

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 1:30 on April 27, 2004 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Kathie Sparks, Legislative Research Department  
Renaë Jefferies, Office of Revisor of Statutes  
Helen Pedigo, Office of Revisor of Statutes  
Fulva Seufert, Secretary

Conferees appearing before the committee:

Secretary Joan Wagnon, Department of Revenue  
Matt Jordan, Legislative Liaison, Department of Commerce  
Roger A. Seymour, Landlord in Manhattan, Kansas  
Lyle Butler, President and CEO, Manhattan Area Chamber of Commerce  
Mike Taylor, Public Relations Director, Unified Government Public Relations, Kansas City, KS  
Mayor Carlos Mayans, City of Wichita, Kansas  
Tom Docking, Wichita Downtown Business Community  
Michael Wilkes, City Manager, City of Olathe  
Steve Graham, Red Development  
Tim McKee, Vice President of Economic Development, Olathe Chamber of Commerce  
John Peterson, Private Developer, City of Overland Park  
Joe L. Norton, Gilmore and Bell, Attorneys at Law (answered questions only)  
Bob Brown, Rolling Hills Zoo and Museum  
Senator Derek Schmidt  
Representative Deena Horst (written only)  
Paul A. Sasse, City Manager, Independence (written only)  
Bob Corkins, Director, Freestate Center  
Marlee Carpenter, Vice President Government Relations, Kansas Chamber (written only)

Others attending:

See Attached List.

Chairman Wilk gave a review of the intent of this additional meeting, and said that tentatively there would be a follow-up meeting on Wednesday, April 28, 2004, at 1:30 p.m.

The Chair asked Ms. Kathie Sparks, Legislative Research Department, to brief the Committee on **SB 395**.

**SB 395 - Payment sources of sales tax revenue bonds**

Ms. Sparks provided a Supplemental Note on **Senate Bill No. 395** to all committee members, and said that **SB 395** amends the tax increment financing law to allow any redevelopment district established prior to January 1, 2003, to continue to receive transient guest, sales and use taxes from taxpayers, whether or not revenues from such taxes are received by the city. Ms. Sparks also reported the bill would allow the Department of Revenue to do the following:

- Release sales, use and excise tax license certificate information, but not the license number issued by KDOR.
- Publish reports showing state or local tax revenue distributions by city, county, or number and type of business.
- Provide cities and counties report on their local sales and use tax collections and allow city clerks, county clerks, and treasurers to release that information to their staff for the purpose of verifying distributions and for generating estimates. (Attachment 1)

## CONTINUATION SHEET

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE at 1:30 on April 27, 2004 in Room 519-S of the Capitol.

Chairman Wilk asked Ms. Helen Pedigo, Office of the Revisor of Statutes, to give a history of STAR Bonds. Ms. Pedigo presented a complete history of this legislation. (Attachment 2) Ms. Pedigo emphasized that legislation passed in 2003 amended the TIF law to provide statewide authority for STAR bonds to be used for special bond projects of regional or statewide importance. The legislation requires 100 percent of local sales tax be pledged to fund the special obligation bonds except for those amounts committed to other use by election of voters prior to the effective date of this Act. Additional action was needed due to a recently published Kansas Attorney General Opinion, Number 2004-6, which states that redevelopment project costs may include costs incurred in construction of buildings or structures as long as those buildings or structures are not owned by or leased to a developer. At the present there appears to be no difference between the definition of "redevelopment project costs" relating to a special bond project and those costs related to other types of TIF financing.

The Chair recognized Secretary Joan Wagon, Department of Revenue, who gave an in depth explanation of the changing of the distribution of the money, but explained that destination sourcing was not changed. Secretary Wagon reported that the department tracks the STAR bond revenue which is both the state and local sales tax and then transfers it directly to the STAR bonds trustee. She further stated that **SB 395** as introduced was intended to amend K.S.A. 12-1774 to ensure that all local tax revenues generated from a business within the redevelopment district regardless of whether the revenues are from sales tax on sales of items delivered to a location outside the district or not. Secretary Wagon said that the Senate Commerce Committee intended to narrow the K.S.A. 12-1774 amendment limiting its effect only to the dedication of local taxes for payment of STAR bonds issued for a redevelopment district established prior to January 1, 2003 regardless of sourcing. Redevelopment districts established after January 1, 2003, would only receive local revenues within the redevelopment district for payment of STAR bonds. (Attachment 3)

The Chair recognized Matt Jordan, Legislative Liaison, Department of Commerce, who presented testimony to clarify the use of STAR bonds in Kansas. Mr. Jordan said that the Act clearly states this financing cannot be used for a building leased to or owned by a developer. He said that the Commerce Department needs direction as to whether or not this is the policy that was intended when the legislation was enacted. The Department would also like the legislation amended to clearly provide the Secretary with the ability and responsibility to promulgate rules and regulations. (Attachment 4)

Chairman Wilk announced the opening of the Public Hearing on **SB 395**. Because there were so many conferees and five major cities represented, the Chair said each city would be allocated 20 minutes which would include testimony and questions and answers. The cities represented were Manhattan, Wichita, Olathe, Kansas City, and Salina.

The Chair welcomed Mr. Roger A. Seymour, landlord in Manhattan, Kansas, who said he was in support of any effort a community could make to improve itself, but he said he did have a problem with the mechanism for financing the development using STAR bonds. He specifically mentioned his objection to the widespread use of eminent domain. He proposed elimination of the use of eminent domain for STAR bond projects. He also stated objections to the following:

- ◆ Language protecting businesses and tenants, but not landlords
- ◆ Unavailability of suitable properties for reinvestment
- ◆ Language allowing environmental contamination cleanup at the expense of the entire district

Mr. Seymour also suggested proposed solutions to the above-mentioned problems. (Attachment 5)

Chairman Wilk recognized Mr. Lyle Butler, President and CEO of the Manhattan Area Chamber of Commerce, who commented that Mr. Ron Fehr, City Manager, was also with him. Mr. Butler spoke in support of the current STAR bond legislation, and said Manhattan has plans to submit an application for evaluation which they envision bears a positive return not only to Manhattan, but to the State as well. His testimony included reasons for Manhattan wanting to revitalize and redevelop the core or downtown within Manhattan. Recently the City approved a Conceptual Master Plan for the downtown area that would create a diverse mix of retail, housing, office, hotel, restaurant, and entertainment. Since the enactment of the STAR bond legislation, their project has grown into a potential \$170 million revitalization effort with the focus of

## CONTINUATION SHEET

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE at 1:30 on April 27, 2004 in Room 519-S of the Capitol.

a retail anchor and establishment of the framework and attraction pieces that will provide tourism dollars on a national and international basis. ([Attachment 6](#))

Chairman Wilk welcomed Mr. Mike Taylor, Public Relations Director, Unified Government Public Relations, Kansas City, Kansas, who spoke in support of **SB 395**. Mr. Taylor said the Unified Government of Wyandotte County does support the original intent of **SB 395** because it will correct a situation which changed the rules in the middle of the game. He stressed that the change would allow the bonds to be repaid sooner and would allow state and local government to reap the full benefits created by the Kansas Speedway and Village West. His testimony highlighted the economic impacts of the STAR bond district in Wyandotte County. ([Attachment 7](#))

During questions, Representative Boyer asked about the total value of the bonds, Representative Huntington inquired about the museum part of Cabelas, and Representative O'Malley asked for clarification of the quarter-cent sales tax.

The Chair next welcomed Mayor Carlos Mayans, City of Wichita, who supported the amendments to **SB 395** which would permit the City of Wichita to use STAR bonds as part of their important economic development known as the Wichita WaterWalk Project. Mayor Mayans reported that the Village West project in Wyandotte County needs **SB 395** to correct an unforeseen situation that threatens the financial structure of their STAR bonds. He said that Wichita also has a similar situation that **SB 395** will fix their unforeseen problem, too. This is because they need to be able to use STAR bonds to finance the construction of the building for the destination retailer. The city will own the building and in turn lease it to the retailer with no purchase option. ([Attachment 8](#))

Chairman Wilk recognized Mr. Tom Docking, representing the Wichita downtown business community, who spoke in support of **SB 395**. Mr. Docking asked the committee to support the amendments to **SB 395** that will allow Wichita to use Sales Tax and Revenue (STAR) bonds to secure a destination retailer that will serve as an anchor for their development. ([Attachment 9](#))

The Chair welcomed Mr. Michael Wilkes, who read the testimony of Michael Copeland, Mayor of Olathe, Kansas. The testimony stated that the STAR bond project in Olathe has been in the works for several years and they need STAR bonds to construct a city-owned destination arena. Mr. Copeland's testimony said that the Olathe project is ready to move forward and will generate millions of dollars for Kansas as well as create hundreds of jobs. He urged the committee to not change the rules as they are about to cross the finish line. ([Attachment 10](#))

The Chair recognized Mr. Steve Graham, Red Development, who provided no written testimony, but offered several brief comments. Mr. Graham said that the specifics of **SB 395** advocate for fairness of the state law. He said anything that is applied to any area should be applied to all areas of the state. He also asked that the statewide applicability of STAR bonds be left as is, but if specific tweaks are added that it be applied to all areas of the state. Representative Carlin asked about the size of the arena which Mr. Graham said would be approximately 9,000 seats and would be a mini version of big arenas across the country.

Chairman Wilk announced that the Committee would take a 15 minute break and reconvene at 3:50 p.m.

The Chair reconvened the meeting at 3:50 p.m., and welcomed Mr. Tim McKee, Vice President of Economic Development, Olathe Chamber of Commerce, who spoke in support of **SB 395**. He urged the Committee to allow the current STAR bond legislation to remain as written and to not jeopardize projects that are almost a year into their planning. He praised Kansas for being on the cutting edge of unique financing and incentives. He reminded the members that once the bonds are retired, the lion's share of new tax revenue will go directly to the Kansas state treasury. Mr. McKee said that jobs and the revenue are being created without raising taxes which he believes is far better, and STAR bonds is the perfect tool to do this. ([Attachment 11](#))

Chairman Wilk welcomed Mr. John Peterson, private developer representing the City of Overland Park, Kansas, who said they did not take a position for or against **SB 395**, but stressed the importance of treating all parties fairly if the committee should decide to alter the allowable uses of STAR bonds. He said all

## CONTINUATION SHEET

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE at 1:30 on April 27, 2004 in Room 519-S of the Capitol.

municipalities should have an even playing field when working on STAR bond projects. (Attachment 12)

The Chair recognized Mr. Bob Brown, Rolling Hills Zoo and Museum, who presented testimony written by Mr. Joe L. Norton of Gilmore & Bell, Attorneys at Law. The testimony included proposed legislation which would amend certain provisions of the K.S.A. 12-1770 *et seq.*, the Kansas Tax Increment Financing Act (TIF Act). (Attachment 13)

Mr. Joe Norton addressed Representative Burroughs' question as to why the amendment includes all the language listing exhibition, amusements, theater, concessions, souvenir facilities, visitor information center, parking facilities, signage, hotels, motels, restaurants, and retail facilities. Mr. Gary Anderson of Gilmore & Bell bond attorneys responded that it was written in narrow fashion that counties are usually reluctant to approve.

The Chair recognized Senator Schmidt who said he had no written testimony, but wanted to present the other side of the coin. He said no one wanted any more ornaments on the tree, but he addressed the reason for his floor amendment. Senator Schmidt said the original bill posed a concern in Wyandotte County. He said if that's a good approach for Wyandotte, it should be expanded to be inclusive. Then when the legislature changed the rules as to how sales tax is collected, it has hurt.

Chairman Wilk acknowledged the presence of Representative Beggs in the audience and asked if he wanted to contribute any comments. Representative Carol Beggs said that he did not, but was enjoying observing the Committee in action. The Chair also called the Committee's attention to the submitted written testimony of Representative Deena Horst. (Attachment 14)

The Chair called the Committee's attention to the written testimony submitted by Mr. Paul A. Sasse, City Manager, Independence, Kansas. Mr. Sasse's testimony spoke to his concern that when the voters in Independence voted for improvements to city owned facilities such as a new aquatic park, expansion of their Carnegie Library and renovation of their Memorial Hall and Civic Center, they did so with the belief that all costs would be funded by local option sales taxes. However, now based on recent changes in State statutes, the City may be required to pay a portion of the debt service on the outstanding bonds with ad valorem tax dollars. Mr. Sasse's testimony requests the legislature to adopt **SB 395** as amended and include cities the size of Independence. (Attachment 15)

The Chair recognized Mr. Bob Corkins, Director of the Freestate Center, who spoke in opposition to **SB 395**. Mr. Corkins said that **SB 395** would give relief from the new sourcing rule, but only for a small number of retailers. He asked the Committee to not fix the rule just for a privileged few, but to fix it for everybody. As a compromise, he asked the Committee to consider delaying the destination-sourcing rule indefinitely for all merchants. (Attachment 16)

Chairman Wilk called the Committee's attention to the written testimony of Marlee Carpenter, Vice President Government Relations, The Kansas Chamber, who said the Kansas Chamber has no opposition to the underlying issue in **SB 395**, but believes that releasing confidential taxpayer information is not good public policy and urged that the provisions of **SB 477** be removed from **SB 395**. (Attachment 17)

The Chair called on Representative Carlin who read written testimony of Virginia Perbeck concerning eminent domain. (Attachment 18)

Chairman Wilk asked if there were any additional persons wishing to testify, and seeing none, closed the Public Hearing on **SB 395**.

The Chair reopened the question and answer session for **SB 395**. Numerous questions were asked and answers were presented.

The meeting adjourned at 5:10 p.m. Chairman Wilk announced that the Committee would reconvene at 1:30 p.m. on Wednesday, April 28, 2004, in Room 313-S.

HOUSE ECONOMIC DEVELOPMENT COMMITTEE  
GUEST LIST

DATE: Tuesday, April 27, 2004

NAME	REPRESENTING
Paul Sasse	City of Independence
Erik Sartorius	City of Overland Park
Mike Pepou	Sedgewick County
Danielle Hae	Johnson County
Wes Ashton	Overland Park Chamber
Steve Weatherford	KDFA
Christy Caldwell	Topeka Chamber of Commerce
Paul Garrett	Carpenters District Council
JERI HYUER	CARPENTERS UNION
Matt Flerlage	Carpenters District Council
RICK WORNWER	ORBED HEUER
STEVE GRAHAM	RED DEVELOPMENT
TOM JOHNSON	WATERWALK LLC
Ed Wolverton	Widely Downtown Development
Tom Docking	" "
Carolyn Suster	Sprint
Matthew Smith	KMHA
Matthew Goddard	HCBA
LARRY R BAER	LKW



SESSION OF 2004

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 395**

As Amended by Senate Committee of the Whole

**Brief\***

SB 395 amends the tax increment financing law to allow any redevelopment district established prior to January 1, 2003, to continue to receive transient guest, sales and use taxes from taxpayers, whether or not revenues from such taxes are received by the city.

In addition, any city or county that has pledged sales taxes for the payment of general obligation bonds issued prior to July 1, 2003, would receive any local retailers' sales tax collected and remitted by retailers in such city or county on shipped or delivered sales sourced to locations outside such city or county but within the state, effective within 90 days of providing written notice to the department of the bond issuance.

Any new business locating in an existing or new redevelopment district that has an out-of-state affiliate entity making retail sales into Kansas, such as via the internet or catalog would be required to agree that such affiliate must register as a Kansas retailer to collect and remit any applicable Kansas sales and use taxes. If the business fails to comply, they would be liable for the fair market value of the bond-financed infrastructure improvements it benefitted from within the redevelopment district.

The bill would allow the Department of Revenue to:

- Release sales, use and excise tax license certificate information, but not the license number issued by KDOR.
- Publish reports showing state or local tax revenue distributions by city, county, or number and type of business.
- Provide cities and counties reports on their local sales and use tax collections and allow city clerks, county clerks, and treasurers to release that information to their staff for the purpose of verifying distributions and for generating estimates.

\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

House Economic Development  
4-27-04  
Attachment 1

#1

- Release or publish limited liquor brand registration information and limited liquor license information.
- Release or publish cigarette and tobacco license information.
- Provide environmental surcharge or solvent fee information to the Secretary of health and Environment (KDHE) to assist in ensuring that retailers are collecting the tax or fee.
- Share water protection fee information with the Department of Agriculture and the Kansas Water Office to help ensure that the correct amount is being deposited in the Water Plan Fund.
- Share specific taxpayer information with the Department of commerce relating to enterprise zone sales tax exemptions.
- Release specific taxpayer information concerning excise taxes to the Governor, Secretary of Commerce, or any state senator or representative if the information is relevant to determining the fiscal effect of any introduced legislative proposals.

### **Background**

Proponents of the bill included the Lt. Governor, Senator Steineger, and representative of Cabela's, Inc. The original bill would have allowed any redevelopment district issuing Star Bonds to continue to receive all of the revenue provided by the transient guest, sales and use taxes. However, the Committee amended the bill limiting it to the Kansas City, Kansas bonds issued for the Kansas Speedway, Nebraska Furniture Mart, Cabela's, and Great Wolf Lodge development area which occurred prior to enactment of destination sourcing as part of the uniformity requirements streamlined sales tax agreement.

The Senate Committee of the Whole added the following amendments:

- Any city or county that has pledged sales taxes for the payment of general obligation bonds issued prior to July 1, 2003, would receive any local retailers' sales tax collected and remitted by retailers located within such city or county, including local sales tax on shipped or delivered sales sourced outside such jurisdiction.



- Any new business locating in an existing or new redevelopment district that has an affiliate out-of-state entity making retail sales into Kansas, such as via the internet or catalog, would be required to agree that the affiliate register as a Kansas retailer and collect and remit any applicable Kansas sales and use taxes.
- Allow the Department of Revenue to share the tax information.

The fiscal note indicates that passage of the bill would not have a fiscal effect on state expenditures or revenues; however, it could affect local revenues. The bill would require all local tax revenue generated by taxpayers doing business within a redevelopment district are returned to the city issuing the bonds. The Department of Revenue indicates the bill also would require modifications to the automated tax system.

NORMAN J. FURSE, ATTORNEY  
REVISOR OF STATUTES

JAMES A. WILSON III, ATTORNEY  
FIRST ASSISTANT REVISOR



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E-mail: Revisor'sOffice@rs.state.ks.us

To: House Economic Development Committee

From: Helen Pedigo, Assistant Revisor *HP*

Date: April 27, 2004

Re: History of STAR bonds

This memo is written to address a request for a history of STAR bond legislation. Tax increment financing was first used as a funding technique in California in 1952. Since that time, forty-eight states have passed legislation authorizing the use of TIF by local governments.<sup>1</sup> In Kansas, TIF was authorized in 1976.<sup>2</sup> Subsequent years brought amendments extending its application to: central business districts (1979)<sup>3</sup>; use of industrial revenue bonds within redevelopment project areas (1980)<sup>4</sup>; certain enterprise zones (1982)<sup>5</sup>; full faith and credit tax increment bonds (1984)<sup>6</sup>; environmental contamination areas (1991)<sup>7</sup>; conservation areas (1996)<sup>8</sup>; major tourism area - Oz Theme Park (1993)<sup>9</sup>; and other major tourism areas (1997)<sup>10</sup>. In 1997, the Legislature authorized the use of transient guest, sales and use tax proceeds to retire special obligation bonds. A 20-year repayment period was triggered by transmittal of the redevelopment plan, rather than creation of the redevelopment district.<sup>11</sup> Legislation also authorized that an auto race track facility be included in the allowable list of project costs, and that all tax payments, not just the increment, could be used to pay off TIF bonds. A compensation formula was set for property to be acquired for the auto race track. A minimum relocation payment was established at \$500.<sup>12</sup> At this time, the Sunflower Ammunition Site was added with a requirement of at least \$300 million in capital improvements and the Parsons Ammunition Site was added with at least \$5 million in capital improvements and at least 150 positions.<sup>13</sup> Legislation expanded

STAR bond financing to include buildings designated as historic theaters.<sup>14</sup> Legislation passed in 2001 reorganized and clarified the existing statutes without making changes to the substantive law.<sup>15</sup>

Legislation enacted in 2003<sup>16</sup> amends TIF law to provide statewide authority for STAR bonds to be used for special bond projects of regional or statewide importance, including a project with at least a \$50 million capital investment and \$50 million in projected gross annual sales revenues, or a project located outside of a metropolitan statistical area which has been found by the Secretary of Commerce to be in an eligible area under TIF law and of regional or statewide importance.

TIF law now includes a major commercial entertainment and tourism area as determined by the Secretary, and within that definition, a major sport athletic complex. A city may establish one or more special bond projects within the city and these projects are eligible for financing by special obligation STAR bonds. However, each project must be approved by the Secretary based upon a required feasibility study. If the required marketing study indicates a substantial negative impact on existing businesses in the projected market area or if granting the special bond project would cause a default in the payment of outstanding STAR bonds, the Secretary shall not approve the project. If the project is an arena in Wichita, the city's voters must approve the project before it is submitted to the Secretary for approval.

The legislation requires 100% of local sales tax be pledged to fund the special obligation bonds except for those amounts committed to other use by election of voters prior to the effective date of this act. A business shall not benefit from TIF if it relocates within 50 miles of the major commercial, entertainment and tourism area in Kansas. The maturity date of STAR bonds may not exceed 20 years. The legislation sets out the procedure for project approval including plan requirements, a public hearing and approval by the Secretary. If the developer does not commence work on the project within 2 years of the project plan adoption date, STAR bond funding ceases. An appeal to the Secretary within one year can restart the funding after which the two-year period for commencing work applies. Kansas resident employees shall be given priority consideration in construction employment. The State Treasurer is required to place

state sales tax increment moneys from taxpayers doing business with the entities financed by a special bond project into the City Bond Finance Fund. Kansas, Inc. is required to include an analysis of STAR bonds in the agency's annual report on the cost effectiveness of economic development tax exemptions and credits. STAR bond authority for special bond projects will sunset on July 1, 2007.

A recently published Kansas Attorney General Opinion, Number 2004-6 opines that redevelopment project costs may include costs incurred in construction of buildings or structures as long as those buildings or structures are not owned by or leased to a developer. A redevelopment district that includes an auto race track facility or is in a redevelopment district including some or all of the land and buildings comprising a state mental institution closed pursuant to section 2 of chapter 219 of the 1995 Session Laws of Kansas may include construction of buildings or structures as redevelopment project costs, even when the property is to be owned by or leased to a developer.<sup>17</sup> A form of this particular provision, now in K.S.A. 12-1770a(q), has been included in the TIF law since its inception in 1976.<sup>18</sup> However at that time, the language "None of the proceeds from the sale of such special obligation bonds shall be used for the construction of buildings or other improvements to be owned by such developer" was used to define allowed uses of bond proceeds and this provision was placed into K.S.A. 12-1773 (b). In 1988, the term "improvements" was stricken and replaced with "structures".<sup>19</sup> In 1997, the phrase "or to be leased" was added as well as exceptions for the auto race track and state mental institution.<sup>20</sup> The most recent change to this section came during the reorganization effort in 2001, when all definition provisions were stricken from other TIF statutes and moved to their current location at K.S.A. 12-1770a.<sup>21</sup> At present there appears to be no difference between the definition of "redevelopment project costs" relating to a special bond project and those costs related to other types of TIF financing.

1. *Tax Increment Financing and Economic Development*, Edited by Craig L. Johnson and Joyce Y. Man, State University of New York Press, Albany, 2001.

2. 1976 Kansas Session Laws, Chapter 69, §4.

3. 1979 Kansas Session Laws, Chapter 52, §1.

4. 1980 Kansas Session Laws, Chapter 68, §4.
5. 1982 Kansas Session Laws, Chapter 75, §1.
6. 1984 Kansas Session Laws, Chapter 74, §1.
7. 1991 Kansas Session Laws, Chapter 59, §1.
8. 1996 Kansas Session Laws, Chapter 228, §2.
9. 1993 Kansas Session Laws, Chapter 213, §2.
10. 1997 Kansas Session Laws, Chapter 162, §2.
11. 1998 Kansas Session Laws, Chapter 169, §1.
12. 1998 Kansas Session Laws, Chapter 17, §6.
13. 1998 Kansas Session Laws, Chapter 199, §1.
14. 1999 Kansas Session Laws, Chapter 83, §4.
15. 2001 Kansas Session Laws, Chapter 103.
16. 2001 Kansas Session Laws, Chapter 97.
17. 2004 Kansas Attorney General Opinion 2004-6.
18. 1976 Kansas Session Laws, Chapter 69, §4.
19. 1988 Kansas Session Laws, Chapter 78, §4.
20. 1997 Kansas Session Laws, Chapter 93, §1.
21. 2001 Kansas Session Laws, Chapter 103, §§2 and 8, 2001 Substitute for HB 2005.



**K A N S A S**

JOAN WAGNON, SECRETARY

DEPARTMENT OF REVENUE  
OFFICE OF THE SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

Testimony to the House Economic Development Committee  
Joan Wagnon

April 27, 2004  
**Senate Bill 395**

Chairman Wilk and Members of the Committee:

**Background**

K.S.A. 12-1774 provides for the distribution of sales tax revenues generated by businesses located in a STAR bonds-financed redevelopment district (such as the Village West project in Wyandotte County). Under that law, the state sales tax generated from sales by businesses located in the redevelopment district, and the local sales tax revenue "received by the city" from such sales, are pledged to repayment of the STAR bonds. The department tracks this revenue (both the state and local sales tax) and transfers it directly to the STAR bonds trustee. With the implementation of destination-based sourcing as part of the Streamlined Sales Tax legislation enacted last year, the department issued an opinion letter that for local sales tax generated by a retail business located in a STAR bonds-financed redevelopment district, the local sales tax on items shipped or delivered by a redevelopment district business to customers located outside the district would be charged at the local sales tax rate in effect at the delivery location, and that local sales tax revenue would be distributed to the local taxing jurisdiction of the delivery location. For example, before the implementation of destination-based sourcing effective July 1, 2003, the local sales tax on furniture delivered by a furniture store located in the West Village project in Wyandotte County to the purchasing customer in Leavenworth, the local sales tax at the rate in effect at the West Village location would have been collected and distributed back to the Unified Government for payment of the STAR bonds. Following implementation of destination-based sourcing, the local sales tax in effect in Leavenworth would apply, and it would be distributed to Leavenworth and Leavenworth County, not be available for payment of the West Village project STAR bonds.

Senate Bill 395, as introduced, was intended to amend K.S.A. 12-1774 to ensure that all local tax revenues generated from a business within the redevelopment district, whether the revenues are from sales tax on sales of items delivered to a location outside the district or not, would be pledged to the payment of the STAR bonds. In passing out the bill favorably, Senate Commerce Committee intended to narrow the K.S.A. 12-1774 amendment (shown at Section 6), limiting its effect only to the dedication of local taxes for payment of STAR bonds issued for a redevelopment district established prior to January 1, 2003 (regardless of sourcing).

Redevelopment districts established after January 1, 2003 would only receive local revenues sourced within the redevelopment district for payment of STAR bonds.

### **Amendments on the Senate Floor**

#### Senator Brownlee Amendments

Senator Brownlee offered the amendments contained in Sections 2 through 5 and 7. Section 2, recommended by the department, amends K.S.A 12-189 to enable the department to provide in its reports to cities and counties with a local sales tax to include retailer information for local sales tax received by the local entity due to a destination-sourced sale.

In Sections 3, 4, and 5, also recommended by the department, the redevelopment district statutes (K.S.A. 12-1771, 12-1771a, 12-1771b) are revised to require that any retailer located within a redevelopment district, as well as any out-of-state affiliate making remote sales into Kansas, must agree prior to doing business in the district to register, collect and remit the Kansas sales or use tax on those sales. If the out-of-state affiliate fails to collect and remit the tax, the retailer in the redevelopment district would be liable to the state for the fair market value of the infrastructure improvements financed by the STAR bonds for that business. This provision is viewed as prospectively enforceable and is intended to dovetail with 2003 House Bill 2416, enacted last year to address the concern that an out-of-state dotcom business may claim lack of "nexus" with Kansas on remote sales into Kansas, even though that dotcom business has an affiliate relationship with a brick and mortar retail business located in Kansas. House Bill 2416 modified our "nexus" statute to address this concern, and this amendment makes the issue of the out-of-state dotcom business collecting sales tax on remote sales into Kansas a matter of agreement: if the retailer wants to locate a new "brick and mortar" facility within in a redevelopment district, then any out-of-state dotcom affiliate of that retailer must agree to collect and remit Kansas taxes on any sales into Kansas. If this agreement is breached, the retailer will owe damages to the State for the benefits received from the STAR bonds-financed infrastructure improvements.

Section 7 is taken from the proposal offered by the department and introduced in the House Tax Committee as House Bill 2744, with an identical version introduced in the Senate Committee on Assessment and Taxation as Senate Bill 477. Section 7 amends K.S.A 75-7133 concerning the confidentiality of taxpayer records to ease certain restrictions on the department's ability to make public certain sales tax registration information and to provide needed taxpayer information concerning excise taxes to local governments, other state agencies, and when relevant to introduced legislation, the governor, and legislators. The amendments would allow the department to:

- release sales, use, and excise tax licenses certificate information but not the licenses number issued by the department;
- publish statistical reports showing state or local tax revenues of distributions by city, county or number and types of businesses;
- incorporate the provisions of K.S.A. 12-189 as it concerns providing of reports to cities and counties on their local sales tax and allow for the city/county clerks/treasurers to release information to their respective staffs for the purpose of verifying distributions and generating estimates;
- allow the department to release or publish limited liquor brand registration information and limited liquor license information;
- allow the department to release or publish cigarette and tobacco license information;
- provide environmental surcharge or solvent fee information with the secretary of health and environment to help the department ensure that retailers are collecting the tax and/or fee.

allow the department to share water protection fee information with the secretaries or designee of the state board of agriculture and Kansas water office to help the department ensure that the correct amount is being deposited in the water plan fund.

allow the department to share enterprise zone exemption information with the secretary of commerce;

allow the secretary of revenue or her designee to release specific taxpayer information to the governor, secretary of commerce or any state senator or representative if the information is relevant to determining the fiscal impact of any introduced legislative proposals. The persons receiving such information would be bound by the same confidentiality provisions as department employees.

Section 7 accomplishes several purposes. It attempts to balance the legitimate need for information derived from tax returns, reports and investigations and licensing applications with the intent to keep such information confidential. It also groups together a variety of exceptions to confidentiality requirements in certain statutes, thereby making such exceptions easier to locate. Most of the changes simply relocate existing statutory language. The substantive changes proposed will provide access to information in certain situations to aid in the legislative process or to assist local governmental units to better plan budgets based upon anticipated tax revenue. This provision would assist the department in working with the departments of agriculture, water, and health and environment when the department of revenue collects tax revenue for programs administered by these other agencies attempting to verify compliance. It would also allow the department to share with the governor, secretary of commerce and legislators specific taxpayer information concerning sales and excise taxes relevant to introduced legislative proposals.

#### Senator Schmidt Amendment

The Senate Committee of the Whole added an amendment (offered by Senator Schmidt), Section 1, modifying K.S.A 12-195 to require that all local sales tax revenues received from a city or county sales tax that were pledged for the payment of general obligation bonds issued prior to July 1, 2003 be remitted back to the city or county, even when the sale is sourced to a different jurisdiction under the destination-based sourcing rules. This provision should be stricken from the bill. It disadvantages local jurisdictions that have not issued sales tax-financed bonds prior to July 1, 2003. There are an estimated 20 cities and counties that have issued local sales tax-financed bonds. We are not aware of any sales tax-financed bonds jeopardized by destination-based sourcing. Jurisdictions outside those that have issued sales tax-financed bonds prior to July 1, 2003 will not receive any destination-based sourcing local sales tax revenue on sales of items delivered to customers located in those jurisdictions by businesses located in the jurisdictions that have issued such bonds. Yet jurisdictions that have issued sales tax-financed bonds prior to July 1, 2003 will continue to receive destination-based sourcing local sales tax revenue on sales of items that businesses in the jurisdictions that have not issued such bonds, ship or deliver to customers located in jurisdictions that have issued such bonds.

This unnecessary, burdensome provision creates “make work” for both retailers, who must continue to collect local taxes and report and remit them under the destination-based sourcing rules, and the department, which then must “undo” all of the retailer’s work and remit the destination-sourced taxes back to the taxing jurisdiction of the retailer’s location. The task of adjusting each month’s distribution for those jurisdictions will be significant and may delay the distribution of local sales tax. Additionally, the department has permitted multi-location companies to report on a single return. Unless those retailers are required to file separate returns



for each store location, the department will not be able to determine which sales were generated by a particular store location, making accurate distribution of the local tax revenue impossible.

To track and redistribute local sales tax revenues under this proposal will require extensive time and effort. We estimate that 320 hours of programmer time will be necessary to implement the programming changes, along with user testing resources of at least 240 hours. The department does not have the resources to implement the changes required by the next distribution date following publication of the bill in the Kansas Register. We estimate that outside contract programming labor at a cost of \$150,000 will be needed to make these changes.

In some instances, only part of a city's or county's local sales tax is dedicated to repay bonds, adding even more complexity to this proposed distribution process. We will have to develop new tracking and verification processes to ensure the money is properly reassigned to the bond-issuing entity. The department will require two (2) additional Accountant I positions at a cost of \$91,672, plus one time expenditures of \$9,346 and on-going costs of \$1,940.

The department recommends striking Section 1 from the bill. Attached is a balloon amendment showing deletion of that section.

### **Additional Concerns**

We just learned of a potential problem that recent actions taken by the Unified Government of Kansas City, Kansas and Wyandotte County have created. On April 22, 2004, the Unified Board of Commissioners voted to approve a charter ordinance purporting to exercise "home rule" authority to "opt out" of K.S.A. 12-187 and 12-189, local sales tax statutes, in order to present to the local voters a proposal to add a .25% city retailer's sales tax to be used to finance emergency medical services and a 2 mill reduction in property taxes for Kansas City, Kansas. A copy of the story in the *Kansas City Kansan* is attached.

The Unified Government claims that this new .25% city sales tax, if approved by the voters in early June, would apply to retail sales occurring at businesses located in the Village West project as well as other places in the county, but the local sales tax revenue from such sales would fall outside of the dedication for payment of STAR bonds in K.S.A. 12-1774 since they had "chartered out" of the local sales tax, and would be available to the Unified Government for purposes other than repayment of STAR bonds (such as for financing emergency medical services and property tax relief). The department is in the process of evaluating the legality of the Unified Government's action. Attached is the opinion, prepared by James Bartle, General Counsel for the department. Based on his review of this matter to date, Mr. Bartle concludes that the revenue from this .25% retailers' sales tax collected on sales within the redevelopment district should be used to fund the STAR bonds.

This Unified Government action calls into question the need or justification for the problem Senate Bill 395 was initially intended to address. It also sets the stage for a potential dispute. If Senate Bill 395's initial provisions are enacted, then contrary to the department's opinion, the Unified Government claims that the last ¼ cent of the local sales tax collected from businesses within the redevelopment district is not to be used for the repayment of STAR bonds. Regardless of what the correct answer is, the complexity of accounting for and returning the correct amount to the Unified Government becomes immediately more difficult; whether the legislature intended for this option to exist is not at all clear and is ripe for legal challenge. Without legislative clarification, this course of action invites others to follow the precedent.

If the Committee chooses to move this bill forward, the department recommends that K.S.A. 12-1774 be amended to clearly prohibit a local government from attempting to impose within a STAR bonds-financed redevelopment district any purported "home rule" local sales tax that would not be dedicated for repayment of those bonds. Attached is a suggested balloon amendment.

Finally, the department requests that the legislature clarify the issue of whether the STAR bonds can be used for building structures. The Attorney General's opinion should be addressed.

[As Amended by Senate Committee of the Whole]

As Amended by Senate Committee

Session of 2004

SENATE BILL No. 395

By Committee on Commerce

1-29

12 AN ACT concerning *[general and]* special obligation bonds *[redevelop-*  
13 *ment districts]*; relating to sales tax revenue bonds; payment  
14 sources; *[confidentiality of information; disclosure;]* amending  
15 *[K.S.A. 12-195 and] [K.S.A. 12-1771 and 12-1771a and]* K.S.A.  
16 2003 Supp. *[12-189, 12-1771b,]* 12-1774 *[and 75-5133]* and re-  
17 pealing the existing section *[sections]*.  
18

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

20 ~~*[Section 1. K.S.A. 12-195 is hereby amended to read as follows:*~~  
21 ~~*12-195. (a) Except as otherwise provided in K.S.A. 12-195b, 12-*~~  
22 ~~*1774, 12-17,103 and K.S.A. 2001 Supp. 74-8924, and amendments*~~  
23 ~~*thereto, or subsection (b), no city or county shall commit any of the*~~  
24 ~~*funds or proceeds derived from a retailers' sales tax as a guarantee*~~  
25 ~~*for the payment of bonds issued by such city or county or the Kansas*~~  
26 ~~*development finance authority.*~~  
27 ~~*[(b) Any city or county which is the recipient of funds derived*~~  
28 ~~*from a local option sales tax pursuant to K.S.A. 12-187 et seq., and*~~  
29 ~~*amendments thereto, is hereby authorized to issue revenue bonds*~~  
30 ~~*to provide for the payment of all or any portion of the cost of public*~~  
31 ~~*facilities or improvements of such city or county for which such city*~~  
32 ~~*or county is authorized pursuant to the constitution or laws of this*~~  
33 ~~*state to issue general obligation bonds and to pledge revenues re-*~~  
34 ~~*ceived from countywide or city retailers' sales taxes for the payment*~~  
35 ~~*thereof. All revenues received from any city or county retailers' sales tax*~~  
36 ~~*which has been collected and remitted to the director of taxation by a*~~  
37 ~~*retailer from sales activity at or shipped or delivered from such retailer's*~~  
38 ~~*place of business which is located in the taxing jurisdiction of such city*~~  
39 ~~*or county which has pledged such revenues for the payment of general*~~  
40 ~~*obligation bonds issued prior to July 1, 2003, by the city or county as*~~  
41 ~~*provided pursuant to this section, shall be remitted by the director of*~~  
42 ~~*taxation to such city or county. Any such city or county shall notify the*~~  
43 ~~*director of taxation in writing of the date of issuance, amount of outstand-*~~

Deletes  
Section 1

1 ing indebtedness and the maturity date of such bonds and any further  
2 information concerning the bond issuance required by the director of  
3 taxation. The director of taxation shall commence such remittance of such  
4 city and county sales tax revenues to such city or county not sooner than  
5 60 days after receipt of such written notice. Such remittances shall only  
6 include city and sales tax revenues received by the director of taxation  
7 after receipt of such written notice. No such bonds shall be issued for  
8 the payment of all or any portion of the cost of any facilities or  
9 improvements to be used for commercial or retail purposes, except  
10 that such prohibition shall not apply to revenue bonds issued for  
11 the payment of the cost of constructing or improving a convention  
12 or exposition hall or center or public auditorium. In the event the  
13 governing body of a city or county proposes to issue such bonds,  
14 and the question of pledging the revenues received from the county-  
15 wide or city retailers' sales tax has not previously been submitted  
16 to and approved by the voters of the city or county, such proposition  
17 shall be published once each week for two consecutive weeks in the  
18 official city or county newspaper, as the case requires. If, within 30  
19 days after the last publication of the proposition, a petition is filed  
20 with the county election officer signed by not less than 4% of the  
21 electors of the city or county, as the case requires, who voted for  
22 the office of secretary of state at the last preceding general election  
23 for such office requesting an election thereon, no such bonds shall  
24 be issued unless the proposition is submitted to and approved by a  
25 majority of the voters of the city or county, as the case requires,  
26 voting at an election held thereon. Any such election shall be called  
27 and held in accordance with the provisions of K.S.A. 10-120, and  
28 amendments thereto, or in accordance with the provisions of the  
29 mail ballot election act.

30 [(1) Such bonds shall be authorized by ordinance of the gov-  
31 erning body of such city or resolution of the governing body of such  
32 county. The bonds may be issued as registered bonds or coupon  
33 bonds, payable to bearer, and, if coupon bonds, may be registrable  
34 as to principal only or as to principal and interest, and may be made  
35 exchangeable for bonds of another denomination or in another  
36 form. The bonds may be in such form and denominations, may have  
37 such date or dates, may be stated to mature at such time or times,  
38 may bear interest payable at such times and at such rate or rates,  
39 may be payable at such places within or without the state, may be  
40 subject to such terms of redemption in advance of maturity at such  
41 prices, and may contain such terms and conditions, all as the city  
42 or county shall determine. The bonds shall have all the qualities of  
43 and shall be deemed to be negotiable instruments under the laws of

1 *the state of Kansas. The authorizing ordinance or resolution may*  
2 *contain any other terms, covenants and conditions that the city or*  
3 *county deems reasonable and desirable, including without limita-*  
4 *tion those pertaining to the maintenance of various funds and re-*  
5 *serves, the nature and extent of any security for payment of the*  
6 *bonds, the custody and application of the proceeds of the bonds, the*  
7 *collection, transfer and disposition of sales tax revenues, the in-*  
8 *vesting of bond proceeds or any funds pledged to the repayment of*  
9 *the bonds, and the rights, duties and obligations of the city or*  
10 *county and the owners of the bonds.*

11 *[(2) The authorizing ordinance or resolution may provide for*  
12 *the execution of a trust indenture between the city or county and*  
13 *any financial institution within or without the state of Kansas. The*  
14 *trust indenture may contain any terms, covenants and conditions*  
15 *that are deemed desirable by the city or county.*

16 *[(3) Any authorizing ordinance or resolution and trust inden-*  
17 *ture relating to the issuance of and security for the bonds shall*  
18 *constitute a contract between the city or county and the owners of*  
19 *the bonds, which contract, and all covenants, agreements and ob-*  
20 *ligations therein, shall be promptly performed in strict compliance*  
21 *with the terms and provisions of such contract, and the covenants,*  
22 *agreements and obligations of the city or county may be enforced*  
23 *by mandamus or other appropriate proceeding at law or in equity.*  
24 *The pledge of revenues made by the city or county shall be valid*  
25 *and binding from the time when such pledge is made and the reve-*  
26 *nuces so pledged and thereafter received by the city or county shall*  
27 *immediately be subject to the lien of such pledge without such phys-*  
28 *ical delivery thereof or further act on the part of the city or county,*  
29 *and the lien of any such pledge shall be valid and binding as against*  
30 *all parties having claims of any kind against the issuer, irrespective*  
31 *of whether such parties have notice thereof. Neither the authorizing*  
32 *ordinance or resolution nor any other instrument by which a pledge*  
33 *is created need be filed or recorded except in the records of the city*  
34 *or county.*

35 *[(4) The revenue bonds may be sold in such manner, either at*  
36 *public or private sale, and upon such terms as the city or county*  
37 *shall determine to be reasonable, including sale at discount. It shall*  
38 *be plainly stated on the face of each such bond that it has been*  
39 *issued under this act, that the bonds shall be special obligations of*  
40 *the city or county, payable solely and only from the revenues*  
41 *pledged to the payment of the bonds and that in no event, shall the*  
42 *bonds constitute an indebtedness of the state of Kansas or the city*  
43 *or county for which the faith and credit of the state of Kansas or*

1 *city or county is pledged.*

2 *[(5) Any bonds issued under the provisions of this section and*  
3 *the interest thereon, shall be exempt from all taxes levied by the*  
4 *state of Kansas, or any political or taxing subdivision thereof, except*  
5 *inheritance taxes.*

6 *[(6) Bonds may be issued for the purpose of refunding, either*  
7 *at maturity or in advance of maturity, any bonds issued under this*  
8 *section. Such refunding bonds may either be sold or delivered in*  
9 *exchange for the bonds being refunded. If sold, the proceeds may*  
10 *either be applied to the payment of the bonds being refunded or*  
11 *deposited in trust and there maintained in cash or investments for*  
12 *the retirement of the bonds being refunded, as shall be specified by*  
13 *the city or county and the authorizing ordinance or resolution or*  
14 *trust indenture securing such refunding bonds. The authorizing or-*  
15 *dinance or resolution or trust indenture securing the refunding*  
16 *bonds may provide that the refunding bonds shall have the same*  
17 *security for their payment as provided for the bonds being re-*  
18 *funded. Refunding bonds shall be sold and secured in accordance*  
19 *with the provisions of this act pertaining to the sale and security of*  
20 *the bonds.*

21 *[(7) Bonds issued under the provisions of this act shall be eli-*  
22 *gible to secure the deposit of public funds under article 14 of chap-*  
23 *ter 9 of the Kansas Statutes Annotated, and amendments thereto.*

24 *[(8) Bonds issued under the provisions of this act shall be in*  
25 *addition to and not subject to any statutory limitation of bonded*  
26 *indebtedness imposed on such city or county.]*

27 *[Section 2. K.S.A. 2003 Supp. 12-189 is hereby amended to*  
28 *read as follows: 12-189. Except as otherwise provided by paragraph*  
29 *(2) of subsection (a) of K.S.A. 12-187, and amendments thereto, the*  
30 *rate of any class A, class B or class C city retailers' sales tax shall*  
31 *be fixed in the amount of .25%, .5%, .75% or 1% which amount*  
32 *shall be determined by the governing body of the city. Except as*  
33 *otherwise provided by paragraph (2) of subsection (a) of K.S.A. 12-*  
34 *187, and amendments thereto, the rate of any class D city retailers'*  
35 *sales tax shall be fixed in the amount of .10%, .25%, .5%, .75%, 1%,*  
36 *1.125%, 1.25%, 1.5% or 1.75%. The rate of any countywide retail-*  
37 *ers' sales tax shall be fixed in an amount of either .25%, .5%, .75%*  
38 *or 1% which amount shall be determined by the board of county*  
39 *commissioners, except that:*

40 *[(a) The board of county commissioners of Wabaunsee county,*  
41 *for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187,*  
42 *and amendments thereto, may fix such rate at 1.25%; the board of*  
43 *county commissioners of Osage county, for the purposes of para-*

# Online KANSAS CITY KANSAN

## News

### A look inside the proposed sales tax

- Many residents could break even under new tax

Editor's note: This is an analysis of the proposed EMS quarter-cent sales tax.

By ANDRE RILEY

Kansan staff writer

Under the Unified Government's proposed EMS sales tax, residents will pay a quarter-cent more on taxable retail services and goods. In exchange, the Kansas City, Kan., property tax levy for 2005 will be reduced by 2 mills.

However, a closer look at the projected figures for the tax provides some evidence residents might at best break even under the initiative.

UG Commissioners will consider three ordinances Thursday in relation to the tax: an ordinance calling for a June 8 election for the tax, a charter ordinance for the tax itself and a resolution guaranteeing the commission will lower the KCK property tax mill levy in 2005.

The commission will convene at 5 p.m. Thursday in the Commission Chambers in City Hall, 701 N. Seventh St.

The first misnomer of the EMS sales tax is the name.

Approximately \$1.5 million of the tax's \$3.5 million projected revenue would go to the KCK Fire Department's EMS first responder service. A greater portion of funds generated by the tax, about \$1.7 million, is slated to cover the reduction in property tax the government plans to guarantee.

The difference in the funding split is minimal. In addition, the UG estimates the \$1.5 million will be enough to cover the cost of indigent riders and other

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costs - a big burden for a small amount of funding.

The UG projects property taxes on a \$100,000 home will drop \$23 if the sales tax is passed. The amount saved, however, drops when compared to the average appraised value of a single-family home.

As of January 2004, the average value of a single-family home in Wyandotte County is \$76,149. The owner of an average home would save \$17.25. The actual savings fluctuate given the exact appraised value of a home; some people will save more, others less.

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The property tax reduction, which would occur via a resolution if approved Thursday, will be funded by \$1.7 million in proceeds from the EMS tax. While the KCK city mill levy will indeed be decreased if the proposal is enacted by voters, the net savings for city taxpayers on an annual basis is debatable.

The savings in property tax

that would be experienced by the owner of an average single-family home, again about \$17.25, would be recovered by the UG after a sizeable single or multiple purchase under the new quarter-cent sales tax rate.

A total purchase of \$6,900 would produce \$17.25 for the tax. The figure for most residents represents a shopping spree based on daily spending habits. However, the purchase of a quality used vehicle or other large-scale items could equal the average homeowner's payment.

For non-homeowners, most purchases would contribute to the tax but they would not, of course, experience the savings of the property owner.

The projected sales tax increase would give KCK the highest total sales tax rate among Kansas counties in the Greater Kansas City area by a small margin.

KCK's total 7.55 percent rate would be higher than Olathe, Overland Park and Leawood (7.525 percent) and the city of Leavenworth (7.3 percent), according to the Kansas Department of Revenue Web site. All figures include the standard 5.3 percent Kansas sales tax.

So how much would the EMS sales tax generate on a daily basis? Based on 2002 retail sales figures compiled by the UG, \$8,899.59 would be created just for the sales



tax daily. An EMS sales tax fund could only be used to cover costs related to the service or for the property tax reduction and would last as long as there is an EMS service.

For clarification purposes, KCK has the seventh highest property tax, not sales tax, among 27 cities of the first-class, according to the March 2004 issue of the Kansas Government Journal.

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3-12



# K A N S A S

JOAN WAGNON, SECRETARY

DEPARTMENT OF REVENUE  
LEGAL SERVICES

KATHLEEN SEBELIUS, GOVERNOR

April 27, 2004

Joan Wagon  
Secretary of Revenue  
Kansas Department of Revenue  
Docking State Office Building  
Topeka, KS 66612

Re: Effect of Unified Government's charter ordinance on funding of STAR bonds

Dear Secretary Wagon:

The following is in respond to your request for a legal opinion regarding the effect of Charter Ordinance No. CO-1-04 ("the ordinance") adopted by the Unified Government of Wyandotte County/Kansas City, Kansas ("the Unified Government") on the tax revenues that may be used to fund the STAR bonds issued to finance the redevelopment district in which the Kansas Speedway, Nebraska Furniture Mart and Cabela's are located.

The ordinance imposes a .25% city-wide retailers' sales tax for the purposes of financing emergency medical services. Section 2 of the ordinance provides that the Unified Government shall utilize the services of the Department of Revenue to administer, enforce and collect the tax. For purposes of this opinion we assume that the ordinance constitutes a valid exercise of the Unified Government's home rule authority.

Under K.S.A. 2003 Supp. 12-1774(a), special obligation bonds issued by a city to finance the undertaking of a redevelopment project shall be made payable, both as to principal and interest, from sources including:

. . . a pledge of a portion or all of the revenue received by the city from transient guest, sales and used taxes *collected* pursuant to K.S.A. 12-1696 et seq., 79-3601 et seq., 79-3701 et seq., and 12-187 et seq., and amendments thereto and which are *collected* from taxpayers doing business within that portion of a redevelopment district established pursuant to K.S.A. 12-1771, and amendments thereto, . . .

K.S.A. 2003 Supp. 12-1774(a)(1)(D) (emphasis added).

In reviewing the ordinance we find that the .25% tax is *imposed* pursuant to the Unified Government's home rule authority. For purposes of tax *collection*, however, the ordinance indicates that this function is to be performed by the Department. Inasmuch as the Department's authority to collect local sales taxes is set forth at K.S.A. 2003 Supp. 12-189, it is our opinion that the tax in question would be "collected pursuant to K.S.A. . . . 12-187 et seq., and amendments thereto," and would thus be available to finance the STAR bonds.

We have spoken with bond attorneys for the Unified Government who are familiar with the ordinance and asked them whether the .25% retailers' sales tax would be collected pursuant to some authority other than K.S.A. 12-187 et seq. At the time of our conversation they did not indicate that any authority other than K.S.A. 2003 Supp. 12-189 would serve as the basis for the Department's collection of the tax.

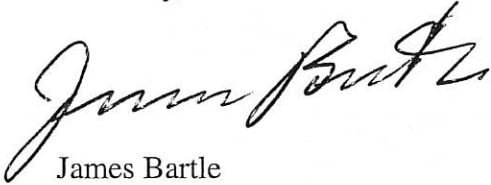
For these reasons we conclude that the revenues from the .25% retailers' sales tax imposed by the Unified Government should be used to fund STAR bonds. We would, of course, reconsider this opinion in the event some other authority for collection of the tax is brought to our attention.

You also inquire whether the revenues from the Unified Government's .25% retailers' sales tax that are used to fund STAR bonds would include revenues derived from *all* retail sales made by businesses within the redevelopment district, including those sales of tangible personal property consummated by delivery to locations in other taxing jurisdictions.

The answer to this question will depend upon the action taken by the legislature with respect to a proposal contained in Senate Bill 395. Under current law the tax revenues available to fund STAR bonds are limited to those "received by the city" from businesses located in the redevelopment district. Due to destination sourcing, this would not include local sales taxes on goods that are delivered by businesses in the redevelopment district to destinations outside of Kansas City, Kansas. However, a proposal contained in SB 395 would make all local sales taxes imposed on sales by businesses in the redevelopment district available to finance STAR bonds, regardless of the delivery destination of the goods sold.

Therefore, in the event the proposal contained in SB 395 were to be enacted into law all revenues collected as a result of the imposition of the Unified Government's .25% retailers' sales tax would be available to fund STAR bonds. Absent such a statutory change, however, only the taxes on sales consummated in Kansas City, Kansas would be available for this purpose.

Sincerely,

A handwritten signature in cursive script, appearing to read "James Bartle".

James Bartle  
General Counsel

1 business in a redevelopment district, being included in any redevelopment  
 2 project, or otherwise receiving any direct or indirect benefits from any  
 3 improvements financed by any special obligation bonds issued under the  
 4 provisions of this act, unless such person doing business in this state as  
 5 well as any other person doing business in this state in a substantial own-  
 6 ership relationship with such person, as defined in K.S.A. 79-3702, and  
 7 amendments thereto, shall agree to register as a retailer under K.S.A. 79-  
 8 3608, and amendments thereto, as of the date any business is commenced  
 9 in this state and collect, report and remit all applicable state and local  
 10 retailer's sales and compensating use taxes on retail sales of tangible per-  
 11 sonal property or services made in this state or on retail sales of tangible  
 12 personal property or services shipped or delivered into this state directly  
 13 or by any agent, common carrier or otherwise, from any location outside  
 14 this state for use, storage or consumption in this state. If any person  
 15 located in a redevelopment district engaging in the business of selling  
 16 tangible personal property at retail or rendering or furnishing services  
 17 taxable under the provisions of the Kansas retailers' sales tax act, or any  
 18 other person in a substantial ownership relationship with such person,  
 19 has failed to register as a retailer and collect, report and remit all appli-  
 20 cable state and local retailer's sales and compensating use taxes on retail  
 21 sales of tangible personal property or services made in this state or on  
 22 retail sales of tangible personal property or services shipped or delivered  
 23 into this state directly or by any agent, common carrier or otherwise,  
 24 from any location outside this state, then such person located in a rede-  
 25 velopment district shall be liable to the state for the fair market value of  
 26 any direct or indirect benefits received from any improvements financed  
 27 by any special obligation bonds issued under the provisions of this act.]

28 Section ~~±~~ [6.] K.S.A. 2003 Supp. 12-1774 is hereby amended to  
 29 read as follows: 12-1774. (a) (1) Any city shall have the power to issue  
 30 special obligation bonds in one or more series to finance the undertaking  
 31 of any redevelopment project in accordance with the provisions of this  
 32 act. Such special obligation bonds shall be made payable, both as to prin-  
 33 cipal and interest:

34 (A) From tax increments allocated to, and paid into a special fund of  
 35 the city under the provisions of K.S.A. 12-1775, and amendments thereto;

36 (B) from revenues of the city derived from or held in connection with  
 37 the undertaking and carrying out of any redevelopment project or projects  
 38 under this act including historic theater sales tax increments and envi-  
 39 ronmental increments;

40 (C) from any private sources, contributions or other financial assis-  
 41 tance from the state or federal government;

42 (D) from a pledge of ~~a portion or all~~ of the revenue received by the  
 43 city [received by the city] from transient guest, sales and use taxes

any

state and local

delete bracketed language

1 ~~collected pursuant to K.S.A. 12-1696 et seq., 79-3601 et seq., 79-3701 et~~  
 2 ~~seq. and 12-187 et seq., and amendments thereto,~~ and which are collected  
 3 from taxpayers doing business within that portion of the city's redevelop-  
 4 opment district established pursuant to K.S.A. 12-1771, and amendments  
 5 thereto, occupied by a redevelopment project if there first is a finding by  
 6 the secretary of commerce that based upon the feasibility study the re-  
 7 development project will create a major tourism area for the state or if  
 8 the project is the restoration of a historic theater as defined in subsection  
 9 (l) of K.S.A. 12-1770a, and amendments thereto, or the project has been  
 10 designated as a special bond project as defined in subsection (z) of K.S.A.  
 11 12-1770a, and amendments thereto, *except that, with respect to a re-*  
 12 *development district established prior to January 1, 2003, for*  
 13 *which, prior to January 1, 2003, the secretary of commerce made a*  
 14 *finding as provided in this subsection that a redevelopment project*  
 15 *would create a major tourism area for the state, such special obli-*  
 16 *gation bonds shall be payable both as to principal and interest, from*  
 17 *a pledge of ~~a portion of~~ all of the revenue from transient guest, sales*  
 18 *and use taxes collected ~~pursuant to K.S.A. 12-1696 et seq., 79-3601~~*  
 19 *et seq., 79-3701 et seq. and 12-187 et seq., and amendments thereto,*  
 20 *from taxpayers as provided in this subsection whether or not reve-*  
 21 *nuues from such taxes are received by the city;*

*delete  
bracketed  
language*

*delete  
bracketed  
language*

*any*

*delete bracketed  
language*

22 (E) (i) from a pledge of a portion or all increased revenue received  
 23 by the city from franchise fees collected from utilities and other busi-  
 24 nesses using public right-of-way within the redevelopment district; (ii)  
 25 from a pledge of a portion or all of the revenue received by the city from  
 26 sales taxes collected pursuant to K.S.A. 12-187, and amendments thereto;  
 27 or

28 (F) by any combination of these methods except that for a project  
 29 which has been designated as a special bond project as defined in sub-  
 30 section (z) of K.S.A. 12-1770a and amendments thereto, 100% of city and  
 31 county sales taxes collected pursuant to K.S.A. 12-187, and amendments  
 32 thereto, shall be pledged for such project except for amounts committed  
 33 to other use by election of voters prior to the effective date of this act.

34 The city may pledge such revenue to the repayment of such special  
 35 obligation bonds prior to, simultaneously with, or subsequent to the is-  
 36 suance of such special obligation bonds.

37 (2) Bonds issued under paragraph (1) of subsection (a) shall not be  
 38 general obligations of the city, nor in any event shall they give rise to a  
 39 charge against its general credit or taxing powers, or be payable out of  
 40 any funds or properties other than any of those set forth in paragraph (1)  
 41 of this subsection and such bonds shall so state on their face.

42 (3) Bonds issued under the provisions of paragraph (1) of this sub-  
 43 section shall be special obligations of the city and are declared to be

**Testimony on Star Bonds**  
**The House Committee on Economic Development**

Matt Jordan  
Legislative Liaison  
Department of Commerce

April 27, 2004

Chairperson Wilk and members of the committee, I am Matt Jordan and, on behalf of the Kansas Department of Commerce, it is a pleasure to appear before you today to discuss ways to clarify the use of STAR Bonds in Kansas.

STAR Bonds financing as outlined in K.S.A. 12-1770 et-seq (the "Act") is a powerful economic development tool that can significantly assist a municipality to revitalize blighted areas within its boundaries or to develop new attractions that will stimulate the economy of the municipality, surrounding communities, and the state as a whole.

The Act calls for a thorough analysis and potentially expensive application process on the part of any city that would seek to use this financing tool. It is also clear in requiring the opportunity for substantial public scrutiny and input during this process.

Similarly, K.S.A. 12-1770 charges the Secretary of Commerce with exercising great diligence when determining whether or not a proposed project meets the requirements of the Act to qualify for STAR Bonds financing. Potential tax revenues of the state must not be utilized for marginal projects or for projects, while appearing worthy, that should be financed other ways.


Because of the importance of STAR Bonds, the Department of Commerce is seeking clarification of a policy issue and the ability to best provide guidance to municipalities who seek STAR Bonds financing. The policy issue is one on which there is a great difference of opinion. Simply stated, the issue is "may STAR Bonds be utilized for the construction of buildings and, if so, under what circumstances?" The Act clearly states this financing cannot be used for a building leased to or owned by a developer. The Act goes on to describe a developer as "any person, firm, corporation, partnership or limited liability company, other than a city." This list seems all-inclusive. This same provision would appear to allow the use of STAR Bonds financing for the construction of a building that will be owned and operated by the municipality.

The Commerce Department respectfully requests that the Committee provide direction as to whether or not this is the policy that was intended when this legislation was enacted and the policy that should be followed when evaluating proposed projects' eligibility to use STAR Bonds financing.

Furthermore, in seeking the best and most equitable manner possible to evaluate applications, the Secretary of Commerce is requesting that the Act be amended to clearly provide the Secretary with the ability/responsibility to promulgate rules and regulations. Professionally prepared, well reasoned and published rules and regulations would have the effect of providing needed direction to any municipality that would consider seeking STAR Bonds financing.

I wish to thank the Committee for its time and now stand ready for questions.

House Economic Development  
4-27-04  
Attachment 4



TESTIMONY BEFORE THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

April 26,2004

Roger A Seymour  
1181 Rock Springs Lane  
Manhattan Ks 66502

I am a landlord in Manhattan Kansas. Some of these properties are in the proposed downtown redevelopment area. They are rented to low income students and families. They all were built in the late 1860's to early 1900's and have been renovated in the last 10 years to make clean, safe, code compliant, and affordable housing units for my community. They are home to some of Manhattan's best tenants.

I am in support of any effort which a community may make to improve itself and the plan that Manhattan has adopted is a good start at envisioning a new downtown. I have several problems with the mechanism for financing the development.....Star bonds

Objection # 1: Widespread use of Eminent Domain. I do not approve of Eminent Domain for private commercial development. I believe that the developer should rely on his ability to acquire needed property in the open market place at whatever the going price is. The threat of Eminent Domain is unacceptable in a free society for private for profit ventures. Even the limited use of this power is equal to theft if a fair price is not paid. The value of a property to many property owners is not measured in purely its monetary worth, some properties cannot be replaced for any amount of money.

PROPOSED SOLUTION: Eliminate the use of Eminent Domain for Star Bond projects

Objection #2: The language protects businesses and tenants but does not protect landlords.

PROPOSED SOLUTION: Allow and require that landlords be given the same right to money for relocation and for liquidation of inventory and equipment as allowed to other businesses.

Objection #3: Suitable properties for reinvestment are not available in Manhattan at this time. When I last checked there were only 11 properties listed below \$150,000.00 in the Manhattan MLS ( see documentation). This list was prepared at the close of the business day 4-25-2004. A property owner who is asked to sell should be given the amount of money which will be required to fully replace their property.

PROPOSED SOLUTION: Require that any property which is purchased be valued and acquired at a price which can replace the acquired property with likekind property unless the seller agrees to terms which differ from this requirement. OR if no property is located then the seller may chose to accept cash and any capital gain which may occur will be fully exempt from Kansas taxation.

Objection #4 The language allows for environmental contamination to be cleaned up at the expense of the entire district. Those areas which have not had contamination are being forced to pay for the neglect and or ignorance of others. Should the total development take many years to complete the non-developed areas could be punished for the errors of others. The cost of the clean up of contaminated areas should be born by the seller of the property and the purchaser.

PROPOSED SOLUTION: Require that Any and All environmental contamination cleanup be paid for by the developer from monies which are not generated by the star bond; i.e. the developer should bring his own money to the project for this clean up.. OR if the development is phased that the clean up monies be generated by each phase of the development and not by the development as a whole.

House Economic Development  
4-27-04  
Attachment 5



Stats

Save Prospect

View All























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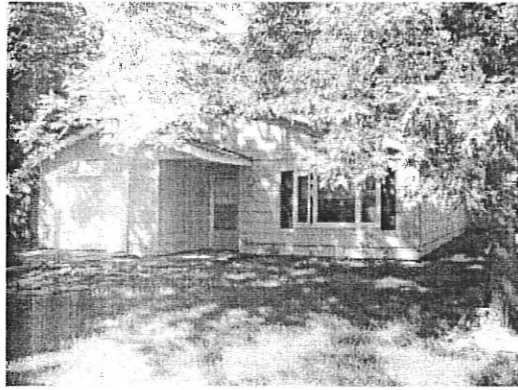
Results 1 - 11 of 11

MLS #	List Price	Cntgncy	Str#	Address	Bdrms	Bths	HBths	Ownership	Style	Area	Off#	Agt#
<input type="checkbox"/> R12056 	\$89,000	ACTV	2408	GALLOWAY	3	1	0	Single Family	Ranch	1	6	3
<input type="checkbox"/> R12442 	\$96,300	ACTV	2715	CIRCLE ROAD	3	1	1	Single Family	Ranch	4	16	7
<input type="checkbox"/> R12568   	\$141,900	ACTV	1326	GIVENS ROAD	3	2	1	Single Family	Bi-level	6	5	1
<input type="checkbox"/> R12644   	\$113,950	ACTV	2709	ALLISON AVENUE	2	2	0	Half-Duplex	2 Story	5	7	2
<input type="checkbox"/> R12659   	\$116,950	ACTV	2313	STRAWBERRY LANE	3	2	0	Single Family	Ranch	1	7	2
<input type="checkbox"/> R12660  	\$123,500	ACTV	221	BROOKLAWN	3	2	0	Single Family	Ranch	1	32	2
<input type="checkbox"/> R12664  	\$89,000	ACTV	606	MORO	3	1	1	Single Family	Bungalow	2	4	4
<input type="checkbox"/> R12665   	\$145,000	ACTV	2315	CHERYL TERRACE	3	2	1	Single Family	Bi-level	4	5	12
<input type="checkbox"/> R12666   	\$116,500	ACTV	914	LEAVENWORTH	3	1	1	Single Family	1.5 Story	2	16	6
<input type="checkbox"/> R12668   	\$145,000	ACTV	3205	GARY AVE	3	3	1	Single Family	Bi-level	4	31	3
<input type="checkbox"/> R40399  	\$92,000	ACTV	830	LARAMIE	5	3	0	Single Family	2 Story	2	4	3

&lt;&lt;

Results 1 - 11 of 11

Exporter



**MLS#:** R12056 **DOM:** 271  
**List Price:** \$89,000  
**Cntgncy:** ACTV  
**Str#:** 2408  
**Address:** GALLOWAY  
**Bdrms:** 3  
**Bths:** 1  
**HBths:** 0  
**Ownership:** Single Family  
**Style:** Ranch  
**Area:** 1

**Listing Off:** Century 21 Knight (6)  
**Office Phone:** 785-537-2111  
**Listing Agt:** Lisa Knight (3)  
**Agent Phone:** 785-537-2111  
**Agent Email:** century21knight@aol.com

<b>City</b>	MANHATTAN		<b>County</b>	RILEY		<b>St</b>	KS	<b>ZC</b>	66502		
<b>Lot Size</b>	<b>Frontage</b>		<b>Depth</b>		<b>Zoning</b>	R1	<b>Apx Acrg</b>		0		
<b>Legal</b>	LOT 45, BUTTERFIELD ADDITION #2										
<b>Schools</b>	320WAMEGO		<b>HOA Y</b>	HOA Dues		50					
<b>Tax Year</b>	2002	<b>General Tx</b>	1045.90		<b>Special Tx</b>	0		<b>Total Tx</b>	1045.90		
<b>Abv Grd SF</b>	1242	<b>Main Flr SF</b>	1242		<b>Blw Grd Fin SF</b>	Ttl Blw Grd SF					
<b>Ttl Grss SF</b>	1242	<b>Apx YrBlt</b>	1975		<b>Basement N</b>	<b>#Grg Stalls</b>	1		<b>#Frpl/WdStv</b> 1		
<b>Living Rm</b>	Lvl	<b>Dim/Dsc</b>		<b>Dining Rm</b>	Lvl	<b>Dim/Dsc</b>					
<b>Great Rm</b>	Lvl	<b>Dim/Dsc</b>		<b>Kitchen</b>	Lvl	<b>Dim/Dsc</b>					
<b>Laundry</b>	Lvl	<b>Dim/Dsc</b>		<b>Family</b>	Lvl	<b>Dim/Dsc</b>					
<b>Master Bdr</b>	Lvl	<b>Dim/Dsc</b>		<b>Bedroom 2</b>	Lvl	<b>Dim/Dsc</b>					
<b>Bedroom 3</b>	Lvl	<b>Dim/Dsc</b>		<b>Bedroom 4</b>	Lvl	<b>Dim/Dsc</b>					
	Lvl	<b>Dim/Dsc</b>			Lvl	<b>Dim/Dsc</b>					
<b>Avg Water</b>	<b>Avg Gas/Elc</b>		<b>Prpn Tank</b>	N	<b>Prpn Tank Ownd</b>	<b>Avg Prpn</b>					
<b>Show Inst</b>	TENANTS. 24 HOUR NOTICE. CALL OFFICE.									<b>Key Lc OF</b>	Lse/Rnt
<b>Prop Desc</b>	NICE 3 BEDROOM RANCH WITH HUGE KITCHEN FENCED YARD, FRESH INTERIOR PAINT										
<b>Directions</b>											
<b>Prsnl Excl</b>											
<b>Agt Cmnts</b>	RENT IS \$750/LEASE EXPIRES JUNE 30, 2004										
<b>Byr Agt</b>	Y	<b>% Comp</b>	3	<b>Sub Agt N</b>	% Comp	0	<b>Exclsns N</b>	<b>Trns Brk</b>	Y	<b>% Comp</b>	3
<b>Dual/Var</b>	N	<b>Agt Ownd</b>	N	<b>Exclsv</b>	N	<b>Internet Y</b>	<b>IDX Y</b>	<b>Lstg Agy</b>	SA	<b>Pssn Dt</b>	NEGOT.
<b>Slr Lgl Nm</b>	ERIC S. AND TERRIE J. CRAWFORD										
<b>Selr Conc</b>											

<b>Ownership:</b> Single Family	<b>Fireplace:</b> Wood Stove
<b>Style:</b> Ranch	<b>Wtr Trmt Systems:</b> None
<b>Exterior:</b>	<b>Interior Amenities:</b>
<b>Basemt/Finish:</b> Slab	<b>Interior Amenities:</b> Garage Door Opener, Eat-in Kitchen
<b>Basemt Light Expsr:</b> None	<b>Exterior Amenities:</b>
<b>Roof:</b> Asphalt Composition	<b>Neighbrhd Amenities:</b> Storm Shelter
<b>Wtr Type/Swr Type:</b>	<b>Occupancy:</b> Tenants
<b>Fuel:</b> Electric	<b>Prsnl Prop Incl:</b> Refrigerator, Oven/Range, Dishwasher, Garbage Disposal
<b>Heating Type:</b> Forced Air	<b>Financing:</b> First Time Home Buyer, Cash, Conventional, FHA, VA
<b>Cooling Type:</b> Central	<b>Documts Attached:</b>
<b>Garage Type:</b> Single, Attached	<b>Flood Zn/Insrnc:</b>
<b>Drvwy/Rd Srfc:</b> Concrete	<b>Area:</b> 1
<b>Fencing:</b> Chain Link	

Information Herein Deemed Reliable but Not Guaranteed





(Click here for additional photos.)

MLS#: R12568                      DOM: 48  
 List Price: \$141,900  
 Cntgncy: ACTV  
 Str#: 1326  
 Address: GIVENS ROAD  
 Bdrms: 3  
 Bths: 2  
 HBths: 1  
 Ownership: Single Family  
 Style: Bi-level  
 Area: 6

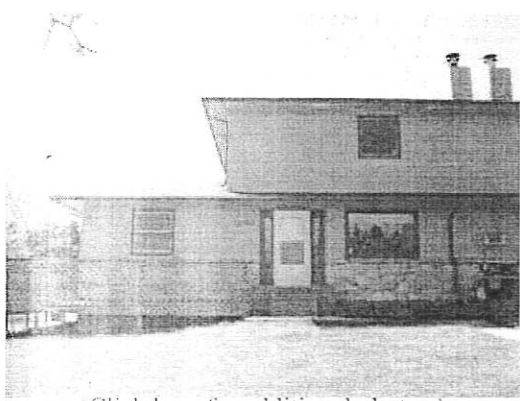
Listing Off: ERA AChristian/LConderman (5)  
 Office Phone: 785-539-3737  
 Listing Agt: Jean Hill (1)  
 Agent Phone: 785-539-3737  
 Agent Email: jhill@interkan.net

City	MANHATTAN	County	RILEY	St	KS	ZC	66503	
Lot Size	69X125	Frontage	69	Depth	125	Zoning	R	
Legal	LOT 84 OVERLOOK ADDITION #3							
Schools	383MAN/OGD	HOA	N	HOA Dues				
Tax Year	2003	General Tx	1658.34	Special Tx	0	Total Tx	1658.34	
Abv Grd SF	1200	Main Flr SF	1200	Blw Grd Fin SF	584	Ttl Blw Grd SF		
Ttl Grss SF	1784	ApX YrBlf	1978	Basement Y	#Grg Stalls	2	#Frpl/WdStv	
Living Rm	Lvl M	Dim/Dsc	15'3X15'	Dining Rm	Lvl M	Dim/Dsc	11'8X10'3	
Great Rm	Lvl	Dim/Dsc		Kitchen	Lvl M	Dim/Dsc	11'8X12'10	
Laundry	Lvl L1	Dim/Dsc		Family	Lvl L1	Dim/Dsc	23'7X14'9	
Master Bdr	Lvl M	Dim/Dsc	11'5X14'7	Bedroom 2	Lvl M	Dim/Dsc	10'4X11'3	
Bedroom 3	Lvl M	Dim/Dsc	10'4X11'	Bedroom 4	Lvl	Dim/Dsc		
BATH	Lvl M	Dim/Dsc		BATH	Lvl M	Dim/Dsc		
Avg Water		Avg Gas/Elc	125.	Prpn Tank	N	Prpn Tank Ownd		
Show Inst	CALL ERA FOR APPT.						Key Lc	LB
Prop Desc	COMFY WESTSIDE HOME, EAT-IN KIT. W/LOTS OF CABINET NICE STORAGE IN HALL BATH, HUGE FAMILY RM. W/LIME STONE FIREPLACE. FENCED BACKYARD. NEAR CICO. &							
Directions	WEST ON CLAFLIN, SOUTH ON GIVENS ROAD							
Prsnl Excl	REFRIGERATOR							
Agt Cmnts	DECK WILL BE STAINED SOON. INCL. 3 CEILING FANS GDO & REMOTE, BASKETBALL GOAL. CLOSE TO AMANDA ARNOLD GRADE SCHOOL.							
Byr Agt	Y	% Comp	3	Sub Agt	N	% Comp	0	
Dual/Var	N	Agt Ownd	N	Exclsv	Y	Internet	Y	
Slr Lgl Nm	CAROLYN CARDI SCHWAB							
Selr Conc								

Ownership: Single Family	Fireplace: Wood, Mantle
Style: Bi-level	Wtr Trmt Systems: None
Exterior: Board/Batten, Stone Accent	Interior Amenities: Master Bath
Basemt/Finish: Partial-Finished	Interior Amenities: Master Bdrm Walk-in Closet,
Basemt Light Exspr: Window Wells	Garage Door Opener, Eat-in Kitchen, Pantry
Roof: Asphalt Composition, Less than 10 years	Exterior Amenities: Deck
Wtr Type/Swr Type: City Water, City Sewer	Neighbrhd Amenities: Community Pool, Community
Fuel: Natural Gas	Park, Walking Trails
Heating Type: Forced Air	Occupancy: Owner
Cooling Type: Central	Prsnl Prop Incl: Oven/Range, Exhaust Hood/Fan,
Garage Type: Double, Attached	Dishwasher, Garbage Disposal, Window Treatments,
Drwy/Rd Srfc: Concrete, Paved Road	Outdoor Play/Sports Equip
Fencing: Chain Link, Full	Financing: Cash, Conventional
	Documts Attached:
	Flood Zn/Insrnc: Not Required
	Area: 6

Information Herein Deemed Reliable but Not Guaranteed

4  
5-5



(Click here for additional photos.)

MLS#: R12644                      DOM: 10  
 List Price: \$113,950  
 Cntgncy: ACTV  
 Str#: 2709  
 Address: ALLISON AVENUE  
 Bdrms: 2  
 Bths: 2  
 HBths: 0  
 Ownership: Half-Duplex  
 Style: 2 Story  
 Area: 5

Listing Off: RE/MAX Manhattan (7)  
 Office Phone: 785-776-4488  
 Listing Agt: Joseph Maggio (2)  
 Agent Phone: -776-4488  
 Agent Email: [mail@joemaggio.com](mailto:mail@joemaggio.com)

City	MANHATTAN	County	RILEY	St	KS ZC 66502
Lot Size	83X110	Frontage	Depth	Zoning	R2 Apx Acrq 0
Legal	LOT 20B, B & B ADDITION				
Schools	383MAN/OGD	HOA N	HOA Dues		
Tax Year	2003	General Tx	1296.62	Special Tx	0 Total Tx 1296.62
Abv Grd SF	1248	Main Flr SF	624	Blw Grd Fin SF	550 Ttl Blw Grd SF 624
Ttl Grss SF	1872	Apx YrBlt	1985	Basement Y	#Grg Stalls 1 #Frpl/WdStv 1
Living Rm	Lvl M	Dim/Dsc	17X15 C FAN	Dining Rm	Lvl M Dim/Dsc 11X7
Great Rm	Lvl	Dim/Dsc		Kitchen	Lvl M Dim/Dsc 11X8
Laundry	Lvl L1	Dim/Dsc		Family	Lvl L1 Dim/Dsc 19X11
Master Bdr	Lvl U1	Dim/Dsc	14X11	Bedroom 2	Lvl U1 Dim/Dsc 17X10WNCLOSET
Bedroom 3	Lvl L1	Dim/Dsc	15X12 N CONF.	Bedroom 4	Lvl Dim/Dsc
BATH	Lvl M	Dim/Dsc	3/4	BATH	Lvl U1 Dim/Dsc FULL
Avg Water	Avg Gas/Elc		Prpn Tank N	Prpn Tank Ownd	Avg Prpn
Show Inst	BY APPOINTMENT ONLY. MUST CALL OFFICE.				Key Lc LB Lse/Rnt
Prop Desc	LARGE 3RD NON-CONFORMING BEDROOM IN BASEMENT. SPECTACULAR WRAP AROUND DECK WITH A GREAT VIEW. ALL KITCHEN APPLIANCES STAY. NEW STORM DOOR.				
Directions					
Prsnl Excl	WASHER & DRYER				
Agt Cmnts	BUILT-IN MICROWAVE OVEN SHELF. NEWER FLOORING IN KITCHEN AND DINING AREA. NEWER INTERIOR PAINT. NEWER STOVE/OVEN & CEILING FAN IN LIVING RM.				
Byr Agt	Y % Comp 3	Sub Agt N	% Comp 0	Exclsns N	Trns Brk Y % Comp 3
Dual/Var	Y Agt Ownd N	Exclsv N	Internet Y	IDX Y	Lstg Agy DSA Pssn Dt CLOSING
Slr Lgl Nm	HUGH C. & LORRAINE V. BROWN				
Selr Conc					

Ownership: Half-Duplex	Fireplace: Wood Stove
Style: 2 Story	Wtr Trmt Systems: None
Exterior:	Interior Amenities:
Basemt/Finish: Poured Concrete, Full-Partial Finished	Interior Amenities: Garage Door Opener
Basemt Light Expsr: Window Wells	Exterior Amenities: Deck
Roof: Asphalt Composition, Age Unknown	Neighbrhd Amenities:
Wtr Type/Swr Type: City Water, City Sewer	Occupancy: Owner
Fuel: Natural Gas	Prsnl Prop Incl: Refrigerator, Oven/Range, Exhaust Hood/Fan, Dishwasher, Garbage Disposal, Window Treatments
Heating Type: Forced Air	Financing: Cash, Conventional, VA
Cooling Type: Central, Ceiling Fan(s)	Documts Attached:
Garage Type: Single, Attached, Electric Garage Door	Flood Zn/Insrnc:
Drvwy/Rd Srfc: Concrete, Paved Road	Area: 5
Fencing: None	

Information Herein Deemed Reliable but Not Guaranteed



(Click here for additional photos.)

MLS#: R12659      DOM: 11  
 List Price: \$116,950  
 Cntgncy: ACTV  
 Str#: 2313  
 Address: STRAWBERRY  
 LANE  
 Bdrms: 3  
 Bths: 2  
 HBths: 0  
 Ownership: Single Family  
 Style: Ranch  
 Area: 1

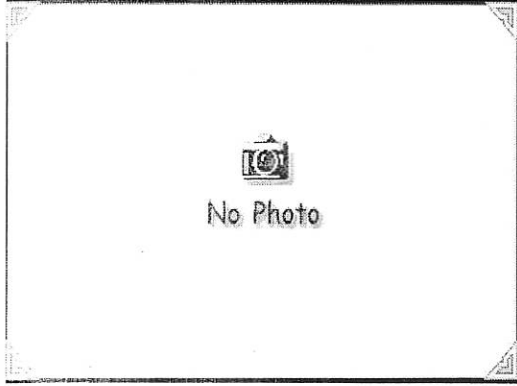
Listing Off: RE/MAX Manhattan (7)  
 Office Phone: 785-776-4488  
 Listing Agt: Joseph Maggio (2)  
 Agent Phone: -776-4488  
 Agent Email: mail@joemaggio.com

City	MANHATTAN	County	RILEY	St	KS	ZC	66502						
Lot Size	Frontage	Depth	Zoning	R1	Apx	Acrg	0						
Legal	LOT 129, KNOXBERRY ADD., UNIT6, MHN, RC, KS												
Schools	383MAN/OGD	HOA N	HOA Dues										
Tax Year	2003	General Txs	1285.78	Special Txs	788.21	Total Txs	2073.99						
Abv Grd SF	1290	Main Flr SF	1290	Blw Grd Fin SF	0	Ttl Blw Grd SF	0						
Ttl Grss SF	1290	Apx YrBlt	1996	Basement N	#Grg Stalls	2	#Frpl/WdStv	1					
Living Rm	Lvl M	Dim/Dsc	19X16 CFAN	Dining Rm	Lvl M	Dim/Dsc	9X9						
Great Rm	Lvl	Dim/Dsc		Kitchen	Lvl M	Dim/Dsc	9X9						
Laundry	Lvl M	Dim/Dsc	9X3	Family	Lvl	Dim/Dsc							
Master Bdr	Lvl M	Dim/Dsc	14X12+7X5	Bedroom 2	Lvl M	Dim/Dsc	14X10						
Bedroom 3	Lvl M	Dim/Dsc	11X10	Bedroom 4	Lvl	Dim/Dsc							
BATH	Lvl M	Dim/Dsc	3/4 MBR	BATH	Lvl M	Dim/Dsc	FULL						
Avg Water		Avg Gas/Elc		Prpn Tank N	Prpn Tank Ownd	Avg Prpn							
Show Inst	BY APPOINTMENT ONLY. MUST CALL OFFICE.						Key Lc	LB	Lse/Rnt				
Prop Desc	CERAMIC TILE ENTRYWAY. CERAMIC TILE IN FRONT OF FIREPLACE AND SLIDING GLASS DOOR. VAULTED CEILING IN LIVING ROOM, KITCHEN AND DINING AREA.												
Directions													
Prsnl Excl	WASHER & DRYER, MICROWAVE OVEN												
Agt Cmnts	KITCHEN FEATURES A BREAKFAST BAR AND BUILT-IN MICROWAVE OVEN SHELF. MASTER BEDROOM FEATURES WALK-IN CLOSET. EXTERIOR RECENTLY PAINTED.												
Byr Agt	Y	% Comp	3	Sub Agt N	% Comp	0	Exclsns N	Trns Brk	Y	% Comp	3		
Dual/Var	Y	Agt Ownd	N	Exclsv	N	Internet	Y	IDX	Y	Lstg Agy	DSA	Pssn Dt	06/01/04
Slr Lgl Nm	STEVE J. & TAMMY HOGAN												
Self Conc													

Ownership: Single Family	Fireplace: Gas Logs, Blower, Remote Control, Mantle
Style: Ranch	Wtr Trmt Systems: None
Exterior:	Interior Amenities: Master Bath, Tiled Floors
Basemt/Finish: Slab	Interior Amenities: Master Bdrm Walk-in Closet,
Basemt Light Expsr: None	Vaulted Ceilings, Pull Down Attic Stairs, Garage Door
Roof: Asphalt Composition	Opener, Eating Bar
Wtr Type/Swr Type: City Water, City Sewer	Exterior Amenities: Patio, Cul-de-Sac
Fuel: Natural Gas	Neighbrhd Amenities:
Heating Type: Forced Air	Occupancy: Tenants
Cooling Type: Central, Ceiling Fan(s)	Prsnl Prop Incl: Refrigerator, Oven/Range, Exhaust
Garage Type: Double, Attached, Electric Garage Door	Hood/Fan, Dishwasher, Garbage Disposal, Window
Drwy/Rd Srfc: Concrete, Paved Road	Treatments
Fencing: None	Financing: Cash, Conventional, VA
	Documts Attached:
	Flood Zn/Insrnc:
	Area: 1

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6



**MLS#:** R12660 **DOM:** 13  
**List Price:** \$123,500  
**Cntgncy:** ACTV  
**Str#:** 221  
**Address:** BROOKLAWN  
**Bdrms:** 3  
**Bths:** 2  
**HBths:** 0  
**Ownership:** Single Family  
**Style:** Ranch  
**Area:** 1

**Listing Off:** G&A Real Estate (32)  
**Office Phone:** 785-537-7466  
**Listing Agt:** Dolly Anderson (2)  
**Agent Phone:** 785-537-7466  
**Agent Email:** Homes@GandARealEstate.com

<b>City</b>	MANHATTAN	<b>County</b>	RILEY	<b>St</b>	KS	<b>ZC</b>	66502						
<b>Lot Size</b>	<b>Frontage</b>	<b>Depth</b>	<b>Zoning</b>	PUD	<b>Apx Acrg</b>	0							
<b>Legal</b>	LOT 7 BROOKFIELD ADDITION												
<b>Schools</b>	383MAN/OGD	<b>HOA N</b>	HOA Dues	0									
<b>Tax Year</b>	2003	<b>General Tx</b>	-	<b>Special Tx</b>	1056.24	<b>Total Tx</b>	-						
<b>Abv Grd SF</b>	1470	<b>Main Flr SF</b>		<b>Blw Grd Fin SF</b>		<b>Ttl Blw Grd SF</b>							
<b>Ttl Grss SF</b>	1470	<b>Apx YrBlt</b>	2004	<b>Basement N</b>	#Grg Stalls	2	<b>#Frpl/WdStv</b>	0					
<b>Living Rm</b>	Lvl M	<b>Dim/Dsc</b>	15 X 20'5	<b>Dining Rm</b>	Lvl M	<b>Dim/Dsc</b>	13 X 13						
<b>Great Rm</b>	Lvl	<b>Dim/Dsc</b>		<b>Kitchen</b>	Lvl M	<b>Dim/Dsc</b>	10 X 11						
<b>Laundry</b>	Lvl M	<b>Dim/Dsc</b>	OFF KITCHEN	<b>Family</b>	Lvl	<b>Dim/Dsc</b>							
<b>Master Bdr</b>	Lvl M	<b>Dim/Dsc</b>	16 X 12	<b>Bedroom 2</b>	Lvl M	<b>Dim/Dsc</b>	12'5 X 12'5						
<b>Bedroom 3</b>	Lvl M	<b>Dim/Dsc</b>	10'5 X 12'5	<b>Bedroom 4</b>	Lvl	<b>Dim/Dsc</b>							
	Lvl	<b>Dim/Dsc</b>			Lvl	<b>Dim/Dsc</b>							
<b>Avg Water</b>	<b>Avg Gas/Elc</b>	<b>Prpn Tank</b>	N	<b>Prpn Tank Ownd</b>		<b>Avg Prpn</b>							
<b>Show Inst</b>	CALL OFFICE FOR APPT.					<b>Key Lc</b>	LB	<b>Lse/Rnt</b>					
<b>Prop Desc</b>	NEW CONSTRUCTION W/MAINTENANCE FREE VINYL WINDOWS, INSULATED GLASS, ALL WHIRLPOOL APPLIANCES, MOEN FAUCET												
<b>Directions</b>													
<b>Prsnl Excl</b>													
<b>Agt Cmnts</b>													
<b>Byr Agt</b>	Y	<b>% Comp</b>	2.5	<b>Sub Agt N</b>	% Comp	0	<b>Exclsns N</b>	Trns Brk	Y	<b>% Comp</b>	2.5		
<b>Dual/Var</b>	N	<b>Agt Ownd</b>	N	<b>Exclsv</b>	N	<b>Internet</b>	Y	<b>IDX</b>	Y	<b>Lstg Agy</b>	SA	<b>Pssn Dt</b>	MID MAY
<b>Slr Lgl Nm</b>	SCHULTZ ENTERPRISES, LLC												
<b>Selr Conc</b>													

<b>Ownership:</b> Single Family	<b>Fireplace:</b> None
<b>Style:</b> Ranch	<b>Wtr Trmt Systems:</b> None
<b>Exterior:</b> Vinyl	<b>Interior Amenities:</b>
<b>Basemt/Finish:</b> Slab	<b>Interior Amenities:</b>
<b>Basemt Light Expsr:</b> None	<b>Exterior Amenities:</b>
<b>Roof:</b> Asphalt Composition, New	<b>Neighbrhd Amenities:</b>
<b>Wtr Type/Swr Type:</b> City Water, City Sewer	<b>Occupancy:</b> New
<b>Fuel:</b> Natural Gas	<b>Prsnl Prop Incl:</b> Refrigerator, Oven/Range, Microwave, Exhaust Hood/Fan, Dishwasher, Garbage Disposal
<b>Heating Type:</b> Forced Air	<b>Financing:</b> Cash, Conventional
<b>Cooling Type:</b> Central	<b>Documts Attached:</b>
<b>Garage Type:</b> Double	<b>Flood Zn/Insrnc:</b> Not Required
<b>Drwy/Rd Srfc:</b> Concrete	<b>Area:</b> 1
<b>Fencing:</b> None	

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7



**MLS#:** R12664 **DOM:** 6  
**List Price:** \$89,000  
**Cntgncy:** ACTV  
**Str#:** 606  
**Address:** MORO  
**Bdrms:** 3  
**Bths:** 1  
**HBths:** 1  
**Ownership:** Single Family  
**Style:** Bungalow  
**Area:** 2

**Listing Off:** Century 21 Irvine Real Estate (4)  
**Office Phone:** 785-539-2356  
**Listing Agt:** Marlene Irvine (4)  
**Agent Phone:** 785-539-2356  
**Agent Email:** cent21@flinthills.com

City	MANHATTAN	County	RILEY	St	KS	ZC	66502	
Lot Size	50X150	Frontage	Depth	Zoning	R	Apx Acrg	0	
Legal	WARD 2, LOT 502							
Schools	383MAN/OGD	HOA N	HOA Dues					
Tax Year	2003	General Tx	717.56	Special Tx	0	Total Tx	717.56	
Abv Grd SF	824	Main Flr SF	824	Blw Grd Fin SF	Ttl Blw Grd SF			
Ttl Grss SF	824	Apx YrBlt	1930	Basement Y	#Grg Stalls	1	#Frpl/WdStv	
Living Rm	Lvl M	Dim/Dsc	27'4 X 12'9	Dining Rm	Lvl	Dim/Dsc		
Great Rm	Lvl	Dim/Dsc		Kitchen	Lvl M	Dim/Dsc	11'5 X 8'4	
Laundry	Lvl	Dim/Dsc		Family	Lvl	Dim/Dsc		
Master Bdr	Lvl M	Dim/Dsc	10'4 X 8'1	Bedroom 2	Lvl M	Dim/Dsc	13'6 X 7'6	
Bedroom 3	Lvl M	Dim/Dsc	12'2 X 8'	Bedroom 4	Lvl	Dim/Dsc		
1/2BATH	Lvl M	Dim/Dsc	4 X 4	FBATH	Lvl M	Dim/Dsc	7'5X 4'11	
Avg Water		Avg Gas/Elc		Prpn Tank	N	Prpn Tank Ownd	Avg Prpn	
Show Inst	CALL OFFICE FOR APPOINTMENT						Key Lc	LB Lse/Rnt
Prop Desc	DOWNTOWN HOME NEAT & CLEAN W/ UPDATED KIT & BATH READY TO OCCUPY! YARD W/TREES							
Directions								
Prsnl Excl								
Agt Cmnts								
Byr Agt	Y	% Comp	2.5	Sub Agt N	% Comp	0	Exclsns N Trns Brk Y % Comp	
Dual/Var	N	Agt Ownd	N	Exclsv	N	Internet Y	IDX Y Lstg Agy SA Pssn Dt	
Slr Lgl Nm	DOUGLAS & SHARON K. OVERSTAKE							
Seir Conc								

<b>Ownership:</b> Single Family <b>Style:</b> Bungalow <b>Exterior:</b> Asbestos Siding <b>Basemt/Finish:</b> Partial-Unfinished <b>Basemt Light Expsr:</b> None <b>Roof:</b> Asphalt Composition <b>Wtr Type/Swr Type:</b> City Water, City Sewer <b>Fuel:</b> <b>Heating Type:</b> Forced Air <b>Cooling Type:</b> Window Units <b>Garage Type:</b> Single, Detached <b>Drvwy/Rd Srfc:</b> <b>Fencing:</b> None	<b>Fireplace:</b> None <b>Wtr Trmt Systems:</b> None <b>Interior Amenities:</b> <b>Interior Amenities:</b> Garage Door Opener <b>Exterior Amenities:</b> Patio <b>Neighbrhd Amenities:</b> <b>Occupancy:</b> Tenants <b>Prsnl Prop Incl:</b> Refrigerator, Oven/Range, Clothes Washer, Clothes Dryer <b>Financing:</b> Cash <b>Documts Attached:</b> <b>Flood Zn/Insrnc:</b> <b>Area:</b> 2
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8







**MLS#:** R12666 **DOM:** 5  
**List Price:** \$116,500  
**Cntgncy:** ACTV  
**Str#:** 914  
**Address:** LEAVENWORTH  
**Bdrms:** 3  
**Bths:** 1  
**HBths:** 1  
**Ownership:** Single Family  
**Style:** 1.5 Story  
**Area:** 2

**Listing Off:** Prudential / Copeland & Co. (16)  
**Office Phone:** 785-539-1455  
**Listing Agt:** Connie McClellan (6)  
**Agent Phone:** 785-539-1455  
**Agent Email:** cjmcclellan@sbcglobal.net

<b>City</b>	MANHATTAN	<b>County</b>	RILEY	<b>St</b>	KS	<b>ZC</b>	66502	
<b>Lot Size</b>	7500	<b>Frontage</b>	50	<b>Depth</b>	150	<b>Zoning</b>	A1	
<b>Legal</b>	LOT 260, WARD 4, CITY OF MANHATTAN							
<b>Schools</b>	383MAN/OGD	<b>HOA N</b>		<b>HOA Dues</b>		<b>Apx Acrg</b>	0	
<b>Tax Year</b>	2003	<b>General Tx</b>	1050.82	<b>Special Tx</b>	0	<b>Total Tx</b>	1050.82	
<b>Abv Grd SF</b>	1792	<b>Main Flr SF</b>	1264	<b>Blw Grd Fin SF</b>		<b>Ttl Blw Grd SF</b>	840 +-	
<b>Ttl Grss SF</b>	1792	<b>Apx YrBlt</b>	1930	<b>Basement Y</b>		<b>#Grg Stalls</b>	1	
<b>Living Rm</b>	Lvl M	<b>Dim/Dsc</b>	15X12'8	<b>Dining Rm</b>	Lvl M	<b>Dim/Dsc</b>	12'8X12'8	
<b>Great Rm</b>	Lvl	<b>Dim/Dsc</b>		<b>Kitchen</b>	Lvl M	<b>Dim/Dsc</b>	13'8X11	
<b>Laundry</b>	Lvl	<b>Dim/Dsc</b>		<b>Family</b>	Lvl	<b>Dim/Dsc</b>		
<b>Master Bdr</b>	Lvl U1	<b>Dim/Dsc</b>	21X14 DORMER	<b>Bedroom 2</b>	Lvl M	<b>Dim/Dsc</b>	13X13	
<b>Bedroom 3</b>	Lvl M	<b>Dim/Dsc</b>	13X13	<b>Bedroom 4</b>	Lvl	<b>Dim/Dsc</b>		
<b>STUDY</b>	Lvl M	<b>Dim/Dsc</b>	11X9		Lvl	<b>Dim/Dsc</b>		
<b>Avg Water</b>		<b>Avg Gas/Elc</b>		<b>Prpn Tank N</b>		<b>Prpn Tank Ownd</b>		
<b>Show Inst</b>	BY APT. DON'T LOCK DOOR KNOB-USE DEADBLT						<b>Key Lc LB</b>	Lse/Rnt
<b>Prop Desc</b>	ABSOLUTELY ADORABLE 11/2 STORY FEATURES UPDATED OAK KITCHEN WITH TILE FLOORING, SPACIOUS LR/DR W/ CROWN MOULDING & HARDWOOD FLOORS. CUTE DORMED MBR.							
<b>Directions</b>								
<b>Prsnl Excl</b>	WASHER/DRYER; WHITE CABINETS ON BACK PORCH							
<b>Agt Cmnts</b>	CENTRALLY LOCATED 11/2 STORY CLOSE TO CITY PARK, KSU, AND DOWNTOWN. MANY UPDATES-DARLING HOME. DO NOT LET MIRANDA THE CAT OUT.							
<b>Byr Agt</b>	Y	<b>% Comp</b>	3	<b>Sub Agt N</b>	% Comp	0	<b>Exclsns N</b>	
<b>Dual/Var</b>	N	<b>Agt Ownd</b>	N	<b>Exclsv</b>	N	<b>Internet Y</b>	IDX Y	
<b>Slr Lgl Nm</b>	MICHELE JANETTE							
<b>Selr Conc</b>								

<b>Ownership:</b> Single Family <b>Style:</b> 1.5 Story <b>Exterior:</b> Wood Lap <b>Basemt/Finish:</b> Stone, Partial-Unfinished <b>Basemt Light Expsr:</b> None <b>Roof:</b> Asphalt Composition, Less than 10 years <b>Wtr Type/Swr Type:</b> City Water, City Sewer <b>Fuel:</b> Natural Gas <b>Heating Type:</b> Forced Air <b>Cooling Type:</b> Window Units <b>Garage Type:</b> Single, Detached <b>Drvwy/Rd Srfc:</b> Gravel, Paved Road <b>Fencing:</b> None	<b>Fireplace:</b> <b>Wtr Trmt Systems:</b> <b>Interior Amenities:</b> Wood Floors, Master Bath, Tiled Floors <b>Interior Amenities:</b> Sump Pump, Eat-in Kitchen <b>Exterior Amenities:</b> Deck, Enclosed Porch <b>Neighbrhd Amenities:</b> Walking Trails <b>Occupancy:</b> Owner <b>Prsnl Prop Incl:</b> Refrigerator, Oven/Range, Window Treatments <b>Financing:</b> Cash, Conventional, VA <b>Documts Attached:</b> <b>Flood Zn/Insrnc:</b> Not Required <b>Area:</b> 2
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10



[Click here for additional photos.](#)

MLS#: R12668                      DOM: 4  
 List Price: \$145,000  
 Cntgncy: ACTV  
 Str#: 3205  
 Address: GARY AVE  
 Bdrms: 3  
 Bths: 3  
 HBths: 1  
 Ownership: Single Family  
 Style: Bi-level  
 Area: 4

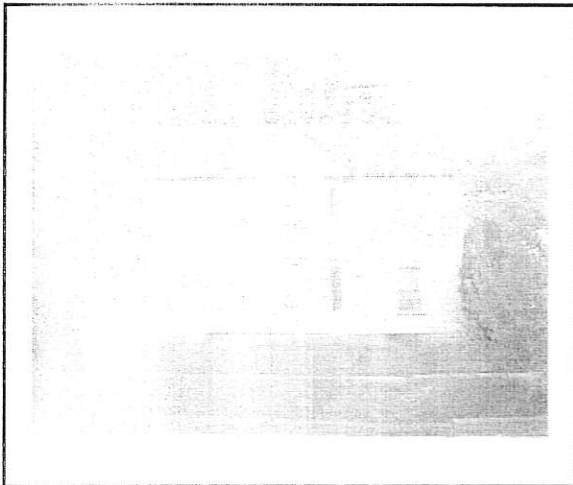
Listing Off: Coldwell Banker Realty Group 1 (31)  
 Office Phone: 785-776-1100  
 Listing Agt: Sherry Wheeler (3)  
 Agent Phone: 785-776-1100  
 Agent Email: [realtors@onvirtualtour.com](mailto:realtors@onvirtualtour.com)

City	MANHATTAN	County	RILEY	St	KS	ZC	66502						
Lot Size	123X75	Frontage	123	Depth	75	Zoning	R1	Apx Acrg	0				
Legal	LOT 39, KIMBALL #5												
Schools	383MAN/OGD	HOA N	HOA Dues										
Tax Year	2003	General Txs	1635.68	Special Txs	0	Total Txs	1635.68						
Abv Grd SF	1148	Main Flr SF	1148	Blw Grd Fin SF	594	Ttl Blw Grd SF	594						
Ttl Grsd SF	1742	Apx YrBlt	1976	Basement Y	#Grg	Stalls	2	#Frpl/WdStv	1				
Living Rm	Lvl M	Dim/Dsc	17X12.9	Dining Rm	Lvl M	Dim/Dsc	10.6X9.8						
Great Rm	Lvl	Dim/Dsc		Kitchen	Lvl M	Dim/Dsc	10.4X10						
Laundry	Lvl L1	Dim/Dsc	9.5X6.2	Family	Lvl L1	Dim/Dsc	16.2X12.8						
Master Bdr	Lvl M	Dim/Dsc	13.7X11.4	Bedroom 2	Lvl M	Dim/Dsc	11X10.6						
Bedroom 3	Lvl M	Dim/Dsc	11X10	Bedroom 4	Lvl	Dim/Dsc							
OFFICE	Lvl L1	Dim/Dsc	10.4X9		Lvl	Dim/Dsc							
Avg Water	20	Avg Gas/Elc	100	Prpn Tank	N	Prpn Tank Ownd	Avg Prpn						
Show Inct	CALL OFFICE FOR APPOINTMENT						Key Lc	LB	Lse/Rnt				
Prop Desc	VERY WELL MAINTAINED BI-LEVEL W/ BEAUTIFUL FIREPLA CE & GREAT DECK OFF THE DINING ROOM. YOU'LL LOVE THE NEIGHBORHOOD & THAT THERE'S NO SPECIAL TAXES!												
Directions													
Prsnl Excl	LV CURTAINS, FRIDGE IN BASEMENT IS NEGO												
Agt Cmnts	ENERGY EFFICIENT A/C IS LESS THAN 5 YEARS OLD, HOME HAS HAD RECENT UPDATES OF LIGHT FIXTURES, BATHROOM REMODEL, AND LANDSCAPING, ETC.												
Byr Agt	Y	% Comp	3	Sub Agt	N	% Comp	0	Exclsns	N	Trns Brk	Y	% Comp	3
Dual/Var	N	Agt Ownd	N	Exclsv	Y	Internet	Y	IDX	Y	Lstg Agy	SA	Pssn Dt	JULY 1
Slr Lgt Nm	BRITTON & JULIE CRAFTON												
Self Conc													

Ownership: Single Family	Fireplace: Wood, Screen, Glass Door, Raised Hearth, Mantle
Style: Bi-level	Wtr Trmt Systems: None
Exterior: Hardboard	Interior Amenities: Master Bath
Basemt/Finish: Partial-Partial Finished	Interior Amenities: Vaulted Ceilings, Garage Door Opener
Basemt Light Expsr: Daylight	Exterior Amenities: Deck
Roof: Asphalt Composition	Neighbrhd Amenities: None
Wtr Type/Swr Type: City Water, City Sewer	Occupancy: Owner
Fuel: Electric	Prsnl Prop Incl: Refrigerator, Oven/Range, Exhaust Hood/Fan, Dishwasher
Heating Type: Electric, Forced Air	Financing: Cash, Conventional
Cooling Type: Central, Ceiling Fan(s)	Documts Attached: Seller's Disclosure, Exhibit A
Garage Type: Double	Flood Zn/Insrnc: Not Required
Drwy/Rd Srfc: Concrete, Paved Road	Area: 4
Fencing: Full	

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11



**MLS#:** R40399 **DOM:** 199  
**List Price:** \$92,000  
**Cntgncy:** ACTV  
**Str#:** 830  
**Address:** LARAMIE  
**Bdrms:** 5  
**Bths:** 3  
**HBths:** 0  
**Ownership:** Single Family  
**Style:** 2 Story  
**Area:** 2

**Listing Off:** Century 21 Irvine Real Estate (4)  
**Office Phone:** 785-539-2356  
**Listing Agt:** John Irvine (3)  
**Agent Phone:** 785-539-2356  
**Agent Email:** cent21@flinthills.com

<b>City</b>	MANHATTAN	<b>County</b>	RILEY	<b>St</b>	KS	<b>ZC</b>	66502	
<b>Lot Size</b>	50 X 15	<b>Frontage</b>	50	<b>Depth</b>	150	<b>Zoning</b>	RM	
<b>Legal</b>	LOT 114, WARD 4, CITY OF MANHATTAN, RILEY CO, KS							
<b>Schools</b>	383MAN/OGD	<b>HOA N</b>		<b>HOA Dues</b>				
<b>Tax Year</b>	2002	<b>General Txs</b>	1421.72	<b>Special Txs</b>	-	<b>Total Txs</b>	1421.72	
<b>Abv Grd SF</b>	1996	<b>Main Flr SF</b>	894	<b>Blw Grd Fin SF</b>	0	<b>Ttl Blw Grd SF</b>	894	
<b>Ttl Grss SF</b>	1996	<b>ApX YrBlt</b>	1953	<b>Basement Y</b>		<b>#Grg Stalls</b>	2	
<b>Living Rm</b>	Lvl M	<b>Dim/Dsc</b>	15' X 12'4	<b>Dining Rm</b>	Lvl	<b>Dim/Dsc</b>		
<b>Great Rm</b>	Lvl	<b>Dim/Dsc</b>		<b>Kitchen</b>	Lvl M	<b>Dim/Dsc</b>	9'3 X 7'9	
<b>Laundry</b>	Lvl U1	<b>Dim/Dsc</b>	9'3 X 8'2	<b>Family</b>	Lvl	<b>Dim/Dsc</b>		
<b>Master Bdr</b>	Lvl M	<b>Dim/Dsc</b>	12'7 X 11'	<b>Bedroom 2</b>	Lvl M	<b>Dim/Dsc</b>	13'10 X 12'2	
<b>Bedroom 3</b>	Lvl U1	<b>Dim/Dsc</b>	12' X 12'	<b>Bedroom 4</b>	Lvl U1	<b>Dim/Dsc</b>	12'6 X 8'2	
<b>LOFT</b>	Lvl U2	<b>Dim/Dsc</b>	25' X 12'10		Lvl	<b>Dim/Dsc</b>		
<b>Avg Water</b>		<b>Avg Gas/Elc</b>		<b>Prpn Tank N</b>		<b>Prpn Tank Ownd</b>		
<b>Show Inst</b>	CALL OFFICE FOR APPT, EASY TO SHOW.						<b>Key Lc LB Lse/Rnt</b>	
<b>Prop Desc</b>	POTENTIALLY GREAT INVESTMENT PROPERTY OR OWNER- OCCUPIED, LOCATED 2 BLOCKS EAST OF AGGIEVILLE. BSMT IN NEED OF REPAIR.							
<b>Directions</b>	LOCATED IN PROPOSED TNO DISTRICT							
<b>Prsnl Excl</b>								
<b>Agt Comts</b>	CALL C21 FOR LETTER IN FILE FROM CITY CODE DEPT. BUYER MUST AGREE TO COMPLETE BASEMENT REPAIR IN ORDER TO PURCHASE. SELLER SAYS BRING ALL OFFERS							
<b>Byr Agt</b>	Y	<b>% Comp</b>	2.5	<b>Sub Agt N</b>		<b>% Comp</b>	0.0	
<b>Dual/Var</b>	N	<b>Agt Ownd</b>	N	<b>Exclsv</b>	Y	<b>Internet Y</b>		
<b>Slr Lgt Nm</b>	JUDITH A. KING							
<b>Selr Cor c</b>								

<b>Ownership:</b> Single Family	<b>Fireplace:</b> Wood
<b>Style:</b> 2 Story	<b>Wtr Trmt Systems:</b> None
<b>Exterior:</b>	<b>Interior Amenities:</b>
<b>Basemt/Finish:</b> Stone, Full-Unfinished	<b>Interior Amenities:</b>
<b>Basemt Light Expsr:</b> Window Wells	<b>Exterior Amenities:</b> Enclosed Porch
<b>Roof:</b> Asphalt Composition	<b>Neighbrhd Amenities:</b> None
<b>Wtr Type/Swr Type:</b> City Water, City Sewer	<b>Occupancy:</b> Vacant
<b>Fuel:</b> Natural Gas	<b>Prsnl Prop Incl:</b> Refrigerator, Oven/Range, Microwave, Clothes Washer, Clothes Dryer
<b>Heating Type:</b> Forced Air, Space Heater	<b>Financing:</b> Cash
<b>Cooling Type:</b> Window Units	<b>Documts Attached:</b> Seller's Disclosure, Exhibit A, Other
<b>Garage Type:</b> Double, Detached	<b>Flood Zn/Insrnc:</b>
<b>Drwy/Rd Srfc:</b>	<b>Area:</b> 2
<b>Fencing:</b> Partial	

Information Herein Deemed Reliable but Not Guaranteed

12



**Testimony before House Economic Development Committee**

**April 27, 2004**

**Sales Tax Revenue (STAR) Bond Financing**

**Lyle Butler**

**President / CEO**

**Manhattan Area Chamber of Commerce**

**Ron R. Fehr**

**City Manager**

**Manhattan, Kansas**

My name is Lyle Butler, President and CEO of the Manhattan Area Chamber of Commerce. With me today is Ron Fehr, City Manager for the City of Manhattan. Thank you for this hearing and for the opportunity to address a very important piece of legislation concerning the use of sales tax revenue (STAR) bonds.

The Chamber of Commerce and the City of Manhattan recognize the need to revitalize and redevelop the core or downtown within Manhattan. Nearly twenty years ago, the citizens of Manhattan undertook the first tax increment-financing project in the State of Kansas in order to facilitate the development of Manhattan Town Center, a regional shopping center within the downtown framework of Manhattan.

Over the past five years, the Chamber and City have been researching and gathering feedback from the citizens of Manhattan in terms of redeveloping areas adjacent to the Manhattan Town Center. A series of studies have been completed and recently the City approved a Conceptual Master Plan for the downtown area that would create a diverse mix of retail, housing, office, hotel, restaurant and entertainment.

After the release of the STAR bond legislation, the focus immediately shifted to a more comprehensive development package, featuring substantial attraction pieces and national/regional partnerships. The project has grown into a potential \$170 million revitalization effort of the downtown, with the focus of not only providing the region with a retail anchor, but establishing the framework and attraction pieces that will draw visitors and garner tourism dollars on a national and international basis

The community is in the initial stage of articulating and designing the attraction pieces within the development. An Attractions Committee has been established to review the concepts and ideas that have been suggested to date, along with developing new concepts that may foster new destination tourism opportunities as well. Manhattan believes that with the right components, we too can become a Flinthills gateway for destination-based tourism.

With the understanding of STAR bonds, Manhattan has envisioned bringing in new tourism revenue to Manhattan, the Flinthills region, and to the State of Kansas. We have partnered with Canyon Research out of Tempe, Arizona to put together a feasibility and economic development impact study concerning

the downtown redevelopment project. Canyon Research has worked on other STAR bond projects in Kansas and performed this type of analysis for a variety of other projects nationwide.

Key Issues:

Manhattan believes we have a strong proposal for the State of Kansas to consider. While it does include public buildings for the attraction pieces being financed with STAR bonds, we envision it bearing a positive return not only to Manhattan, but to the State as well.

We ask for the opportunity to provide the Secretary of Commerce, and the Department of Commerce staff, an application, which will evaluate the project and forecast the feasibility in terms of net gain to the taxpayers within the State of Kansas. We have no misconceptions that this project needs to only benefit Manhattan. We understand fully that STAR bonds must produce results of new tax dollars for the taxpayers of Kansas. We would like to preserve the opportunity to make that case to the powers outlined in the current legislation, who can assess our future application on its merits.

We look forward to your support of the current STAR bond legislation, preserving the ability to finance publicly owned facilities for the attraction components of the redevelopment.

Thank you for your time. I look forward to any questions you may have.

We have attached information concerning our planning efforts to date.

## DOWNTOWN REDEVELOPMENT...MANHATTAN, KS

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### HISTORY

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Manhattan, Kansas, a city of approximately 50,000 in the northern Flint Hills of Kansas, is the trade and cultural center of a twelve-county area. The area enjoys a stable economy based on higher education/research, agriculture and ranching, trade, light industry, military and other government installations. Manhattan offers most of the advantages of a big city, yet it retains the wholesome flavor and attractions of small-town living. Tuttle Creek Lake, with 165 miles of shoreline, nearly 16,000 surface acres and adjacent Flint Hills recreation areas offer great outdoor recreational opportunities. Manhattan is located about 100 miles west of Kansas City via Interstate Highway 70.

Manhattan can be described as a college town with the amenities of a large university hosting national and international lectures and cultural events, exceptional education/research/commercialization opportunities along with major NCAA athletic venues including the 2003 Big 12 Football, 2003 Big 12 Women's Volleyball, and Big 12 Women's Basketball Champions. Its citizens represent a younger profile with a high level of education and professional skills.

In an effort to keep the downtown vital and enhance Manhattan's ability to serve as a regional trade area a downtown revitalization plan was developed in the early 1980s. A new urban, rather than suburban, mall was located next to downtown to protect the history and livelihood of that area. Many economic tools were used for the first time in Manhattan to make this vision a reality.

Fifteen years later that mall has cemented the continued viability of "Main Street" or Poyntz Avenue. The areas directly to the north and south of the new mall have continued to be underdeveloped with remnants of old industrial facilities in the area. In 1999 a Downtown Tomorrow study was undertaken to ensure the continued vitality of the downtown area. This study outlined the need to build upon the previous public investments made in the downtown area. The downtown area, including the area directly north and south of the mall, was designated as a primary redevelopment area in 2000 and the whole area has been in an Enterprise Zone since 1982. A community market study was undertaken in 2002 to continue this vision of a bustling district. This study concluded that while physically there were some limitations, the best way to enhance the community's investment in the mall and downtown area was to revitalize the areas to the north and south of the mall.

In 2002 the Manhattan Area Chamber of Commerce started the process of interviewing potential developers to work with to achieve the many facets of a new vision for Downtown Redevelopment. In 2003 The Dial Companies of Omaha, Brent Bowman Architects of Manhattan and RTKL Architects of Dallas were hired by the City Commission to develop a master plan for the Downtown area.

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## DOWNTOWN REDEVELOPMENT CONCEPT

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The Manhattan Urban Area has reviewed this plan and found it to be in compliance with the City's Comprehensive Plan. The City Commission accepted the Conceptual Master Plan on April 20, 2004. This plan underwent many revisions after over 20 public meetings. The community has shown broad support for this effort. The City Commission has formed an Attractions Committee to further identify these important plan features.

The key elements of this plan include two civic elements each of which is unique to Manhattan. The first is the Flint Hills Discovery Center that incorporates a Smithsonian exhibit about the native prairie directly south of Manhattan and serves as an approved Smithsonian exhibit site. The interactive and educational Center is envisioned to work in concert with the Konza Prairie Biological Station and provide tours to and within the preserve. It is also envisioned that some improvements will be needed at the Konza to accommodate more users and enhance educational, entertainment and recreational experiences. A link to the historic Union Pacific Depot is also anticipated. The Discovery Center envisions some type of theatre or simulator as well. Other potential partners to the Discovery Center include The Nature Conservancy, the National Park Service, Kansas State University, Sunset Zoological Park Education Department, NASA, and the State of Kansas. The Center is also envisioned to be a Visitors Center to market attractions locally and in the region as well. A new esplanade planned for year-round activities will frame the front door of this new center. This esplanade will be directly north of a new farmers market area. A new adjacent hotel will provide lodging opportunities for our out of town guests, including some new retail and dining opportunities. We have named this area the new arts district because of the many distinct opportunities it offers. A linkage to the Kansas River through riverfront park development is also anticipated. The Park could accommodate overnight camping to accommodate recreational vehicles.

On the northern side of the mall we are planning a new retail area that contains a calliope museum. We are fortunate to have within our city limits one of the best collections of calliopes. These instruments along with other period instruments that make up this collection will be displayed at the north end of the retail district. Also, included in that museum will be a restored 1900's Carousel which along with other interactive components will create a family entertainment plaza. The ability to use a wagon drawn calliope to travel throughout the entire district will further cement the distinct feeling that the downtown area extends from the farmers market to the calliope museum in the north.

We believe these unique centers will not only draw more people to Manhattan, but also help keep the many visitors we already have here longer. With the draw provided by Kansas State's excellent athletic, academic, research and cultural programs, we have a wonderful opportunity to extend the stay of many visitors and give them a reason to bring their families.

Redevelopment of downtown districts is a very expensive undertaking, however when done correctly, we believe it is one of the best things we can do for our community to ensure a balanced mixed-use project to include housing, retail, office, restaurants, entertainment and public attractions. Publicly sponsored redevelopment projects also create the opportunities to finance significant public infrastructure improvements that are very difficult to design, accomplish and finance on a smaller scale, tract by tract (piecemeal) type of development.





# Testimony

Unified Government Public Relations  
701 N. 7<sup>th</sup> Street, Room 620  
Kansas City, Kansas 66101

Mike Taylor, Public Relations Director 913.573.5565  
Don Denney, Media Relations Specialist 913.573.5544

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## Senate Bill 395 STAR Bonds

Delivered April 27, 2004  
House Economic Development Committee

Thank you for the opportunity to address the committee regarding Senate Bill 395.

The Unified Government of Wyandotte County supports the original intent of Senate Bill 395 which was written to correct an unintended consequence and effect of the Streamlined Sales Tax Act on the STAR bond district in Kansas City. SB 395 will correct a situation which changed the rules in the middle of the game. The change in SB 395 will allow the bonds to be repaid sooner and allow state and local government to reap the full benefits created by the Kansas Speedway and Village West.

Those benefits are already substantial. Ingram's Business magazine, a respected Kansas City publication recently reviewed the 30 Biggest Deals of the Past 30 Years in the Kansas City metro. The Kansas Speedway and Village West development was included. Ingram's said:

*"The impact was both immediate and electric. The \$200-million in construction along the I-435 corridor generates more than \$300-million annually. Shrewd planning by the Unified Government also set the stage for retail and other development nearly equal to the Speedway itself. Overnight, KCK and western Wyandotte County became one of the hottest growth areas of the region. The timing was dramatic. KCK and Wyandotte County had been losing residents because of the lack of retail services and other amenities. That same lack of business hampered government services by lowering sales tax revenues and forcing up tax rates. The result was the kind of downward cycle that is hard to reverse."*

A scorecard on the economic impacts of the STAR Bond district:

- Over 1,800 people are currently employed at Village West. More than 50% of those employed at Village West are Wyandotte County residents. The projected job total is 4,000. Those are jobs that didn't exist before. Those new paychecks are paying income taxes. They are allowing people to buy homes and pay property taxes. They are giving people disposable income which means sales taxes are being paid on all kinds of purchases.
- The 400 acres known as Village West used to generate \$15,000 a year in property taxes. In 2003, the area generated more than \$2.6-million in property taxes. Property taxes which are helping pay for schools, state programs and other government services. By the time the development is completed, Village West will be generating an estimated \$6-million in property taxes.
- The Village West development has also sparked a major building boom in Wyandotte County. Single family housing permits hit a 40-year high in 2003, with 433 new home permits issued. The total value of new construction permits in 2003 was \$114-million.
- Annual sales in the Kansas City STAR Bond redevelopment district are projected to hit more than \$450-million annually.

House Economic Development  
4-27-04  
Attachment 7

7

- Cabela's, the 190,000 square foot hunting, fishing and outdoor gear store with a wildlife museum attracted 2.4-million visitors in its first five months of operation. It continues to draw millions of visitors a year making it the undisputed Number One tourist attraction in Kansas. Cabela's won the Governor's Tourism Achievement Award in 2003 for its significant positive impact on the Kansas economy.
- In total, Village West and its stores and public attractions will draw an estimated nine million visitors each year. The biggest share of them come from over 200 miles away.

There is concern among some that the way STAR Bonds were used in the Village West district does not meet the "spirit of the law" or is "not what the Legislature intended." What about the thousands of jobs, millions in property taxes and hundreds of millions in economic activity did the Legislature not intend? Which part of the successes listed above would critics of STAR Bonds undo if they could?

In the case of Wyandotte County, STAR Bonds have done exactly what they were intended to. They created tremendous economic growth and prosperity with very little risk to the State of Kansas.



## LEGISLATIVE TESTIMONY

**TO:** Chairman Wilk and Members of the House Economic Development Committee

**SUBJECT:** Senate Bill 395 and the Wichita WaterWalk Project

**SUBMITTED BY:** Carlos Mayans, Mayor

**DATE:** April 27, 2004

Thank you for the opportunity to testify today in support of amendments to Senate Bill 395 that will permit the City of Wichita to use STAR Bonds as part of a very important economic development project for our entire region. The City of Wichita needs these amendments to help bring a Bass Pro Shops store to Wichita as a part of the downtown WaterWalk Project. We will not be successful in bringing Bass Pro Shops to Wichita if we are not allowed to use STAR bonds to finance the construction of the building that will be leased to them.

Jim Hagale, President of Bass Pro Shops, called me a few weeks ago to say that he is ready to bring his team back to Wichita and finalize the details of our deal, just as soon as the STAR bond issues have been worked out with the State.

When I became Mayor of Wichita, one year ago, the WaterWalk Project was quite a ways along in the approval process. I was one who had some reservations about the project. Not about the project itself – I did not question the need for the project, for the jobs, for the revitalization of the downtown area. Nor did I question the City's involvement in private development downtown. It is well known that downtown revitalization requires public-private partnerships. My issue was with the balance between the public and private funding of project costs. As a result, the agreement with the developers was renegotiated. I am in full support of the current WaterWalk Project, including the Bass Pro Shops component and the use of STAR Bonds.

This project will be a wonderful economic win for Wichita and the south-central Kansas region, at a time when we need some good news. Studies show that Bass Pro Shops and the WaterWalk will draw over a million visitors a year. Cabelas in Wyandotte County has shown that this is not an exaggeration. Nearly 1500 new jobs will be created as a result of this project. The beautification of the river and the downtown area will be tremendous.

Senate Bill 395 is a good bill in that it fixes a specific problem for a specific STAR bond project. The Village West project in Wyandotte County needs this legislation to correct an unforeseen situation that threatens the financial structure of their STAR bonds. We are asking you to include in this bill provisions that will also fix our unforeseen problem.

House Economic Development  
4-27-04  
Attachment 8

Testimony on Senate Bill 395  
House Economic Development Committee  
April 27, 2004

Planning for the WaterWalk Project has been going on for some time now. We need to be able to use STAR bonds to finance the construction of the building for the destination retailer. The City will own the building and lease it to the retailer, with no purchase option. The City of Wichita is simply asking you to, please, allow our project to proceed.

Thank you for your consideration, Mr. Chairman. I would be happy to answer any questions you have. Vice Mayor Carl Brewer is here with me today, along with Allen Bell, our economic development director, and the City's bond counsel Winton Hinkle. Tom Docking, who represents the Wichita Downtown Development Corporation is also here and would also like to address the Committee.



**House Economic Development Committee  
Testimony in Support of SB 395  
April 27, 2004**

**BOARD OF DIRECTORS**

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Clay Bastian

**VICE CHAIR**  
Joe Johnson

**SECRETARY-TREASURER**  
Larry Weber

**IMMEDIATE PAST CHAIR**  
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Tom Docking  
Jerry Gray  
Bill Livingston  
Dale Maltbie, P.E.  
Dave May  
Tom Page

Scott Petre  
David E. Norris  
Mike Relihan  
Mike Tieman  
Jeff Van Sickle  
Kurt Watson  
David E. Wells  
Lyndon O. Wells  
Sam Williams  
Mary Wright

**EX-OFFICIO MEMBERS**

Allen Bell  
Sharon Fearey  
Carolyn McGinn  
John Rolfe

**PRESIDENT**

Edwin J. Wolverton

On behalf of the Wichita Downtown business community, I am here today to endorse SB 395 and encourage the Committee to consider amendments that will allow our community to use Sale Tax Revenue (STAR) Bonds to secure a destination retailer that will serve as an anchor for landmark, urban development project that is poised to transform our Downtown. As a lifelong Kansan and native of Wichita, I can tell you that the region's largest business district is poised to make the biggest economic development gain in a generation and we need your support to make this happen.

The community needs your help to use STAR Bonds in a specific way for the Wichita WaterWalk project. This 30-acre, mixed use development will transform a blighted area of Downtown to create a high quality, office, residential and retail district. The City and developer are moving forward on project's first phase and architectural and engineering plans are well underway. Site preparation and demolition work should begin in the next 60 days.

Construction will start by the end of the year on the office and residential elements of the project. Construction will not move forward for any large-scale space to accommodate a destination retailer until we know whether the community will be able to use STAR bonds to construct a building for lease. Without the ability to use STAR bonds in this way, the destination retailer will not locate into this project.

According to the Center for Business and Economic Research at Wichita State University, the WaterWalk project is estimated to create more than 2,100 full time jobs with an annual payroll of \$65 million. The Center also estimates that the project will create 750 construction jobs with a payroll in excess of \$35 million.

Because of this project, we have a unique opportunity to attract a national, destination retailer with fewer than 25 locations in the United States. Their presence in other markets has proven them to be a significant tourist draw and the business will have a tremendous, positive economic impact on the State and City. In fact, the WSU analysis estimates that this business alone will have an annual economic output of \$125 million and employ 1,400 full time equivalent jobs.

In short, Wichita needs that ability to use STAR Bonds to construct and lease a City owned building. Without it, the State will lose a proven business that will improve our economic and tourism development efforts. While the WaterWalk project will move forward, the project would de-emphasize retail uses and orient more toward office and residential users.

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Wichita, KS 67202  
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House Economic Development  
4-27-04  
Attachment 9

The STAR Bond program sets appropriate standards and benchmarks to insure public funds leverage private sector investment. Wichita is prepared to meet these existing standards. To generate even more economic benefits from this project, however, Wichita needs that ability to use STAR Bonds to help construct a building. This would attract a destination retailer as an anchor for the project and be the cornerstone to leverage and capture more local and statewide benefits.

In these difficult economic times, the business community appreciates the Legislature's willingness to examine and develop new programs and policies that will stimulate investment. Improving the STAR Bond program through SB 395 and other potential amendments will continue this pro-business climate and diversify and build the tax base.

For this reason, I urge you to consider additional refinements to the STAR Bond program that would allow Wichita to use this powerful economic development tool to bring an exclusive, destination retailer that will improve the State, Sedgwick County and the City of Wichita. 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 improve the STAR Bond program and champion its approval by your colleagues in the House and Senate.

Thank you for considering my testimony.

Thomas Docking



To: The Honorable Kenny A. Wilk  
Economic Development Committee  
From: Michael Copeland, Mayor of Olathe Kansas  
Date: April 27, 2004

Mr. Chairman and members of the Committee:

As governments, both state and local, we have a fundamental responsibility to provide essential services to our residents, but to do so in an affordable manner. All of our budgets have been stretched, and the cuts we have made have hit bone.

But, governments and schools are not alone in facing those economic difficulties. Our taxpayers are facing the same pressures, and raising taxes to meet our needs is an absolute last option.

An incredible tool to help cope with this economic challenge is the subject of today's hearing. STAR Bond projects have the capability to not only create thousands of new jobs for Kansans, but create new revenue for our economy, governments, and schools that otherwise would not exist. This newly created revenue will reach every corner of the state. It will help pay for teachers in Coffeerville and highways in Dodge City. That newly created revenue will not and cannot exist without the use of STAR Bonds.

The STAR Bond project in Olathe has been in the works for several years. It is poised to move forward and has the ability to create brand new state revenue, new jobs for Kansas, and a new destination for visitors to our state. Already, the private sector has invested millions, and the city has invested tens of thousands to make this project a reality for Kansas. Without a doubt, that investment will pay great dividends for the state, but I can say with absolute certainty that the project and all its newly created jobs and revenue cannot and will not happen if we can no longer use STAR Bonds to construct a city-owned destination arena.

All this planning and investment was not done on a whim, but with the firm understanding that the project was completely legal and above board as it relates to the use of STAR Bonds. The arena is a central cornerstone to attracting the type of new destination retail that will be bringing new revenue to Kansas. That type of destination retail is what was envisioned when the STAR Bond legislation was crafted. That type of destination retail will not be coming to this project without the arena component. Please keep in mind that all vertical construction on the retail components will be done with private investment as was the intent of the legislation. The arena, which is typically a publicly financed building, will require STAR Bonds, which is clearly allowed by the legislation.

House Economic Development  
4-27-04  
Attachment 10

There are those who feel that area in Olathe will develop without using STAR Bonds, and that is the likely case in the long-term. However, any development will pale in comparison to the proposed STAR Bond project when it comes to economic impact and the creation of new revenue for Kansas. In the five plus years the land in question has been on the market, there have only been two uses proposed, the arena project and office/warehouse development. Please remember, office/warehouse would generate no sales tax revenue for the state.

Though it is unlikely, the land could develop with some typical retail in the next six to ten years. Should that occur, it will not be generating new revenue for Kansas that otherwise would not exist. Those tax dollars will likely be captured at other similar Kansas stores.

On the other hand, the STAR Bond project's parking lots will be lined with cars from Missouri, Oklahoma, Nebraska and Iowa. It will be generating new money for Kansas that otherwise could not exist. The scope will be much greater, so it will be generating jobs for Kansas that otherwise could not have been created. If you question this, just look what is happening at the state's other STAR Bond project.

Without the arena, these types of regional-draw stores will not be attracted to this Kansas location....bottom line.

The developer has major tenants lined-up in anticipation of this project moving forward with an arena. However, those tenants will be planting roots in Missouri should this project falter, and we will see jobs and revenue flooding across the state line.

To restate: The Olathe project is ready to move forward. Millions of dollars have been invested based on current law. It will be generating millions of dollars for Kansas and creating hundreds of jobs that simply would not exist if it does not happen. At a time when we are struggling to fund state government and our schools, this project can be showcased as an alternative to raising taxes with absolutely no risk to the state.

I strongly urge you to avoid taking any actions that will undermine this important project for Kansas. We have come too far and invested too much to have the rules changed as we are about to cross the finish line.



**To:** The Honorable Kenny A. Wilk  
Economic Development Committee  
**From:** Tim McKee, Vice President of Economic Development  
Olathe Chamber of Commerce  
**Date:** April 27, 2004

On behalf of the Olathe Chamber of Commerce and its Board of Directors and members, I would like to ask the Economic Development Committee to allow the current STAR Bond legislation to stand as written and not jeopardize projects that are almost a year into their planning. In drafting the original STAR Bond legislation, Kansas was truly ahead of the curve when it comes to unique financing and incentives.

As the Vice-President of Economic Development for the Olathe Chamber, I am involved in an almost daily competition for economic opportunities for Kansas. From that perspective, I can offer the following assessment:

- ◆ **The use of the STAR Bonds legislation that was passed in 2003 has yet to be tested. The window of opportunity to truly utilize the benefits of STAR Bonds is growing shorter by the day.**
- ◆ **The State of Missouri and the City of Kansas City, Missouri and their project around their proposed arena, are now actively pursuing the same destination retailers because of the recently passed MODESA (Missouri Downtown Economic Stimulus Act) legislation, which is a clone of STAR Bonds. Can we compete?**
- ◆ **Many states in addition to Missouri have passed legislation based on the same incentives as STAR Bonds and are also actively pursuing the same retail tenants that Kansas hopes to attract. If a developer could place a major destination retailer in Dallas or Chicago, both with substantially greater populations, why would they choose Kansas?**
- **At a time when the state, public schools and local governments are facing major economic challenges, STAR Bond projects will be creating thousands of new jobs and millions in new revenue that otherwise would not exist**
  - These jobs and the revenue is being created without raising taxes
  - Olathe has long taken the stance that it is far better to create new jobs and revenue than raise taxes
    - This is the perfect tool to do so
- **The Legislature needs to be reminded that once the bonds are retired, the lion's share of new tax revenue being created will go directly to the state treasury**
  - Local governments are doing all the work and taking the risk to create this economic boon for the state...the state needs to stay at the table



**OLATHE**  
CHAMBER OF COMMERCE  
ONE VISION. ONE VOICE.

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House Economic Development  
4-27-04  
Attachment 11

- **Other states, including Missouri, allow special development district bond revenue to be used to build private buildings**
  - These states are competing for the new revenue generating businesses that are now considering Kansas
  
- **In Olathe, STAR Bond funding of the community's arena is essential to making the project happen**
  - Without STAR Bonds for the arena, the major revenue generating components will undoubtedly go to Missouri

**Conclusion:**

Reservation has been expressed about the state putting so much into STAR Bond projects.

But, who will benefit the most?

The cities are doing all the work and taking all the risk to create new revenue for the state that otherwise would not exist.

The state has to do nothing, sacrifice nothing, but ultimately will enjoy 4 or 5 times more revenue than cities.



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www.opkansas.org

Testimony  
Before The House Economic Development Committee  
Regarding  
Municipal Use of STAR Bonds

April 27, 2004

The City of Overland Park appreciates the opportunity to offer testimony regarding the use of STAR bonds by municipalities. We offer no position for or against Senate Bill 395, but we do want to stress to the committee the importance of treating all parties fairly should the committee look to alter the allowable uses of STAR bonds.

We understand that some members of the legislature believe that STAR bonds have been used in a manner not intended under the legislation passed last year. Obviously, the legislature can alter Kansas law as it sees fit. At the same time, it is important that any changes be made in a manner that does not alter the competitive framework under which municipalities have been crafting their proposed developments.

Over the past several months, the City of Overland Park has been working with a developer to bring a mid-sized arena and related entertainment businesses to a location near our convention center. The City Council has created a redevelopment district for the purpose of developing a special bond project, as required by the STAR bond statute to begin the process. The City also has executed a memorandum of understanding with the developer regarding the proposed project.

The City of Overland Park has invested time and resources in an effort to bring to the City and the State of Kansas an amenity worthy of private and public funding. Any changes made to the STAR bonds statute should not change the playing field in different ways for different projects allowing. Doing so could place Overland Park and other municipalities at a competitive disadvantage and jeopardize significant projects across the state.

Thank you for providing us an opportunity to share our concerns. As the committee proceeds in its consideration of this issue, the City of Overland Park will offer any help possible in ensuring that language is crafted in a manner that addresses the concerns of the legislature, while not creating an uneven playing field for municipalities currently working on STAR bonds projects.

House Economic Development  
4-27-04  
Attachment 12

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## MEMORANDUM

DATE: March 30, 2004  
BY: Joe L. Norton  
RE: Proposed TIF Amendment

This memorandum is in respect to the attached proposed legislation (the "Proposed Legislation") which would amend certain provisions of the K.S.A. 12 -1770 *et seq.*, the Kansas Tax Increment Financing Act (the "TIF Act"). Specifically, the Proposed Legislation is needed to amend the TIF Act to permit financing of a Major Wildlife Museum and Zoo Facility. The currently contemplated project is located wholly outside the limits of any city and is not currently located within any "eligible area" as defined in K.S.A. 12-1770a.

The proposed changes to the TIF Act included in the Proposed Legislation are as follows:

K.S.A. 12-1770a:

- new (n) definition of a Major Wildlife Museum and Zoo Facility
- new (ff) [current (ee)] - adds a Major Wildlife Museum and Zoo Facility to the definition of a "major commercial entertainment and tourism area," thus making a Major Wildlife Museum and Zoo Facility fit within the definition of an "eligible area" [current (g)]

K.S.A. 12-1771:

- modifies (c) to permit a city to establish, with written consent of the board of county commissioners, a redevelopment district wholly outside the limits of a city for a Major Wildlife Museum and Zoo Facility

K.S.A. 12-1774:

- adds to (a)(1) a new (F) to permit, with the approval of the county, permits the repayment of any special obligation bonds from the pledge of a portion or all of the revenues received by the county from any county local sales tax collected within the redevelopment district that contains a Major Wildlife Museum and Zoo Facility
- adds to (b)(1) the prohibition of use of full faith and credit tax increment bonds to finance a redevelopment project that constitutes a Major Wildlife Museum and Zoo Facility

House Economic Development  
4-27-04  
Attachment 13

K.S.A. 12-1780b:

- adds to (a) permission for a city to locate a special bond project in an area wholly outside the boundaries of any city with respect to a Major Wildlife Museum and Zoo Facility

K.S.A. 12-1780c

- amends (a) to add requirement to consult with any county planning commission in preparing a project plan for a special bond project located wholly outside the boundaries of any city with respect to a Major Wildlife Museum and Zoo Facility
- amends (b) to add requirement that the county planning commission, if any, makes a finding that a special bond project located wholly outside the boundaries of any city with respect to a Major Wildlife Museum and Zoo Facility is consistent with the comprehensive plan for development of the county.

# **PROPOSED ROLLING HILL MUSEUM AMENDMENTS**

## **[STAR BOND PROCEEDS USED TO FINANCE PUBLICLY OWNED FACILITIES]**

[Changes in **BOLD**; Deletions by Strike-Through]

### **12-1770a**

#### **Chapter 12.--CITIES AND MUNICIPALITIES**

#### **Article 17.--BUILDINGS, STRUCTURES AND GROUNDS**

**12-1770a. Definitions.** As used in this act, unless the context clearly shows otherwise:

(a) "Auto race track facility" means: (1) An auto race track facility and facilities directly related and necessary to the operation of an auto race track facility, including, but not limited to, grandstands, suites and viewing areas, concessions, souvenir facilities, catering facilities, visitor and retail centers, signage and temporary hospitality facilities, but excluding (2) hotels, motels, restaurants and retail facilities, not directly related to or necessary to the operation of such facility.

(b) "Base year assessed valuation" means the assessed valuation of all real property within the boundaries of a redevelopment district on the date the redevelopment district was established.

(c) "Blighted area" means an area which:

(1) Because of the presence of a majority of the following factors, substantially impairs or arrests the development and growth of the municipality or constitutes an economic or social liability or is a menace to the public health, safety, morals or welfare in its present condition and use:

(A) A substantial number of deteriorated or deteriorating structures;

(B) predominance of defective or inadequate street layout;

(C) unsanitary or unsafe conditions;

(D) deterioration of site improvements;

(E) tax or special assessment delinquency exceeding the fair market value of the real property;

(F) defective or unusual conditions of title including but not limited to cloudy or defective titles, multiple or unknown ownership interests to the property;

(G) improper subdivision or obsolete platting or land uses;

(H) the existence of conditions which endanger life or property by fire or other causes; or

(I) conditions which create economic obsolescence; or

(2) has been identified by any state or federal environmental agency as being environmentally contaminated to an extent that requires a remedial investigation; feasibility study and remediation or other similar state or federal action; or

(3) previously was found by resolution of the governing body to be a slum or a blighted area under K.S.A. 17-4742 *et seq.*, and amendments thereto.

(d) "Conservation area" means any improved area comprising 15% or less of the land area within the corporate limits of a city in which 50% or more of the structures in the area have an age of 35 years or more, which area is not yet blighted, but may become a blighted area due to the existence of a combination of two or more of the following factors:

- (1) Dilapidation, obsolescence or deterioration of the structures;
- (2) illegal use of individual structures;
- (3) the presence of structures below minimum code standards;
- (4) building abandonment;
- (5) excessive vacancies;
- (6) overcrowding of structures and community facilities; or
- (7) inadequate utilities and infrastructure.

(e) "De minimus" means an amount less than 15% of the land area within a redevelopment district.

(f) "Developer" means any person, firm, corporation, partnership or limited liability company, other than a city.

(g) "Eligible area" means a blighted area, conservation area, enterprise zone, historic theater, major tourism area or a major commercial entertainment and tourism area as determined by the secretary.

(h) "Enterprise zone" means an area within a city that was designated as an enterprise zone prior to July 1, 1992, pursuant to K.S.A. 12-17,107 through 12-17,113, and amendments thereto, prior to its repeal and the conservation, development or redevelopment of the area is necessary to promote the general and economic welfare of such city.

(i) "Environmental increment" means the increment determined pursuant to subsection (b) of K.S.A. 12-1771a, and amendments thereto.

(j) "Environmentally contaminated area" means an area of land having contaminated groundwater or soil which is deemed environmentally contaminated by the department of health and environment or the United States environmental protection agency.

(k) "Feasibility study" means a study which shows whether a redevelopment or special bond project's benefits and tax increment revenue and other available revenues under K.S.A. 12-1774 (a)(1), and amendments thereto, are expected to exceed or be sufficient to pay for the redevelopment or special bond project costs and the effect, if any, the redevelopment or special bond project will have on any outstanding special obligation bonds as authorized pursuant to subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto.

(l) "Historic theater" means a building constructed prior to 1940 which was constructed for the purpose of staging entertainment, including motion pictures, vaudeville shows or operas, that is operated by a nonprofit corporation and is designated by the state historic preservation officer as eligible to be on the Kansas register of historic places or is a member of the Kansas historic theatre association.

(m) "Historic theater sales tax increment" means the amount of state and local sales tax revenue imposed pursuant to K.S.A. 12-187 *et seq.*, 79-3601 *et seq.* and 79-3701 *et seq.*, and amendments thereto,

collected from taxpayers doing business within the historic theater that is in excess of the amount of such taxes collected prior to the designation of the building as a historic theater for purposes of this act.

(n) "Major wildlife museum and zoo facility" means a special bond project consisting of a major wildlife museum and zoo facility comprised of not less than ~~160~~ acres and facilities related to the operation thereto, including, but not limited to, exhibitions, amusements, theatres, concessions, souvenir facilities, visitor information centers, parking facilities, signage, hotels, motels, restaurants and retail facilities.

(o) "Major tourism area" means an area for which the secretary has made a finding the capital improvements costing not less than \$100,000,000 will be built in the state to construct an auto race track facility.

(p) "Real property taxes" means all taxes levied on an ad valorem basis upon land and improvements thereon.

(q) "Redevelopment project area" or "project area" means an area designated by a city within a redevelopment district.

(r) "Redevelopment project costs" means those costs necessary to implement a redevelopment plan, including, but not limited to costs incurred for:

- (1) Acquisition of property within the redevelopment project area;
- (2) payment of relocation assistance;
- (3) site preparation including utility relocations;
- (4) sanitary and storm sewers and lift stations;
- (5) drainage conduits, channels, levees and river walk canal facilities;
- (6) street grading, paving, graveling, macadamizing, curbing, guttering and surfacing;
- (7) street light fixtures, connection and facilities;
- (8) underground gas, water, heating and electrical services and connections located within the public right-of-way;
- (9) sidewalks and pedestrian underpasses or overpasses;
- (10) drives and driveway approaches located within the public right-of-way;
- (11) water mains and extensions;
- (12) plazas and arcades;
- (13) parking facilities;
- (14) landscaping and plantings, fountains, shelters, benches, sculptures, lighting, decorations and similar amenities; and
- (15) all related expenses to redevelop and finance the redevelopment project.



Redevelopment project costs shall not include costs incurred in connection with the construction of buildings or other structures to be owned by or leased to a developer, however, the "redevelopment project costs" shall include costs incurred in connection with the construction of buildings or other structures to be owned or leased to a developer which includes an auto race track facility or is in a redevelopment district including some or all of the land and buildings comprising a state mental institution closed pursuant to section 2 of chapter 219 of the 1995 Session Laws of Kansas.

~~(r)~~(s) "Redevelopment district" means the specific area declared to be an eligible area in which the city may develop one or more redevelopment projects.

~~(s)~~(t) "Redevelopment district plan" or "district plan" means the preliminary plan that identifies all of the proposed redevelopment project areas and identifies in a general manner all of the buildings, facilities and improvements in each that are proposed to be constructed or improved in each redevelopment project area.

~~(t)~~(u) "Redevelopment project" means the approved project to implement a project plan for the development of the established redevelopment district.

~~(u)~~(v) "Redevelopment project plan" or "project plan" means the plan adopted by a municipality for the development of a redevelopment project or projects which conforms with K.S.A. 12-1772, and amendments thereto, in a redevelopment district.

~~(v)~~(w) "Secretary" means the secretary of commerce.

~~(w)~~(x) "Substantial change" means, as applicable, a change wherein the proposed plan or plans differ substantially from the intended purpose for which the district plan or project plan was approved.

~~(x)~~(y) "Tax increment" means that amount of real property taxes collected from real property located within the redevelopment district that is in excess of the amount of real property taxes which is collected from the base year assessed valuation.

~~(y)~~(z) "Taxing subdivision" means the county, city, unified school district and any other taxing subdivision levying real property taxes, the territory or jurisdiction of which includes any currently existing or subsequently created redevelopment district.

~~(z)~~(aa) "Special bond project" means a redevelopment project with at least a \$50,000,000 capital investment and \$50,000,000 in projected gross annual sales revenues or for areas outside of metropolitan statistical areas, as defined by the federal office of management and budget the secretary finds the project meets the requirements of subsection (g) and would be of regional or statewide importance, but a "special bond project" shall not include a project for a gambling casino.

~~(aa)~~(bb) "Marketing study" means a study conducted to examine the impact of the redevelopment or special bond project upon similar businesses in the projected market area.

~~(bb)~~(cc) "Projected market area" means any area within the state in which the redevelopment or special bond project is projected to have a substantial fiscal or market impact upon businesses in such area.

~~(cc)~~(dd) "River walk canal facilities" means a canal and related water features located adjacent to a river which flows through a major commercial entertainment and tourism area and facilities related or contiguous thereto, including, but not limited to pedestrian walkways and promenades, landscaping and parking facilities.

~~(dd)~~(ee) "Commence work" means the manifest commencement of actual operations on the development site, such as, erecting a building, excavating the ground to lay a foundation or a basement or work of like description which a person with reasonable diligence can see and recognize as being done with the intention and purpose to continue work until the project is completed.

(ee)(ff) "Major commercial entertainment and tourism area" may include, but not be limited to, a major multi-sport athletic complex **or a major wildlife museum and zoo facility.**

(ff)(gg) "Major multi-sport athletic complex" means an athletic complex that is utilized for the training of athletes, the practice of athletic teams, the playing of athletic games or the hosting of events. Such project may include playing fields, parking lots and other developments.

**History:** L. 1999, ch. 83, § 1; L. 2001, ch. 103, § 2; L. 2003, ch. 97, § 1; L. 2003, ch. 154, § 3; July 1.

## 12-1771

### Chapter 12.—CITIES AND MUNICIPALITIES

#### Article 17.—BUILDINGS, STRUCTURES AND GROUNDS

**12-1771. Procedure for establishing redevelopment district; hearings; notice to landowners; modification of district boundaries.** (a) *Resolution procedure for a redevelopment district.* Any city proposing to establish a redevelopment district within an eligible area shall adopt a resolution stating that the city is considering the establishment of a redevelopment district. Such resolution shall:

- (1) Give notice that a public hearing will be held to consider the establishment of a redevelopment district and fix the date, hour and place of such public hearing;
- (2) describe the proposed boundaries of the redevelopment district;
- (3) describe the district plan;
- (4) state that a description and map of the proposed redevelopment district are available for inspection at a time and place designated;
- (5) state that the governing body will consider findings necessary for the establishment of a redevelopment district.

Notice shall be given as provided in subsection (b) of K.S.A. 12-1772, and amendments thereto.

(b) *Posthearing procedure.* Upon the conclusion of the public hearing, the governing body may pass an ordinance. Such ordinance shall: (1) Make a finding that: (A) The redevelopment district proposed to be developed is an eligible area; and (B) the conservation, development or redevelopment of such area is necessary to promote the general and economic welfare of the city; (2) contain the district plan as approved; and (3) contain the legal description of the redevelopment district and may establish the redevelopment district. Such ordinance shall contain a district plan that identifies all of the proposed redevelopment project areas and identifies in a general manner all of the buildings and facilities that are proposed to be constructed or improved in each redevelopment project area. The boundaries of such district shall not include any area not designated in the notice required by subsection (a).

(c) The governing body of a city may establish a redevelopment district within that city. Such city may establish a district inclusive of land outside the boundaries of the city or may establish a district wholly outside the boundaries of such city for a major wildlife museum and zoo facility upon written

consent of the board of county commissioners. Prior to providing written consent, the board of county commissioners shall be subject to the same procedure for public notice and hearing as is required of a city pursuant to subsection (a) for the establishment of a redevelopment district. One or more redevelopment projects may be undertaken by a city within a redevelopment district after such redevelopment district has been established in the manner provided by this section.

(d) No privately owned property subject to ad valorem taxes shall be acquired and redeveloped under the provisions of K.S.A. 12-1770 *et seq.*, and amendments thereto, if the board of county commissioners or the board of education levying taxes on such property determines by resolution adopted within 30 days following the conclusion of the hearing for the establishment of the redevelopment district required by subsection (b) that the proposed redevelopment district will have an adverse effect on such county or school district. The board of county commissioners or board of education shall deliver a copy of such resolution to the city. The city shall within 30 days of receipt of such resolution pass an ordinance terminating the redevelopment district.

(e) *Addition to area; substantial change.* Any addition of area to the redevelopment district or any substantial change as defined in K.S.A. 12-1770a, and amendments thereto, to the district plan shall be subject to the same procedure for public notice and hearing as is required for the establishment of the district.

(f) Any addition of any area to the redevelopment district shall be subject to the same procedure for public notice and hearing as is required for the establishment of the redevelopment district. The base year assessed valuation of the redevelopment district following the addition of area shall be revised to reflect the base year assessed valuation of the original area and the added area as of the date of the original establishment of the redevelopment district.

(g) A city may remove real property from a redevelopment district by an ordinance of the governing body. If more than a de minimus amount of real property is removed from a redevelopment district, the base year assessed valuation of the redevelopment district shall be revised to reflect the base year assessed valuation of the remaining real property as of the date of the original establishment of the redevelopment district.

(h) A city may divide the real property in a redevelopment district, including real property in different redevelopment project areas within a redevelopment district, into separate redevelopment districts. The base year assessed valuation of each resulting redevelopment district following such division of real property shall be revised to reflect the base year assessed valuation of the area of each resulting redevelopment district as of the date of the original establishment of the redevelopment district. Any division of real property within a redevelopment district into more than one redevelopment district shall be subject to the same procedure or public notice and hearing as is required for the establishment of the redevelopment district.

(i) If a city has undertaken a redevelopment project within a redevelopment district, and either the city wishes to subsequently remove more than a de minimus amount of real property from the redevelopment district or the city wishes to subsequently divide the real property in the redevelopment district into more than one redevelopment district, then prior to any such removal or division the city must provide a feasibility study which shows that the tax increment revenue from the resulting redevelopment district within which the redevelopment project is located is expected to be sufficient to pay the redevelopment project costs.

(j) Removal of real property from one redevelopment district and addition of all or a portion of that real property to another redevelopment district may be accomplished by the adoption of an ordinance and

in such event the determination of the existence or nonexistence of an adverse effect on the county or school district under subsection (d) shall apply to both such removal and such addition of real property to a redevelopment district.

**History:** L. 1976, ch. 69, § 2; L. 1979, ch. 52, § 2; L. 1982, ch. 75, § 7; L. 1984, ch. 74, § 2; L. 1988, ch. 78, § 2; L. 1991, ch. 59, § 1; L. 1992, ch. 202, § 11; L. 1993, ch. 213, § 1; L. 1994, ch. 63, § 2; L. 1996, ch. 228, § 2; L. 1997, ch. 162, § 1; L. 1998, ch. 17, § 2; L. 1998, ch. 169, § 1; L. 1998, ch. 199, § 22; L. 1999, ch. 83, § 4; L. 2001, ch. 103, § 3; April 26.

## 12-1774

### Chapter 12.--CITIES AND MUNICIPALITIES

#### Article 17.--BUILDINGS, STRUCTURES AND GROUNDS

**12-1774. Special obligation bonds and full faith and credit tax increment bonds; procedure for issuance; limitations; payment; exempt from taxation; refunding of bonds.** (a) (1) Any city shall have the power to issue special obligation bonds in one or more series to finance the undertaking of any redevelopment project in accordance with the provisions of this act. Such special obligation bonds shall be made payable, both as to principal and interest:

(A) From tax increments allocated to, and paid into a special fund of the city under the provisions of K.S.A. 12-1775, and amendments thereto;

(B) from revenues of the city derived from or held in connection with the undertaking and carrying out of any redevelopment project or projects under this act including historic theater sales tax increments and environmental increments;

(C) from any private sources, contributions or other financial assistance from the state or federal government;

(D) from a pledge of a portion or all of the revenue received by the city from transient guest, sales and use taxes collected pursuant to K.S.A. 12-1696 *et seq.*, 79-3601 *et seq.*, 79-3701 *et seq.* and 12-187 *et seq.*, and amendments thereto, and which are collected from taxpayers doing business within that portion of the city's redevelopment district established pursuant to K.S.A. 12-1771, and amendments thereto, occupied by a redevelopment project if there first is a finding by the secretary of commerce that based upon the feasibility study the redevelopment project will create a major tourism area for the state or if the project is the restoration of a historic theater as defined in subsection (l) of K.S.A. 12-1770a, and amendments thereto, or the project has been designated as a special bond project as defined in subsection ~~(z)~~(aa) of K.S.A. 12-1770a, and amendments thereto;

(E) (i) from a pledge of a portion or all increased revenue received by the city from franchise fees collected from utilities and other businesses using public right-of-way within the redevelopment district; (ii) from a pledge of a portion or all of the revenue received by the city from sales taxes collected pursuant to K.S.A. 12-187, and amendments thereto; or

(F) with the approval of the county, from a pledge of a portion or all of the revenues received by the county from sales and use taxes collected pursuant to K.S.A. 12-187 *et seq.* and amendments thereto, and which are collected from taxpayers doing business within that portion of the redevelopment district established pursuant to K.S.A. 12-1771, and amendments thereto, that contains a major **wildlife museum and zoo facility**; or

(FG) by any combination of these methods except that for a project which has been designated as a special bond project as defined in subsection (z) of K.S.A. 12-1770a and amendments thereto, 100% of

city and county sales taxes collected pursuant to K.S.A. 12-187, and amendments thereto, shall be pledged for such project except for amounts committed to other use by election of voters prior to the effective date of this act.

The city may pledge such revenue to the repayment of such special obligation bonds prior to, simultaneously with, or subsequent to the issuance of such special obligation bonds.

(2) Bonds issued under paragraph (1) of subsection (a) shall not be general obligations of the city, nor in any event shall they give rise to a charge against its general credit or taxing powers, or be payable out of any funds or properties other than any of those set forth in paragraph (1) of this subsection and such bonds shall so state on their face.

(3) Bonds issued under the provisions of paragraph (1) of this subsection shall be special obligations of the city and are declared to be negotiable instruments. They shall be executed by the mayor and clerk of the city and sealed with the corporate seal of the city. All details pertaining to the issuance of such special obligation bonds and terms and conditions thereof shall be determined by ordinance of the city. All special obligation bonds issued pursuant to this act and all income or interest therefrom shall be exempt from all state taxes except inheritance taxes. Such special obligation bonds shall contain none of the recitals set forth in K.S.A. 10-112, and amendments thereto. Such special obligation bonds shall, however, contain the following recitals, viz., the authority under which such special obligation bonds are issued, they are in conformity with the provisions, restrictions and limitations thereof, and that such special obligation bonds and the interest thereon are to be paid from the money and revenue received as provided in paragraph (1) of this subsection.

(b) (1) Subject to the provisions of paragraph (2) of this subsection, any city shall have the power to issue full faith and credit tax increment bonds to finance the undertaking of any redevelopment project in accordance with the provisions of K.S.A. 12-1770 *et seq.*, and amendments thereto other than a project that will create a major tourism area, ~~will~~ result in the renovation of an historic theater or constitutes a major wildlife museum and zoo facility. Such full faith and credit tax increment bonds shall be made payable, both as to principal and interest: (A) From the revenue sources identified in paragraph (1)(A), (B), (C), (D) and (E) of subsection (a) or by any combination of these sources; and (B) subject to the provisions of paragraph (2) of this subsection, from a pledge of the city's full faith and credit to use its *ad valorem* taxing authority for repayment thereof in the event all other authorized sources of revenue are not sufficient.

(2) Except as provided in paragraph (3) of this subsection, before the governing body of any city proposes to issue full faith and credit tax increment bonds as authorized by this subsection, the feasibility study required by K.S.A. 12-1772, and amendments thereto, shall demonstrate that the benefits derived from the project will exceed the cost and that the income therefrom will be sufficient to pay the costs of the project. No full faith and credit tax increment bonds shall be issued unless the governing body states in the resolution required by K.S.A. 12-1772, and amendments thereto, that it may issue such bonds to finance the proposed redevelopment project. The governing body may issue the bonds unless within 60 days following the date of the public hearing on the proposed project plan a protest petition signed by 3% of the qualified voters of the city is filed with the city clerk in accordance with the provisions of K.S.A. 25-3601 *et seq.*, and amendments thereto. If a sufficient petition is filed, no full faith and credit tax increment bonds shall be issued until the issuance of the bonds is approved by a majority of the voters voting at an election thereon. Such election shall be called and held in the manner provided by the general bond law. The failure of the voters to approve the issuance of full faith and credit tax increment bonds shall not prevent the city from issuing special obligation bonds in accordance with K.S.A. 12-1774, and amendments thereto. No such election shall be held in the event the board of county commissioners or the board of education determines, as provided in K.S.A. 12-1771, and amendments thereto, that the proposed redevelopment district will have an adverse effect on the county or school district.

(3) As an alternative to paragraph (2) of this subsection, any city which adopts a project plan but does not state its intent to issue full faith and credit tax increment bonds in the resolution required by K.S.A. 12-1772, and amendments thereto, and has not acquired property in the redevelopment project area may issue full faith and credit tax increment bonds if the governing body of the city adopts a resolution stating its intent to issue the bonds and the issuance of the bonds is approved by a majority of the voters voting at an election thereon. Such election shall be called and held in the manner provided by the general bond law. The failure of the voters to approve the issuance of full faith and credit tax increment bonds shall not prevent the city from issuing special obligation bonds pursuant to paragraph (1) of subsection (a). Any project plan adopted by a city prior to the effective date of this act in accordance with K.S.A. 12-1772, and amendments thereto, shall not be invalidated by any requirements of this act.

(4) During the progress of any redevelopment project in which the redevelopment project costs will be financed, in whole or in part, with the proceeds of full faith and credit tax increment bonds, the city may issue temporary notes in the manner provided in K.S.A. 10-123, and amendments thereto, to pay the redevelopment project costs for the project. Such temporary notes shall not be issued and the city shall not acquire property in the redevelopment project area until the requirements of paragraph (2) or (3) of this subsection, whichever is applicable, have been met.

(5) Full faith and credit tax increment bonds issued under this subsection shall be general obligations of the city and are declared to be negotiable instruments. They shall be issued in accordance with the general bond law. All such bonds and all income or interest therefrom shall be exempt from all state taxes except inheritance taxes. The amount of the full faith and credit tax increment bonds issued and outstanding which exceeds 3% of the assessed valuation of the city shall be within the bonded debt limit applicable to such city.

(6) Any city issuing special obligation bonds under the provisions of this act may refund all or part of such issue pursuant to the provisions of K.S.A. 10-116a, and amendments thereto.

(c) Any increment in ad valorem property taxes resulting from a redevelopment project in the established redevelopment district undertaken in accordance with the provisions of this act, shall be apportioned to a special fund for the payment of the redevelopment project costs, including the payment of principal and interest on any special obligation bonds or full faith and credit tax increment bonds issued to finance such project pursuant to this act and may be pledged to the payment of principal and interest on such bonds.

**History:** L. 1976, ch. 69, § 5; L. 1979, ch. 52, § 5; L. 1982, ch. 75, § 10; L. 1984, ch. 74, § 5; L. 1988, ch. 78, § 5; L. 1993, ch. 213, § 2; L. 1996, ch. 228, § 5; L. 1997, ch. 162, § 2; L. 1998, ch. 17, § 3; L. 1999, ch. 83, § 5; L. 2001, ch. 103, § 9; L. 2003, ch. 97, § 4; L. 2003, ch. 154, § 6; July 1.

## 12-1780b

### Chapter 12.--CITIES AND MUNICIPALITIES

#### Article 17.--BUILDINGS, STRUCTURES AND GROUNDS

**12-1780b. Special bond projects in cities; approval by secretary of commerce; restrictions; project including Wichita arena subject to election prior to secretary's approval.** (a) The governing body of a city may establish one or more special bond projects in any area within such city or wholly outside the boundaries of such city with respect to a major wildlife museum and zoo facility. The special bond projects shall be eligible for financing by special obligation bonds payable from revenues described by subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto. Each special bond project shall first be approved by the secretary. The secretary may approve a special bond project located in a

redevelopment district established by a city prior to the effective date of this act. A special bond project shall not be granted to any business that proposes to relocate its business from another area of the state into such city, for the purpose of consideration for a special bond project and shall not receive any of the benefits provided by K.S.A. 12-1770 *et seq.*, and amendments thereto. A special bond project shall not be approved by the secretary if the marketing study required by K.S.A. 2003 Supp. 12-1780c, and amendments thereto, indicates a substantial negative impact upon businesses in the project market area or the granting of such project would cause a default in the payment of any outstanding special obligation bonds as authorized pursuant to subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto.

(b) The maximum maturity of special obligation bonds payable primarily from revenues described by subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, to finance special bond projects pursuant to this section shall not exceed 20 years.

(c) Any redevelopment project plan in a redevelopment district located in the city of Wichita that is eligible for benefits provided by K.S.A. 12-1774 *et seq.*, and amendments thereto, and includes an arena or arena-like structure shall be subject to approval by a vote by the citizens of Wichita at an election held for this purpose prior to approval by the secretary of commerce.

**History:** L. 2003, ch. 97, § 2; L. 2003, ch. 154, § 101; July 1.

## 12-1780c

### Chapter 12.--CITIES AND MUNICIPALITIES

#### Article 17.--BUILDINGS, STRUCTURES AND GROUNDS

**12-1780c. Same; project plan, contents; resolution adopting plan; public hearing; construction time schedule.** (a) Any city proposing to undertake a special bond project established pursuant to K.S.A. 2003 Supp. 12-1780b, and amendments thereto, shall prepare a project plan in consultation with the planning commission of the city. Such project plan shall also be prepared in consultation with the planning commission of the county, if any, if a special bond project for a major wildlife museum and zoo facility is located wholly outside the boundaries of the city. The project plan shall include:

(1) A summary of the feasibility study done as defined in K.S.A. 12-1770a, and amendments thereto, which will be an open record;

(2) a summary of the marketing study done as defined in K.S.A. 12-1770a, and amendments thereto, which will be an open record;

(3) a reference to the district plan established under K.S.A. 12-1771, and amendments thereto, that identifies the project area that is set forth in the project plan that is being considered;

(4) a description and map of the location of the facility that is the subject of the special bond project;

(5) the relocation assistance plan required by K.S.A. 12-1777, and amendments thereto;

(6) a detailed description of the buildings and facilities proposed to be constructed or improved; and

(7) any other information the governing body deems necessary to advise the public of the intent of the special bond project plan.

(b) *Resolution requirements.* A copy of the project plan shall be delivered to the board of county commissioners of the county and the board of education of any school district levying taxes on property subject to the special bond project. Upon a finding by the planning commission of the city that the project plan is consistent with the intent of the comprehensive plan for the development of the city, and a finding by the planning commission of the county, if any, with respect to a special bond project for a major wildlife museum and zoo facility located wholly outside the boundaries of the city, that the project plan is consistent with the intent of the comprehensive plan for the development of the county, the governing body of the city shall adopt a resolution stating that the city is considering the adoption of the project plan. Such resolution shall:

(1) Give notice that a public hearing will be held to consider the adoption of the project plan and fix the date, hour and place of such public hearing;

(2) describe the boundaries of the area subject to the special bond project; and

(3) state that the project plan, including a summary of the feasibility study, relocation assistance plan and financial guarantees of the prospective developer and a description and map of the area to be developed are available for inspection during regular office hours in the office of the city clerk.

(c) (1) *Hearing.* The date fixed for the public hearing shall be not less than 30 nor more than 70 days following the date of the adoption of the resolution fixing the date of the hearing.

(2) A copy of the resolution providing for the public hearing shall be by certified mail, return receipt requested sent to the board of county commissioners of the county and the board of education of any school district levying taxes on property subject to the special bond project. The resolution shall be published once in the official city newspaper not less than one week nor more than two weeks preceding the date fixed for the public hearing. A description in sufficient detail to advise the reader of the particular proposed special bond project shall be published with the resolution.

(3) At the public hearing, a representative of the city shall present the city's proposed project plan. Following the presentation of the project plan, all interested persons shall be given an opportunity to be heard. The governing body for good cause shown may recess such hearing to a time and date certain, which shall be fixed in the presence of persons in attendance at the hearing.

(d) The public hearing records and feasibility study shall be subject to the open records act, K.S.A. 45-215, and amendments thereto.

(e) *Posthearing procedure.* Following the public hearing, the governing body may adopt the project plan by ordinance passed upon a 2/3 vote.

(f) Any substantial changes as defined in K.S.A. 12-1770a, and amendments thereto, to the project plan as adopted shall be subject to a public hearing following publication of notice thereof at least twice in the official city newspaper.

(g) Any project shall be completed within 20 years from the date of the approval of the project plan. Kansas resident employees shall be given priority consideration for employment in construction projects located in a special bond project area.

(h) Any developer of a special bond project shall commence work on such project within two years from the date of adoption of the project plan. Should the developer fail to commence work on the



special bond project within the two-year period, funding for such project shall cease and the developer of such project shall have one year to appeal to the secretary for reapproval of such project and the funding for it. Should the project be reapproved, the two-year period for commencement shall apply.

(i) The provisions of this act regarding special bond projects shall expire on and after July 1, 2007.

**History:** L. 2003, ch. 97, § 3; May 1.

\_\_\_/General/Lego-2004-Amendments-2.doc

DEENA HORST  
REPRESENTATIVE, SIXTY-NINTH DISTRICT  
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SALINA, KANSAS 67401  
(785) 827-8540  
deena@informatics.net  
STATE CAPITOL BUILDING—174-W  
TOPEKA, KANSAS 66612-1504  
(785) 296-7631  
horst@house.state.ks.us



TOPEKA

HOUSE OF  
REPRESENTATIVES

COMMITTEE ASSIGNMENTS  
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JOINT COMMITTEE  
VICE-CHAIRPERSON: HIGHER EDUCATION  
MEMBER: CORRECTIONS AND JUVENILE  
JUSTICE  
EDUCATION  
LOCAL GOVERNMENT

**WRITTEN TESTIMONY REGARDING PROPOSED CHANGES TO  
STAR BOND STATUTES**

**Chairman Wilk and members of the House Economic Development Committee, thank you for allowing me the opportunity to communicate my support of the request by Mr. Brown from the Rolling Hills Zoo and Museum to amend the statutes to ensure that this entity would be eligible to access STAR Bonds to develop the infrastructure in the area thus enhancing it's ability to attract tourism.**

**Those representing the Zoo and Museum will present the actual language that they feel is needed to ensure the availability of STAR Bonds to them. I lend my support to the proposed changes to the following statutes:**

**KSA 12-1770a Definitions. adding a new (n) major wildlife museum and zoo facility (definition of) AND adding a new (ff) that specifies that a major wildlife museum and zoo facility will qualify under the definition of a major commercial entertainment and tourism area.**

**KSA 12-1771 adds to the statute, language that clarifies that the governing body of a city may establish a district that is wholly outside the boundaries of the city for a major wildlife museum and zoo facility when the County Commissioners approve.**

**KSA 12-1774 adds to (a) (1) a new (F) that references that permits a county to pledge, for repayment of any special obligation bonds, a portion or all of the revenues received by the county from sales and use taxes collected from those doing business within the redevelopment district that contains a major wildlife museum and zoo facility AND adds to (b)(1) the prohibition of use of full faith and credit tax increment bonds to finance a redevelopment project that constitutes a Major Wildlife Museum and Zoo Facility.**

**OVER**

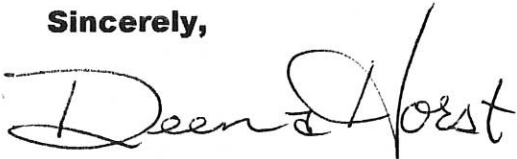
House Economic Development  
4-27-04  
Attachment 14

**KSA 12-1780b adds to (a) permission for a city to locate a special bond project in an area wholly outside the boundaries of any city when used for a Major Wildlife Museum and Zoo Facility.**

**KSA 12-1780c amends (a) to add requirement to consult with any county planning commission during preparing a project plan for a special bond project located wholly outside the boundaries of any city specifically a Major Wildlife Museum and Zoo Facility AND amends (b) to add the requirement that the county planning commission determine if the development plan is consistent with the comprehensive plan for development of the county.**

**Thank you for your assistance in ensuring that this project has the opportunity to move forward and begin serving Kansans as well as those who visit our state.**

**Sincerely,**

A handwritten signature in black ink that reads "Deena Horst". The signature is written in a cursive style with a large, looping initial "D".

**Representative Deena Horst, 69<sup>th</sup> District**

# Office of the City Manager

City Hall - 120 North Sixth Street  
Independence, Kansas 67301

April 26, 2004

Representative Kenny A. Wilk, Chairman  
House Committee on Economic Development  
House of Representatives  
300 SW 10th Street  
Topeka, KS 66612-1504

Dear Representative Wilk:

The City of Independence requests that the House Committee on Economic Development recommend the passage of Senate Bill 395, as amended on the Senate floor. This bill provides equity to those cities and counties that approved under the current statutes G.O. Bonds which were to be retired from sales tax revenues.

Independence was one of those cities whose voters approved an initiative to make certain improvements to City owned facilities. These facilities included a new aquatic park, expansion of our Carnegie Library and renovation of our Memorial Hall and Civic Center. These facilities not only serve residents of our community, but provide an economic impact by bringing visitors to our City. The cost of these three projects will be in excess of \$10,500,000, excluding interest costs for bonds issued.

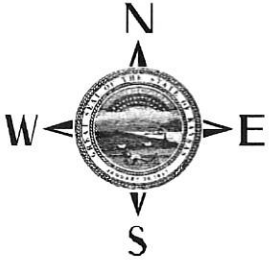
The voters in our City approved these projects with the belief that all costs would be funded by local option sales taxes. Based on recent changes in State statutes the City may be required to pay a portion of the debt service on the outstanding bonds with ad valorem tax dollars. In preparation of the \$9.6 million bond issue a fiscal analysis was completed which indicated we would need to collect \$1,231,000 per year from sales tax revenues. During the past year, City sales tax revenues to retire these bonds total just above that amount. When the change from collection of sales tax based upon destination of sale from situs of sale becomes fully implemented, we believe that we will not generate adequate sales tax revenues to retire bonds currently issued. An example is that sales tax revenues for 2003 were less than the sales tax collected for 2001 and 2002.

At this time the City requests you adopt Senate Bill 395 as amended and include cities the size of Independence so we may be treated equitably with the larger cities and counties to ensure that our citizens are not burdened with ad valorem tax increases to retire bonds which the City voters approved for local option sales taxes.

Sincerely,

  
Paul A. Sasse  
City Manager

House Economic Development  
4-27-04  
Attachment 15



# Freestate Center for Liberty Studies

827 S.W. Topeka Blvd., Topeka, KS 66612  
785-233-5157 ♦ ksfreestate@sbcglobal.net

April 27, 2004

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## Executive Director

Bob L. Corkins  
Topeka

The Hon. Kenny Wilk, Chair,  
House Economic Development Committee  
Kansas Statehouse  
300 S.W. 10<sup>th</sup> Ave., Room 426-S  
Topeka, KS 66612-1504

## Testimony in opposition to SB 395

Honorable Chair and Members of the Committee,

My name is Bob Corkins, director of the Freestate Center, a nonpartisan, nonprofit research firm advocating the constitutional principles of liberty and limited government. Our organization has devoted much time to studying the Streamlined Sales Tax Project and destination-sourcing of sales tax. Although there are many policy reasons for opposing internet sales tax, I'll concentrate on the sourcing question and make the following observation: all internet transactions could become subject to sales tax without the use of a destination-sourcing rule.

SB 395 would give welcome relief from the new sourcing rule, but only for a small number of retailers. Obviously, the reason for this bill's special STAR bond exemption from the rule is far different from the reason other retailers oppose the rule. Small retailers have commonly cited conversion costs exceeding \$20,000 each to implement destination-sourcing – these and ongoing compliance burdens being potentially fatal to many businesses. In contrast, the retailers benefiting from SB 395 have no such concern. Actually, it is the bondholders investing in these districts who are concerned with the rule's affect on sales tax receipts that are earmarked for their debt service.

The concern of certain bondholders is not more compelling than the statewide concern of small retailers. The investment return on bonds is a function of risk that every bond purchaser assumes. Our law's change to enact destination-sourcing can increase their risk by making the bonds less marketable, just like a different law change – say, to increase the sales tax rate within these districts – could make the bonds more attractive to investors. There are thousands of Kansas retailers who would love to have the same special exemption this bill offers to wealthy investors.

Don't fix the rule just for a privileged few; fix it for everybody. SB 395 would undermine the strong attempt by the Kansas House to do just that. On March 9, the House voted 95-29 to legally delay the destination-sourcing rule indefinitely for all merchants. That is a far superior policy that the House should not abandon. It would make the sourcing exemption in SB 395 totally unnecessary.

If an indefinite postponement is more than the Senate or the Governor will accept, then consider delaying destination-sourcing until a date certain in the future. There are encouraging recent reports that such a proposal might succeed. The important point is to treat all retailers the same.

Moreover, there is a great need for making Kansas policy on this issue uniform, enforceable and predictable.

(continued, over)

House Economic Development  
4-27-04  
Attachment 16

SSTP advocates are attempting to circumvent the U.S. Constitution. The national strategy is this: sidestep the Commerce Clause barrier to internet sales tax by getting enough states to make their sales tax laws more uniform. Downplay the value of state sovereignty. Downplay the Constitution's design for states to be the laboratories of social policy change. Discourage states from competing to have the lower tax burden versus one another. That is the SSTP plan. If enough states (and who knows how many will be "enough"?) enact uniform sales tax rules, there will be no undue burden on interstate commerce from taxing internet sales.

Kansas' Executive Branch, being among these SSTP advocates, is similarly showing little respect for its constitutional duty to enforce state law. Destination-sourcing is an extremely troublesome and expensive rule to implement for both the state and retailers, and it has been Kansas law for nearly a year. The Governor has said to complaining merchants "if I were you, I'd collect sales tax the way you always have and send it in," adding that if any customer questions the tax rate applied "just tell them the governor said to do it that way." Our Secretary of Revenue, despite making an address-based tax rate search publicly available, has recently said KDOR's goal is to begin enforcing the law, possibly starting in July. But even then, if a retailer at least would try to comply "you probably won't be in any trouble at all. If you don't try, we'll probably have a very serious conversation." Last September the Secretary said "I can't tell anybody they don't have to comply with the law."

The state of Kansas cannot Constitutionally have it both ways. Either we enforce the law or we must change it. Probably every member of this Legislature – perhaps every Kansan – can mention at least one state law that they would prefer to be unenforced. Prosecutorial discretion within reason is necessary. This case, however, applies that discretion in blanket fashion to millions of commercial transactions. If KDOR would articulate the specific legal standards that justify its disregard for a duly enacted law, perhaps we might find many other state statutes that could legally be ignored.

There are judicial remedies for this limbo and perhaps their time has come. A *writ of mandamus* is a court order for a governmental entity to perform its legal duty. On a more personal level, a *writ of quo warranto* is a court order removing a public official from office for, among other grounds, willful neglect to perform any duty required by law. Right now the vast majority of merchants are unwilling to bring any such action because they do not want destination-sourcing to be enforced. However, these retailers should be wary of a few pitfalls before they get too comfortable with the present leniency.

First, KDOR could begin enforcing the law at any time. Second, large national retailers who wholeheartedly support destination-sourcing could file for one of the above writs in order to thrust a sudden and expensive new cost on their small competitors. Third, any given retail customer might have standing to successfully seek enforcement.

Why should customers care? Many of them would pay less sales tax if the destination-sourcing law were enforced. What a remarkably convenient state tax result, all thanks to our continuing legal limbo. We get overtaxed now because the law is not enforced. Then, if internet sales tax becomes constitutional, the law finally gets enforced only when the net effect will be higher government revenue.

Then again, maybe the number of states adhering to SSTP will never reach the critical mass necessary to overcome Commerce Clause objections. In that event, Kansas will have implemented a new sales tax rule that does nothing but impose onerous costs on merchants, reduce local tax revenue overall, and jeopardize the investment of bondholders. Clearly, the wiser move would be to enact a more reasonable, more evenhanded policy. SB 395 works against that objective.

Thank you for your time and consideration.



**THE KANSAS  
CHAMBER**

The Force for Business

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Topeka, KS 66612-1671

785-357-6321

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[www.kansaschamber.org](http://www.kansaschamber.org)

## Legislative Testimony

**SB 395**

**Tuesday, April 27, 2004**

**Testimony before the Kansas House Economic Development Committee  
By Marlee Carpenter, Vice President Government Relations**

The Kansas Chamber has no opposition to the underlying issue in SB 395. However, during Senate floor debate an issue was amended onto the bill that causes the business community concern. The amendment was SB 477 which the Kansas Chamber testified against in both the House and Senate Tax Committees this session.

SB 477 would allow the Kansas Department of Revenue to release specific confidential taxpayer information to legislators on specific tax issues. The Kansas Chamber acknowledges that accurate and consistent information is important to the legislative process, but allowing confidential taxpayer information to be released by the Department of Revenue is not the way to fix that issue.

The taxpayer information that is confidential is confidential for a reason. This information is proprietary and provides insight into the way a company operates and functions. The release of this information could be damaging to the company or the business sector in which they operate. In many instances, when a certain business is asking for an extraordinary tax incentive, they release this information on their own, to help make their case. It should be up to the taxpayer, not the taxing department to determine what information should be released or held back.

Finally, the measure contains confidentially provisions. However, these provisions provide no remedy or ramification if legislators further release the information.

The Kansas Chamber believes that releasing confidential taxpayer information is not good public policy and urges that the provisions of SB 477 be removed from SB 395.

*The Kansas Chamber is the statewide business advocacy group, with headquarters in Topeka. It is working to make Kansas more attractive to employers by reducing the costs of doing business in Kansas. The Kansas Chamber and its affiliate organization, The Kansas Chamber Federation, have nearly 7,500 member businesses, including local and regional chambers of commerce and trade organizations. The Chamber represents small, large and medium sized employers all across Kansas.*

House Economic Development  
4-27-04  
Attachment 107

7

312 Vatter  
Manhattan, Ks

Dear Sidney Larkin,  
State Legislature:

I am Virginia (Vera) Peleuk.  
I was born in Manhattan, Kansas.  
I have lived here most of my  
life. I lived in Mexico and the  
state of Connecticut for a brief  
period. I attended local schools  
graduating from Manhattan High in  
1955. I am now retired and on  
fixed income.

I have lived in my present  
home for about 40 years. I along  
with my late husband, John Peleuk,  
reared seven children. My children  
attended local schools, some graduating  
from K-state; some from UoTee; one from  
Emporia; and one from hard knocks.

I own my home. I put in  
central air & heat. I have a garage  
for my car, and a pen for my dog.  
My home is the place where my  
children come for holidays or just  
to hang out. Will I be able to  
afford another house if it comes  
to imminent domain? I don't want  
to move to so called affordable  
housing in the outskirts of  
town; where I can't walk to  
places when I have transportation problems.

House Economic Development  
4-27-04  
Attachment 18



Initially, I understood at a neighborhood meeting for redevelopment, I would be fairly compensated for my home. I don't believe this way anymore, specially since the city may be able to use eminent domain.

People I have talked with, who live in my neighborhood feel we are being displaced from our homes for the benefit of other interests.

Where are we going to be placed? We are a mix of young families and retirees. We live in the area of redevelopment. We like it here. You must help take care of us citizens.

The city is talking about luring retirees, and hopefully buying red one at Fort Riley.

~~What~~ Where are the families going to live if there is not much affordable homes in Manhattan?

Another problem created by redevelopment and road construction: we may lose our homes in order for people to have quick access to work and shop in ~~Manhattan~~ here

who live  
outside  
Manhattan

111

They should do well to accept  
the so called rush hour  
like so many people in  
the rest of our country.

In closing I urge the  
legislators to vote for  
amendment #

Help us negotiate a fair  
price for our homes if  
we must sell. Hopefully  
we can remain in our home  
town

You, the legislators should  
do well to think about ~~this~~ the  
problem we are facing in  
our neighborhood for it  
~~can~~<sup>could</sup> happen to you.

Sincerely

Virginia Peck