Wichita and the State. My confidence in this project is based on the local investors, who's ties to the community, previous economic activities has earned them a reputation for integrity.

I am concerned, however, with the size of the overall proposed Riverfront Development District. The area on the map east of Broadway has long been an area where various types of developments have been rumored. In my view, including a large area for which there is no current plan, and for which there are no known investors delegates too much Legislative authority to local government. George Poulos could be mayor in two months (ask somebody from Wichita) and I hesitate to grant continuing Star Bond possibilities to projects that are unknown, with unknown investors to a city government which will change shortly.

I would personally be much more comfortable if as potential future projects take shape, this investors came back to the Legislature to expand the District as occurred in Wyandotte County. I would appreciate it if the Committee would consider making Broadway the eastern border of the Development District.

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Attachment 13