

MINUTES OF THE SENATE COMMERCE COMMITTEE.

The meeting was called to order by Chairperson Karin Brownlee at 8:30 a.m. on March 11, 2003 in Room 123-S of the Capitol.

All members were present except:

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

Conferees appearing before the committee: Annabeth Surbaugh, Johnson County Board of County Commissioners  
Don Jarrett, Johnson County Board of County Commissioners  
Dave Anderson, Mayor of DeSoto

Others attending: See attached list.

Chairperson Brownlee opened the hearing on SB 237 regarding the Sunflower Army Ammunition Plant Transfer. April Holman from Legislative Research briefed the committee on the bill. She mentioned HB 2212, which would change the law that prohibits the annexation of a US military reservation. This would allow a city to annex the Sunflower Army Ammunition Plant, with DeSoto being the most likely city. She also referenced the fiscal note. (Attachment 1) Chairperson Brownlee clarified that the language in the fiscal note is the same as the language in the fiscal note in SB 235. She believes that it is very questionable because Starbonds are not included in this bill. Ms. Holman stated that page 17, line 18 could be interpreted to include Starbonds by reference.

Annabeth Surbaugh, Chairman of the Board of County Commissioners of Johnson County, testified in support of SB 237. (Attachment 2) The Sunflower Plant contains over 9,000 acres of land located along a primary growth corridor. The Board of County Commissioners believes SB 237 is necessary in order to ensure that redevelopment at Sunflower occurs in a positive and beneficial manner.

Don Jarrett, General Counsel, Johnson County Board of County Commissioners, testified in favor of SB 237. (Attachments 3 and 4) He clarified that the intent of the bill is not to create Starbonds, but if statewide Starbonds are allowed, they could be used for this. Mr. Jarrett answered questions regarding pending lawsuits, and the procedures for transferring the land.

Dave Anderson, Mayor of DeSoto, testified in opposition to SB 237. He would like for the committee to specifically state DeSoto in the bill as the city closest to the development. He also questioned why a board has not been created to solicit nationwide proposals for the land. He stated that this is a unique opportunity and must be dealt with using the right process.

Senator Brownlee left the hearing open on SB 237 and announced that the committee will start at 8:00 a.m. tomorrow to discuss this issue further.

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

The next meeting is scheduled for March 12, 2003 at 8:00 a.m. in Room 123-S.

SENATE COMMERCE COMMITTEE

GUEST LIST

DATE: Tuesday, March 11, 2003

NAME	REPRESENTING
Rebecca Floyd	KS Development Finance Authority
SUE PETERSON	K-STATE
Pat Cuscy	K DHE
Don JARRETT	JOHNSON COUNTY
Annalita Sandberg	JD Co.
Danielle Nae	Johnson County
Hannes Zacharous	Johnson County J
Jim Sullinger	KC STAR
Ron Appleloft	Water One
Steve Kelly	K DOC#1
Megan Chalfant	Burgess and Associates
Barb Covert	KTUA
John M. Parisi	KTLA
Don Seifert	City of Olathe
Scott Young	Kessinger Hunter
Amber Kilshus	Sen. Brungardt
PATRICK REAVEY	DE SOTO KS
GREG JOHNSON	CITY OF DE SOTO
Kyle Andrews	STUDENT DE SOTO HIGH SCHOOL
DAVE ANDERSON	MAYOR CITY OF DE SOTO
Rep. Rob Boyer	

# KANSAS

DIVISION OF THE BUDGET  
DUANE A. GOOSSEN, DIRECTOR

KATHLEEN SEBELIUS, GOVERNOR

February 28, 2003

The Honorable Stephen Morris, Chairperson  
Senate Committee on Ways and Means  
Statehouse, Room 120-S  
Topeka, Kansas 66612

Dear Senator Morris:

SUBJECT: Fiscal Note for SB 237 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 237 is respectfully submitted to your committee.

SB 237 would specify procedures for the redevelopment of the former Sunflower Ammunition Plant in Johnson and Labette Counties. The bill would authorize tax increment financing and sales tax revenue bonds for the redevelopment project. The provision in current law that requires such a project to be of statewide importance and approved by the Secretary of Commerce and Housing would be deleted. Redevelopment projects would instead be approved by the Kansas Development Finance Authority.

The Department of Health and Environment indicates that the bill would have no fiscal effect. The Department of Revenue states that the bill would reduce state revenues because money spent within the redevelopment district displaces money spent on taxable purchases. Money spent by new businesses in the redevelopment area would have the effect of lowering statewide tax revenues until the bonds are paid. Once the bonds are paid for, there should be an increase in state revenues, depending on the type of development. No estimate of these reduced revenues is made, however. The Department of Revenue would have increased expenditures to revise forms and publications (\$3,800); to purchase a software package (\$250,000) with an annual maintenance fee of \$20,000; and to hire contractors to make modifications to the

Senate Commerce Committee

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Attachment 1

March 11, 2003

TESTIMONY BEFORE THE SENATE COMMERCE COMMITTEE  
IN SUPPORT OF SENATE BILL 237

Presented By

Annabeth Surbaugh, Chairman  
Board of County Commissioners  
Johnson County, Kansas

Good Morning. My name is Annabeth Surbaugh, and I am the Chairman of the Board of County Commissioners of Johnson County, Kansas. On behalf of the Board, I appreciate the opportunity to address the Committee and to present our testimony in support of Senate Bill 237.

The disposal of the Sunflower Army Ammunition Plant by the U.S. Army is a significant issue for Johnson County – and potentially for the State of Kansas. The Sunflower Plant contains over 9,000 acres of land located along a primary growth corridor, the K-10 Highway, in northeast Kansas. How that property is redeveloped can provide benefits or create burdens. To best ensure that redevelopment at Sunflower occurs in a positive and beneficial manner, our Board is requesting that the Legislature pass Senate Bill 237.

Senate Bill 237 is similar to the provisions of Senate Bill 611, which was heard and favorably passed by this Committee last year. The Legislation provides options for the County, for potential developers, and even for the State to encourage and to regulate the overall redevelopment at Sunflower.

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Essentially, the key enactments in Senate Bill 237 are:

1. The Bill enables Johnson County (and Labette County) to create a redevelopment district for the purpose of encouraging and controlling the redevelopment;
2. The Bill permits the use of Tax Increment Financing within the District;
3. The Bill retains authority for the Kansas Development Finance Authority to create, with approval of the County, a redevelopment district at Sunflower (or Parsons); and
4. The Bill has protections and requirements to ensure completion of environmental remediation while protecting the State and County from pollution liability during redevelopment.

There are two substantive changes from last year's version of Senate Bill 611. First, the direct authority to use Sales Tax Revenue Bonds (STAR Bonds) was removed. The Bill retains the procedures for using STAR Bonds, but separate authority – either through a general application STAR Bond statute or by future specific legislation, would be necessary before STAR bonds could be used.

Secondly, Senate Bill 237 provides a more specific structure for the creation of a redevelopment authority, and details the specific powers that such an authority, if created, would have. Those powers would include the ability to request and take title to the property, if some specified conditions were met.

The Board of County Commissioners did carefully review options for the redevelopment authority and strongly believes that the structure proposed is best since it retains options for the Board of County Commissioners and it allows for an appointed authority, which is accountable to an elected body.

The Legislation is enabling, not mandatory, and we believe that it provides us with the most viable and reasonable means to address the coming but uncertain development issues at Sunflower.

We are aware of the sense of urgency that continues to surround this issue, and our Board is committed to addressing the challenge. Passage of Senate Bill 237 will give us valuable tools with which to meet that challenge.

We ask for your favorable consideration and action recommending passage of Senate Bill 237.

Thank you.

March 11, 2003

TESTIMONY BEFORE THE SENATE COMMERCE COMMITTEE  
IN SUPPORT OF SENATE BILL 237

Presented By

Don Jarrett, Chief Counsel  
Johnson County, Kansas

Good Morning. My name is Don Jarrett. I am the Chief Legal Counsel for Johnson County, Kansas and appear here today on behalf of the Board of County Commissioners. We appreciate the opportunity to address the Committee and to present our testimony in support of Senate Bill 237, and I will gladly address any questions you may have on the proposed legislation.

We do, however, have one amendment to the Bill that we would request that the Committee approve. That amendment would add a new subsection 4(f) to the present language. The amended provision would provide a clear, statutory method for dissolution of the Redevelopment Authority in the event one is created, and would, thereby, remove uncertainty when the Authority was no longer needed. The provision is very similar to current statutory provisions related to Urban Renewal agencies. We, therefore, request that you approve the proposed amendment.

We believe that this Legislation is necessary – to provide the County with reasonable methods and options to both encourage and control redevelopment at the Sunflower Plant. For that reason, we ask that you act favorably on Senate Bill 237 and urge its passage by both the Senate and the House.

Thank you for your time and consideration.

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PROPOSED AMENDMENT TO SENATE BILL 237

New Section 4(f)

(f) If, at any time after creating a redevelopment authority pursuant to this section, the Board of County Commissioners determines that the redevelopment authority is no longer needed or should otherwise be dissolved, then the Board of County Commissioners may, by resolution, dissolve and abolish the redevelopment authority. Thereafter, the Board of County Commissioners, for and on behalf of the County, shall assume and perform any on-going duties or powers of the authority, shall assume title to and possession of all property, real or personal, owned or held by the authority, and shall assume all debts, contracts and obligations lawfully incurred or entered into by the authority. The Board of County Commissioners may, by subsequent resolution, re-establish a redevelopment authority under this section at any later time.



INFORMATIONAL POINTS  
ON THE SUNFLOWER ARMY AMMUNITION PLANT TRANSFER  
PRESENTED TO THE SENATE COMMERCE COMMITTEE  
BY DON JARRETT, CHIEF COUNSEL, JOHNSON COUNTY  
MARCH 11, 2003

- The general Services Administration (GSA) and the U.S. Army are proceeding with the transfer of the Sunflower Army Ammunition Plant, and must follow federal statutes and regulations for the transfer.
- At this point, the property can only be transferred to the State or a local government, unless the Army and GSA offer the property for sale by public auction.
- The Army and GSA cannot negotiate directly with a single developer. They must work through a state or local government to transfer the property (even to a developer) or sell the property through an auction process.
- A transfer to the State or to a local government must be either a Public Benefit Transfer (which is highly restricted but at no cost) or a transfer by negotiated sale (which means the governmental entity pays market value for the property).
- Presently, GSA has recognized almost 3000 acres for eligible Public Benefit Transfers, but will transfer, at least, the remainder (6000 acres) by negotiated sale or auction.
- Under a negotiated sale, GSA and the Army must ensure that the transfer meets all legal requirements, including environmental remediation. The Army is and will remain responsible for the ultimate remediation of the property. The question is when it will be done and to what level or standard. The Army must also eliminate all explosive risk on the property.\
- The property can be transferred after full clean-up by a covenant deed (which warrants that the property is clean), or it can be transferred prior to full clean-up by a deferred covenant deed, which contains a promise and a plan for the future clean-up of the property.
- A transfer prior to full remediation can be made only upon a finding that the property is suitable for transfer – “Finding of Suitability for Early Transfer” – a FOSET.

- The FOSET must be approved by the Governor.
- The Army has published a notice seeking comment on the approval of a preliminary FOSET for the transfer of the property through a negotiated sale for redevelopment by Kessinger-Hunter. Following the comment period (about 2 more weeks), the FOSET can be presented to the Governor for consideration. If approved, the GSA anticipates that a transfer may be made before the end of the year.
- Before initiating a transfer, GSA must also conclude the historic and cultural assessment, which is nearly complete, and must conclude a number of legal issues in the pending lawsuits.
- Upon any negotiated transfer, the remediation of the property must be assured and financially insured, which will occur through a Consent Order issued through the Kansas Department of Health & Environment.