

MINUTES OF THE SENATE COMMERCE COMMITTEE.

The meeting was called to order by Chairperson Karin Brownlee at 8:15 a.m. on February 21, 2003 in Room 123-S of the Capitol.

All members were present except: Senator Brungardt, absent
Senator Steineger, absent

Committee staff present: April Holman, Legislative Research
Deb Hollon, Legislative Research
Mitch Rice, Revisor of Statutes
Norman Furse, Revisor of Statutes
Jodie Anspaugh, Secretary

Conferees appearing before the committee: Michael Wilks, Olathe City Manager
Tim McKee, Olathe Chamber of Commerce
Larry Baer, League of Kansas Municipalities
Ed Wolverton, Wichita Downtown Development Corp
Steve Graham, Olathe Economic Development Council
Bud Burke, Issues Management Group, Inc.
Don Denney, Unified Government of Wyandotte
County/Kansas City, Kansas

Others attending: See attached list.

Chairperson Brownlee opened the hearing on SB 235, regarding Starbonds. April Holman from Legislative Research gave an overview of the bill. Starbond stands for sales tax and revenue bonds. Ms. Holman answered questions about the bill and explained the differences between this bill and HB 2208, regarding Starbonds.

Michael Wilks, Olathe City Manager, testified in support of SB 235. ([Attachment 1](#)) He stressed that both the mayor of Olathe and the Olathe City Council support this bill. The Kansas City Metropolitan Area has a proven model that Starbonds work. Cabela's is now the number one tourist attraction in Kansas, and was financed with the use of Starbonds.

Tim McKee, Vice President of Economic Development for the Olathe Chamber of Commerce, testified in support of SB 235. ([Attachment 2](#)) Before Cabela's, the two Indian casinos were the top tourist attractions in Kansas. Starbonds are a tool that can be used to develop other tourist areas in Kansas. Starbonds can be applied statewide, but the kind of investment needed for an urban area may not be the same that is needed for a rural area.

Larry Baer, Assistant Legal Counsel for the League of Kansas Municipalities testified in support of SB 235. ([Attachment 3](#)) He supports this bill because it will stimulate economic growth.

Ed Wolverton, President of Wichita Downtown Development Corporation, testified in support of SB 235. ([Attachment 4](#)) He has seen the Starbond program in Wyandotte County generate new jobs and investment. The standards for obtaining Starbonds must be kept high. He does not want to see Starbonds used for discount variety stores, grocery stores, home improvement warehouses, and electronic supercenters. Mr. Wolverton referenced three written testimonies from Wichita: Wichita City Council Member Carl Brewer ([Attachment 5](#)), John Rolfe, President/CEO of Greater Wichita Convention & Visitors Bureau ([Attachment 6](#)), and Lori Usher, VP of Economic Development of the Wichita Area Chamber of Commerce ([Attachment 7](#)).

Steve Graham, Vice President of Titan Construction Organization and Chairman of the Olathe Economic

CONTINUATION SHEET

MINUTES OF THE SENATE COMMERCE COMMITTEE at 8:15 a.m. on February 21, 2003 in Room 123-S of the Capitol.

Development Council, testified in support of SB 235. (Attachment 8) He stressed that Kansas should implement statewide Starbonds now, to be competitive with other states. Other states will eventually pass similar legislation, and Kansas should be ahead of the curve.

Bud Burke from Issues Management Group, Inc. and the Olathe Chamber of Commerce testified in support of SB 235. (Attachment 9) This Starbond legislation creates a level playing field for the development of projects across the state and will allow Kansas to be competitive with its neighbors in recruiting new businesses.

Don Denney, Unified Government of Wyandotte County/Kansas City, Kansas, testified as neutral on SB 235. He brought written testimony from Carol Marinovich, Mayor/CEO of the Unified Government. (Attachment 10) Unified Government clearly supports Starbond legislation, but believes that Starbonds should only be authorized for major state tourism areas.

Written testimony was provided by:

Blake Schreck, President, Lenexa Chamber of Commerce (Attachment 11)

Glenn Thompson, Executive Director, Stand Up for Kansas (Attachment 12)

Greg Kindle, President, Southwest Johnson County Economic Development (Attachment 13)

Chairperson Brownlee closed the hearing on SB 235. The committee members asked questions of the presenters regarding the standards for Starbond authorization and local participation. The committee would like to see parameters which would allow the use of Starbonds in small market areas. One possible example would be the underground salt mine museum. Chairperson Brownlee asked Revisor Norman Furse to look into this and make sure the bill allows for statewide opportunities.

The meeting was adjourned at 9:30 a.m.

The next meeting is scheduled for February 24, 2003 at 8:30 a.m. in Room 123-S.

SENATE COMMERCE COMMITTEE

GUEST LIST

DATE: Friday, Feb. 21, 2003

NAME	REPRESENTING
Stephanie Buchanan	DOB
Zoe Jareee	BOEING
Blake Shvedch	Lenexa Chamber
Erik Santorius	City of Overland Park
Steve Kelly	KS Chamber
Megan Chaffin	Burgess and Associates
Diane Costello	Olathe Chamber of Commerce
Greg Kindle	Southwest Johnson County Econ. Dev. Corp.
Tom Johnson	Waterwalk LLC
Ed Wolverton	Wichita Downtown Development Corp.
Dow Denney	Unified Government Wyandotte Co.
Mary White	KTLA
Steve King	KTLA
Dennis Koch	CABELA'S
Tom Bruno	TIAK
Bill SNEED	Ks Speedway Corp
Danielle Hae	Johnson County
Mike Taylor	City of Wichita
Mike Huttles	Wichita Economic Development
Kevin Barone	Hein Law Firm
LARRY R BAER	LKM

Facing Economic Challenges Together

Statewide Star Bond Authority:
Creating Opportunity
Without Creating Taxes

Creating Economic Opportunity for Businesses

Adding Revenue for Governments

- ◆ Raising revenue and creating opportunity... Without raising taxes
- ◆ Generating millions of dollars in private investment ... Without raising taxes
- ◆ Creating jobs and economic opportunity for Kansans... Without raising taxes

Now is the time to be creative and competitive:

- ◆ We must be creative to offset declining revenue...without raising taxes
- ◆ We must be creative to maintain government service and our excellent schools...without raising taxes
- ◆ We must be creative to build an economic climate conducive to growth and private sector investment...without raising taxes
- ◆ And, we must be creative to foster a quality of life full of opportunity for all Kansans without relying on tax increases.

New Tools vs. Current

- ◆ Tax Increment Financing allows cities to use their share of new tax revenue to be applied to some of the development cost
- ◆ Star Bonds allow a portion of the state's new tax revenue to be applied
 - Total tax return to government realized much more rapidly

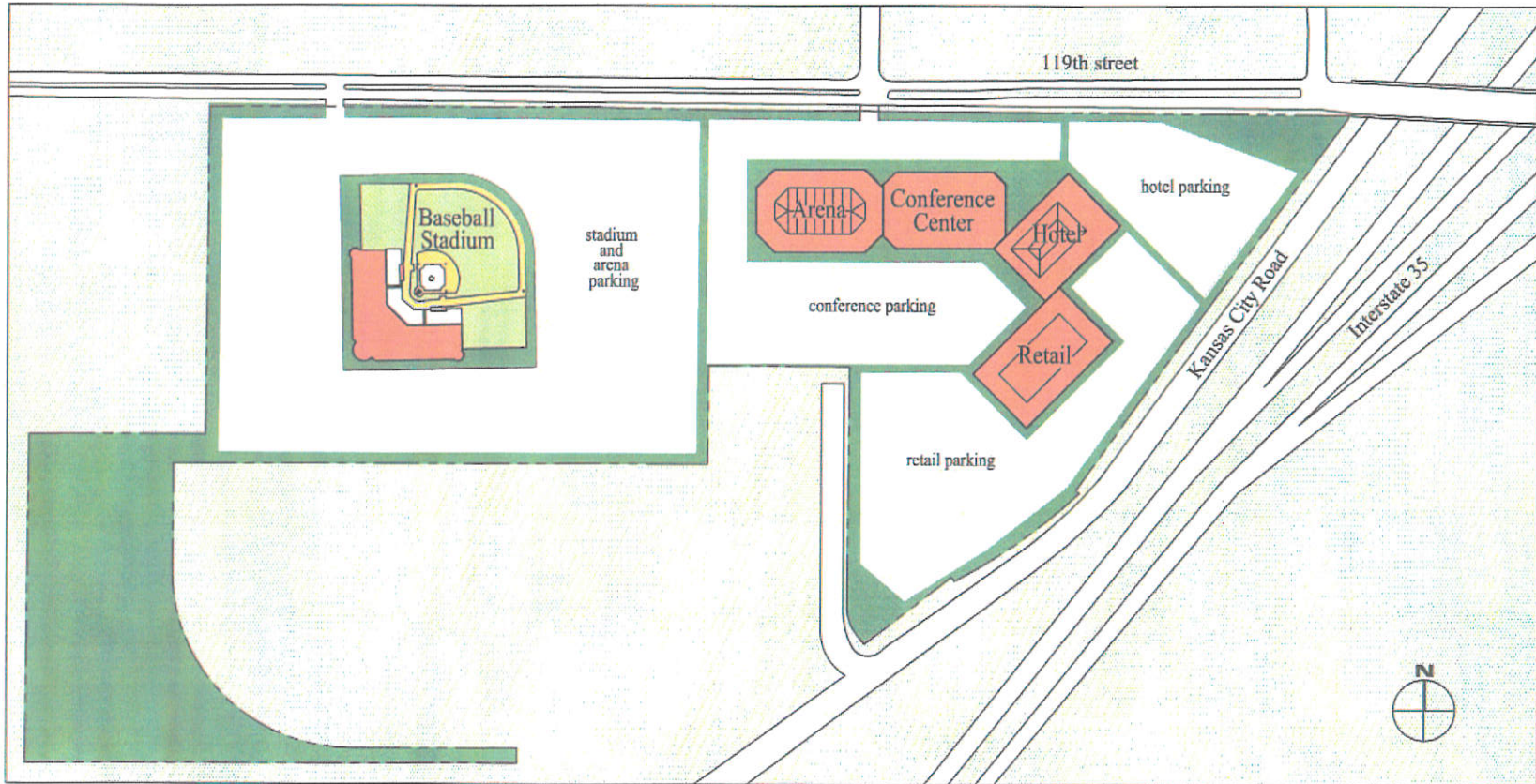
The Olathe Project

How a private development
can positively impact
our economic climate

Redevelopment Plan

City of Olathe, Kansas

1-6



John Q Hammons
INDUSTRIES

300 John Q. Hammons Parkway, Springfield, Missouri 417-864-4300

jqhhotels.com

Operated by John Q. Hammons Hotels, Inc.

EXHIBIT C

The plan includes:

- ◆ A 280 room full service hotel
- ◆ An 80,000 square foot conference center
- ◆ An 8,000-seat arena
- ◆ A major retailer that could reach \$7 billion in sales each decade
- ◆ And, possibly a baseball stadium

What this means to Kansans:

- ◆ \$100 million private investment in Kansas
- ◆ Hundreds of jobs created for Kansas
- ◆ Millions of dollars in new revenue for Kansas businesses
- ◆ Millions of dollars in immediate new revenue for Kansas schools
- ◆ Hundreds of thousands of dollars in immediate new revenue for Kansas governments
- ◆ Billions of new dollars for Kansas governments' in the long-term

“Each new dollar generated by this project offsets the demand on our taxpayers.”

An Investment for Kansans

A public private partnership
working to build our economy

TO: Members of the Senate Commerce Committee

FROM: Tim McKee, Vice President of Economic Development
Olathe Chamber of Commerce

DATE: February 21, 2003

SUBJECT: Senate Bill No. 235

On behalf of the Olathe Chamber of Commerce and its Board of Directors and members, I would like to ask the Senate Commerce Committee to help us "Make all of Kansas a Star" by expanding STAR bond authority across the state.

WHY

- Expanded to include appropriate locations throughout Kansas, STAR bonds will be good for the state's economy.
- The bonds will help Kansas tourism leap from its current standing among the lowest one-third of the states. This tool could help jump start tourism.
- The time to take advantage is now-before other states catch the vision and adopt STAR bond or similar legislation of their own.

HOW

- Set the parameters high and have them relate to the size of the community. The discretion of the Secretary of Commerce will be vital.
- Use the bonds to attract projects with a regional draw-from outside of Kansas-not for retailers with a limited local or even county-wide draw.
- Kansas communities have a great partnership with the Kansas Department of Commerce. STAR bonds are another great tool to add to those already in place.
- Large, region projects across the country are being accomplished through public/private partnerships. This type of tool is essential to accomplish these projects.

Expanding STAR bond authority throughout Kansas will be great for the entire state, including the current "tourism district."

Senate Commerce Committee
2-21-03
Attachment 2



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

League of Kansas Municipalities

Date: February 21, 2003
To: Senate Commerce Committee
From: Larry R. Baer
Assistant Legal Counsel
Re: SB 235 - Testimony in Support

Thank you for allowing me to appear before the Committee today on behalf of the League of Kansas Municipalities and its member cities and present testimony in support of SB 235.

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. 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. SB 235 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.

The League supports the continued use of tax increment financing in order to provide economic development. We believe that TIF laws should allow maximum flexibility and allow for efficient usage by cities.

SB 235 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 SB 235.

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



**Senate Commerce Committee
Testimony in Support of SB 235
February 21, 2003**

BOARD OF DIRECTORS

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VICE-CHAIRMAN

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SECRETARY-TREASURER

Larry Weber

John Arnold

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Jan Binter

David Burk

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EX-OFFICIO MEMBERS

Allen Bell

Chris Cherches

Sharon Fearey

Carolyn McGinn

Tim Witsman

John Rolfe

PRESIDENT

Edwin J. Wolverton

The Wichita Downtown Development Corporation is a non-profit organization focused on stimulating new economic investment and activity. Because of our economic development focus, we are currently working legislation to create a Sales Tax Revenue (STAR) bond area in Sedgwick County that could help with a current project. As Senate Bill 235 proposes a method that would provide greater access to the STAR bond program, I support the bill.

As you know, the STAR bond program is a State initiative that allows local communities to issue bonds that are secured by growth in sales tax revenues from new businesses that locate into an authorized area. Although this is a State-wide program, Wyandotte County is the only community with STAR bond areas.

In examining the results from Wyandotte County, the STAR bond program has been a phenomenal success in generating new jobs and investment. Unfortunately, this success has not been duplicated by other communities because the current process for creating a STAR bond area is very difficult and cumbersome. It requires the State Legislature to approve an area, which can be unpredictable, labor intensive and time consuming. Once the legislature acts, the Secretary of Housing and Commerce must then determine the economic impact of a proposed project and declare that it will enhance tourism efforts or be of State-wide importance. As you can see, this process is hard for most communities and developers.

In Sedgwick County, we currently have a project that meets all the STAR bond criteria. We also have local, civic minded investors who are willing to follow the Wyandotte County model to seek the State's approval for a STAR bond area to help build public infrastructure. Lastly, we have a prospect that is almost ready to commit to the project.

In fact, negotiations with a national, destination retail tenant are now at a critical stage and the availability of STAR bonds will be important for bringing these discussions to a successful conclusion. While I cannot yet publicly divulge details about the prospect and their economic impact, this is a real prospect that will generate real benefits. Given the current status, I must stress the need for the committee and the Legislature to act during this session on this bill, and HB 2208, which seeks STAR bond authority in Sedgwick County.

One word of caution focuses on the standards for STAR bond projects. The requirements proposed in SB 235 are set high. I believe that it is important that these standards remain high so that areas seeking STAR bond financing have a true economic need. It is imperative that any proposed area meet criteria on blighted conditions, conservation

districts, enterprise zones and environmental contamination. In fact, I would recommend that all the criteria must be met rather than just one item.

The standards for investment, annual sales, state-wide impact and tourism enhancement must also be high. STAR bonds must not become a financing tool that subsidizes new office parks or shopping centers that fail to attract unique, destination businesses with state-wide appeal. In my opinion, we should be concerned about allowing discount variety stores, home improvement warehouses, grocery stores, electronic supercenters and other similar shops to tap into STAR bond financing. This is especially true for market driven projects that would likely happen anyway due to population shifts and new growth patterns.

SB 235 offers an opportunity to improve access to the STAR Bond program. As STAR bonds do not raise taxes, do not require any "out of pocket" cost to the State and spurs economic activity, my organization supports the measure. While we will continue to advocate the approval of HB 2208 to create a STAR bond area in Sedgwick County, we believe that these two bills will have an immediate impact on our community and economy. As inaction will mean the loss of a critical tool that will create new jobs and business investment at a time when our economy desperately needs help, I encourage the committee to approve the bill and champion its approval by your colleagues in the Senate and House.

Thank you for considering my testimony.



Edwin J. Wolverton
President, Wichita Downtown Development Corporation



CITY OF
WICHITA

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

Senate Bill 235 STAR Bonds for City of Wichita Downtown Development

Delivered February 21, 2003
Senate Commerce Committee

By
Wichita City Council Member Carl Brewer

The Wichita City Council wholeheartedly supports 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. 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.

Senate Commerce Committee

2-21-03
Attachment 5



To: Members of the Senate Commerce Committee

From: John Rolfe, President/CEO
Greater Wichita Convention & Visitors Bureau

Date: February 20, 2003

This letter is regarding **Senate Bill 235** referring to the **STAR Bonds** proposal.

Our Board of Directors as of today, February 20, 2003, has taken a position of support of this bill. The passage of this legislation will significantly enhance the economic development efforts in the proposed area, improve revenues locally and statewide, and significantly increase the likelihood of bringing a major national destination retailer to Sedgwick County.

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 this legislation being passed, we can target and recruit new businesses that will enhance our existing tourism product. The area identified 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, Cowtown, the Mid-American 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 would add tourism attractions and make us more competitive in recruiting regional and national conventions and trade shows.

Having served as the Deputy Secretary of the Kansas Department of Commerce & Housing (KDOCH), from 1995-1999, and a part of KDOCH 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 all can 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 benefits all Kansans.

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 the passage of this legislation.

Senate Commerce Committee

2-21-03
Attachment 6



the Chamber
Wichita Area Chamber of Commerce

February 18, 2003

RE: Testimony on Senate Bill 235
Commerce Committee

Dear Chairperson and members of the committee,

I am writing this testimony in support of Senate Bill 235.

The Wichita Chamber's economic development division has been a strong partner in supporting the downtown WaterWalk project. 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 million 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.***

While we enthusiastically support legislation that will give communities the opportunity to flourish with this new financing tool, ***we also insist that our particular project is depended upon swift action of the legislature this session.*** We urge you to embrace the vision that we have for southcentral Kansas by supporting either this statewide bill, SB-235 or project specific legislation as has been introduced in the House Economic Development Committee – HB-2208.

Thank you for your consideration.

Sincerely,

Lori Usher
VP, Economic Development



www.TitanBuilt.com

MEMORANDUM

TO: Members of the Senate Commerce Committee

FROM: Steve Graham, P.E. Vice President of Project Development

SUBJECT: Senate Bill 235

DATE: February 21, 2003

It is my pleasure as Chairman of the Olathe Economic Council and Vice President of Titan Construction to appear today. First, I would like to share a little background. The commercial construction market in the Kansas City area in 2002 is estimated to have been down 40% from 2001. This year, in my opinion, will be consistent with last year. Further, the amount of prospect activity is still down which mirrors the national economy. The bright spot for development and construction in our metropolitan area is the Tourism District in Wyandotte County. Our firm has fortunately been selected for three projects there including the T-Bones New Minor League Stadium. This speaks to the power the STAR bonds have in a down economy.

Because of my involvement with many of the projects in the tourism district, including the destination retailing located there, I am aware that Kansas was not even on their radar screens until the economic benefits of the STAR bonds were presented to them. I believe Kansas has a unique opportunity, and the timing of this opportunity is critical.

I understand that there are seven states across the country that are in the process of developing STAR bond legislation. They have been visiting the tourism area. The success we have seen is being viewed by the nation, this combined with the trend in the development of regional destination retailers and entertainment concepts is at the beginning of its cycle. Kansas has a unique opportunity to seize this moment and continue the success it has created. I would encourage you to think beyond destination retail, beyond the communities that currently have projects being talked about now.

Senate Commerce Committee

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Attachment 8-1

This legislation, if adopted state wide, would open the doors for Kansas to have destination entertainment developments that today we have to travel to places – like Orlando or San Diego to go visit. If we do not take advantage of this point in time, then as other states adopt similar incentives, we will miss the small window of time we have to significantly impact the economic future of Kansas for generations. You have the opportunity to make Kansas the regional destination of choice in the Midwest.

I would like to stand in support of STAR bonds being available state wide and encourage you to see beyond the projects that have been mentioned and see the impact the availability of STAR bonds will have on our states economy.

Thank you for this opportunity to share with you today.

Steve Graham, P.E.
Vice President Project Development, Titan Construction

2003 Chair of the Olathe Economic Development Council

ISSUES



MANAGEMENT GROUP, INC.

TESTIMONY
February 20, 2003
SENATE COMMERCE COMMITTEE

SB 235

Mr. Chairman and Members of the Committee. My name is Bud Burke and I appear here today on behalf of the OLATHE CHAMBER OF COMMERCE.

We applaud the efforts of the Wichita community who recognize the opportunity to add an important economic development tool to those incentives that already exist in the State of Kansas.

At the same time we strongly believe that a LEVEL PLAYING FIELD is not only fair but is a critically important business concept that allows for the development of projects in all areas of the State that desire and can develop the resources to make projects happen and create investment, jobs and tax base throughout the State. Should it now become the policy of the State to protect any Kansas business from competition, even from any other Kansas business? Our country was founded on the basis of the free enterprise system and putting artificial barriers into the system, it seems to me, would start us down a very dangerous road.

We have been told that Nebraska Furniture Mart has suggested that the "Kansas regional market is not large enough to support additional large-destination anchor retailers within the same industry group". It should be noted that Benchmark furniture started in Olathe in 1994 with no tax incentives with a 400,00 square foot facility and added another 350,00 square feet of facility in 1998 with a 10 year tax incentive. This facility has a major regional draw.

According to a recent letter we are told that 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 is known that Bass Pro is seeking a location in the Greater Kansas City market and perhaps Wichita as well. Do we want to preclude a Kansas community the opportunity to compete with Missouri for this great retailer?

Senate Commerce Committee

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Attachment 9-1

(2)

We believe that "DESTINATION AREAS are made more attractive with increased opportunities for the consumer. Las Vegas and Orlando would possibly still be small attractions were it not for multiple attractions that draw visitors from around the world.

We want to thank Senator Brownlee and all of you who support the concept of adding a valuable economic development tool for all parts of the State of Kansas to utilize.

Thank you Madam Chair and members of the Committee for the opportunity to visit with you today.

Bud Burke
ISSUES MANAGEMENT GROUP, INC.



**Unified Government of
Wyandotte County/Kansas City, Kansas**

Carol Marinovich, Mayor/CEO

701 North 7th Street, Suite 926
Kansas City, Kansas 66101

Phone: (913) 573-5010
Fax: (913) 573-5020

February 21, 2003

Senator Karin Brownlee, Chairperson, and
Members of the Senate Commerce Committee

Re: Unified Government's Position On Expanded STAR Bond Legislation

Dear Senator Brownlee and Committee Members:

The successful partnership between the State of Kansas and the Unified Government of Wyandotte County/Kansas City, Kansas has benefited greatly from the 1997 STAR Bond legislation that helped build destination points Kansas Speedway and Village West, a 400-acre tourism district located adjacent to the speedway.

The partnership paved the way for Kansas Speedway to become the state's #1 tourist attraction drawing hundreds of thousands of visitors from all 50 states and Canada each year. Village West, upon completion, will attract more than 7 million people each year to its retail and entertainment facilities. *Cabela's World's Foremost Outfitter* has attracted nearly 3 million visitors to its store since opening in August of 2002. *Nebraska Furniture Mart* will open a 712,000 square-foot facility later this year. The *Kansas City T-Bones* will open the new 5,500-seat Community/America Ballpark this coming June 6th. Other retail and entertainment facilities (including more than 400 high quality hotel rooms) at Village West will be operating later this year or in 2004.

In order to insure that the partnership for Kansas Speedway and the Tourism District would be successful, the State of Kansas and the Unified Government each made sizeable investments. For that reason, the Unified Government strongly believes further STAR Bond legislation should **only** be authorized for projects that are the magnitude of a Major Tourism District that is of statewide importance.

The legislation must contain stringent language and criteria, including a threshold of capital investment and expenditures. Original STAR Bond legislation passed by the Kansas Legislature for Kansas Speedway required capital expenditures of at least \$100 million for a racetrack facility. Kansas Speedway **exceeded** that requirement with more than \$200 million in capital expenditures.

The required public incentive for Kansas Speedway included abatement of local property taxes for 30 years. This local tax abatement constituted twice the investment the State's incentive of STAR Bond authority provided. Furthermore, the State of Kansas will be repaid its investment in Kansas Speedway long before the Unified Government recoups its investment. The expansion of the Major Tourism District to

Senate Commerce Committee

2-21-03 att # 10-1

Attachment

Page Two
February 21, 2003

400-acre Village West area will enable the Unified Government to recover its local contribution for the speedway project while addressing a retail crisis in Wyandotte County. Prior to Kansas Speedway and Village West, Wyandotte County had very few retail businesses, restaurants and hotels. Kansas City, Kansas was the only city in Kansas with a population of over 100,000 that did not have a major shopping center or movie theater in operation.

Expanded STAR Bond legislation **should not exceed current State law**, and **must protect** both the existing businesses, and the resulting sales tax revenue that is funding the bonds issued for the original Major Tourism District – Kansas Speedway and Village West. All future STAR Bond legislation should **require all local sales tax** money to be utilized under the same provision as State sales tax generated on the site of the Major Tourism District. Finally, the financial condition of the State's Budget should also be taken into account before further STAR Bond legislation is adopted. When the STAR Bond legislation was enacted for Kansas Speedway and Village West in 1997, the State's revenue had a surplus budget.

The Unified Government strongly believes it **would not make good business sense** for the State of Kansas to authorize public incentives that would be in direct competition to the current STAR Bond legislation that is now in effect. Providing STAR Bond authority for funding destination stores that would be in direct competition to such stores as *Cabela's Foremost Outfitters* and *Nebraska Furniture Mart* would adversely affect those stores' sales, and thus have a negative impact on the revenues required to pay off the STAR Bonds issued by the Unified Government. Any new Tourism District legislation **must not** degenerate or negatively affect the sales tax revenues available to retire bonds in an existing district.

Sincerely,



Carol Marinovich
Mayor/CEO



The Historic Lackman-Thompson Estate

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

TO: Senator Karin Brownlee, Chairman
Members, Senate Commerce Committee

FROM: Blake Schreck, President
Lenexa Chamber of Commerce

DATE: February 21, 2003

RE: **SB 235—Statewide STAR Bond Authority**

The Lenexa Chamber of Commerce would like to express its support for the concepts embodied in Senate Bill (SB) 235, which authorizes the statewide use of tax increment financing (TIF) and sales tax revenue (STAR) bonds to facilitate significant economic development projects.

TIF authority and STAR bonds have both proven to be potent economic development tools in attracting new businesses to Kansas. While the project parameters and other details contained in SB 235 may need to be further refined, allowing these tools to be more readily utilized statewide to promote unique development opportunities would encourage economic growth and create significant jobs, capital investment, and taxes across the state.

Because it would allow all communities in Kansas the opportunity to pursue significant projects that would positively impact the state, the Lenexa Chamber of Commerce urges the committee to consider SB 235 favorably. Thank you for your time and attention to this issue.

Senate Commerce Committee
2-21-03
Attachment 11

**Testimony to Senate committee on Commerce
on
Senate Bill 235**

by

**Glenn Thompson
Executive Director
Stand Up For Kansas**

February 21, 2003

Chairperson Brownlee and members of this committee, I am Glenn Thompson, Executive Director of Stand Up For Kansas, a state-wide coalition of grass-roots citizens who oppose the expansion of gambling in our state.

We support the intent of SB 235. However, we urge the committee to amend the bill to prohibit development and operation of a gambling casino within a "redevelopment district."

A convenience casino within the district would have a devastating economic impact on surrounding areas, since approximately 85% of the casino revenue would come from communities within a fifty-mile radius. This is not economic development nor tourism development!

In addition, approximately 1% of the citizens living within these surrounding communities would become pathological gamblers and an additional 3% to 5% would become problem gamblers, thereby destroying thousands of families.

Consequently, we urge you to add an amendment to the bill, prohibiting development and operation of a gambling casino within a redevelopment district.

Senate Commerce Committee
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Attachment 12



Southwest
Johnson
County
Economic
Development

February 21, 2003

The Honorable Karin Brownlee
Kansas State Senator
Commerce Committee Chairperson
Kansas State Capitol
Topeka, Kansas

Dear Senator Brownlee and Committee Members:

On behalf of Southwest Johnson County Economic Development Corporation (SJCEDC), I want to express support for SB 235. The ability to utilize a statewide sales tax and revenue bond (STAR) authority is a critical economic development tool that will help communities across the state of Kansas be competitive when vying for tourism projects.

We support economic development tools that benefit the whole state and communities both large and small. This bill enables communities like Gardner in southwest Johnson County to compete nationally for large tourism projects that will bring new revenue and jobs to Kansas.

SB 235 gives Kansas the opportunity to be a leader in driving economic development and pushes the state to the forefront as a contender for future projects. Without a statewide tool, it will be difficult to attract tourism projects of the magnitude envisioned with this bill and put Kansas at a competitive disadvantage.

SJCEDC urges you to approve passage of SB 235. Thank you for your efforts and the work you are doing to drive economic development efforts throughout the state of Kansas.

Sincerely,

Greg Kindle
President

Senate Commerce Committee

2-21-03

Attachment 13