

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE

The meeting was called to order by Chairperson Lana Gordon at 3:30 P.M. on February 15, 2005 in Room 526-S of the Capitol.

All members were present.

Committee staff present:

Kathie Sparks, Kansas Legislative Research Department
Rena Jefferies, Revisor of Statutes
Helen Pedigo, Revisor of Statutes
Carlene Maag, Committee Secretary

Conferees appearing before the committee:

Raymond Irwin, President, Heartland Park
Doug Kinsinger, President, Topeka Chamber of Commerce
Steve Johnson, President, Sports Car Club of America
Honorable James McClinton, Mayor of Topeka
Matt Jordan, Department of Commerce
James Bartle, Department of Revenue

Others attending:

See attached list.

A motion was made by Representative Huntington and seconded by Representative Carlin to approve the minutes of the February 3, 2005. The minutes were approved.

HB 2144: Tax increment financing; motorsports complex

Staff gave a briefing on **HB 2144**. This bill defines "major motorsports complex" as a complex in Shawnee County that is utilized for the hosting of competitions involving motor vehicles, including, but not limited to, automobiles, motorcycles or other self-propelled vehicles other than a motorized bicycle or motorized wheelchair. The committee may wish to consider amending **HB 2144**. The amendment would provide STAR bond eligibility for a major motorsports complex, just as the law presently provides for a major tourism area. (Attachment 1)

Raymond Irwin, President and Owner of Heartland Park Topeka gave testimony in support of **HB 2144** which will provide usage of special obligation bonds to fund the completion of Heartland Park Topeka, making it a world class motorsports entertainment complex. Utilization of Special Obligation Bonds to renovate Heartland Park Topeka is a logical and proper use of economic development. (Attachment 2) A pamphlet of information was given to the Committee. This information may be obtained by contacting Heartland Park, P O Box 19228, Topeka, KS 66619. The website is www.hpt.com.

Doug Kinsinger, President of the Greater Topeka Chamber of Commerce, gave testimony as a proponent for **HB 2144**. This legislation is necessary, because for a community the size of Topeka, the threshold requirements for STAR bond usage is not obtainable.

Two years ago, our community was successful in attracting the headquarters of Sports Car Club of America to Topeka. In January, 2005, Topeka was chosen as the site of the 2006 SCCA National Championship Runoffs. Topeka, Kansas will stand side-by-side with some of the great racing communities across our nation.

Last fall the City of Topeka re-committed itself to Heartland Park by approving \$5 million in additional investment to repaving the track and making other infrastructure improvements. Today, the City of Topeka is asking the Legislature to continue support for Kansas motorsports by approving **HB 2144**. (Attachment 3)

Steve Johnson, President and CEO of the Sports Car Club (SCC) of America testified as a proponent for **HB 2144**. Topeka was chosen for the SCC because Topeka and the state of Kansas was viewed to be proactive in the world of motorsports. Indianapolis, Daytona and Topeka are the hotbeds and capitals of racing. (Attachment 4)

CONTINUATION SHEET

MINUTES OF THE House Economic Development Committee at 3:30 P.M. on February 15, 2005 in Room 526-S of the Capitol.

Representative Carlson thanked Mr. Johnson for bringing the SCC to Kansas and stated he thought it would be a tremendous asset to the area.

Mayor James McClinton gave testimony as a proponent for **HB 2144**. Provisions of this bill would provide Heartland Park Topeka with some of the financial tools it needs to continue its development into a world class racing facility. Over the past two years, Raymond Irwin and his staff have rejuvenated this facility back into the regional and national destination attraction that was envisioned when it was first developed. This facility has annually provided the city and state with significant economic benefits. **HB 2144** is an opportunity to solidify Kansas as the heart of motor racing. (Attachment 5)

Matt Jordan, Department of Commerce stated Commerce is neutral on **HB 2144**. The current special bond designation requires at least \$50,000,000 in capital investment and \$50,000,000 in projected gross annual sales revenues for projects located in metropolitan statistical areas. A departure from the current "bright line" criteria would constitute a significant change in policy and result in less clarity regarding which projects are appropriate for STAR bond financing in metropolitan statistical areas. The effect of these changes creates great concern for Commerce. (Attachment 6)

Chairperson Gordon commended the Committee for asking lots of questions to better understand proposed legislation.

James Bartle of the Department of Revenue stated the Department's primary concern with **HB 2144** was addressed earlier by the revisor suggesting there be consideration given to minor amendments. The amendment the revisor proposed would make **HB 2144** unique to the Heartland Park project. On behalf of the Secretary of Revenue, Mr. Bartle suggested strong consideration be given to the revisor's amendment.

The meeting adjourned at 5 p.m. The next meeting is scheduled for February 17, 2005.

HOUSE ECONOMIC DEVELOPMENT COMMITTEE GUEST LIST

Please sign

DATE: 2-15-05

NAME	REPRESENTING
Steve Johnson	SCCA
Raymond IRWIN	Heartland Park Topeka
Nancy IRWIN	Heartland Park Topeka
JAMIE OVEROCKER	Heartland Park Topeka
Chris Bovis	Heartland Park Topeka
Kevin Michtey	Intern for Pat Hubbel + Associates
Christy Caldwell	Topeka Chamber of Comm.
JOHN C. BOTTENBERG	Heartland Park
Anthony BUCH	TCL
Matt Hickam	Kensinger + Associates
LARRY R. BAER	LKM
Whitney Gannon	City of Topeka
Jeff Preisner	City of Topeka
Mayor James A. McClinton	City of Topeka
Maran Hubert	City of Topeka
David Graversen	City of Topeka
James Bartle	Dept. of Revenue
JOHN N. NAVEI	City of Topeka

HOUSE ECONOMIC DEVELOPMENT COMMITTEE GUEST LIST

DATE: 2-15-05

NAME	REPRESENTING
Matt Jordan	Commerce
John Yenny	Commerce
Doug Kinsinger	Topeka Chamber of Commerce
Brenden Long	City of Topeka

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, ^{HP} Assistant Revisor

Date: February 15, 2005

Re: HB 2144 Briefing

HB 2144 defines "major motorsports complex" (p. 7, l. 9 - 19) as a complex in Shawnee County that is utilized for the hosting of competitions involving motor vehicles, including, but not limited to, automobiles, motorcycles or other self-propelled vehicles other than a motorized bicycle or motorized wheelchair. Such project may include racetracks, all facilities directly related and necessary to the operation of a motorsports complex, including but not limited to, parking lots, grandstands, suites and viewing areas, concessions, souvenir facilities, catering facilities, visitor and retail centers, signage and temporary hospitality facilities, but excluding hotels, motels, restaurants and retail facilities not directly related to or necessary to the operation of such facility. "Major motorsports complex" is added to the definition of "major commercial entertainment and tourism area" (p. 5, l. 33 and 34). The bill allows STAR bond financing for a major commercial entertainment and tourism area (p. 8, l. 1 - 3).

Under present law, a major commercial entertainment and tourism area is an eligible area for a non-metropolitan statistical area (MSA); however, the second requirement for special bond project status and STAR bond eligibility is that the secretary finds the project to be of regional or statewide importance. In an MSA, a special bond project is a redevelopment project with at least a \$50 million capital investment with projected annual gross sales revenue of at least \$50 million.

The committee may wish to consider amending HB 2144 (proposed amendment attached). Because the bill, as drafted, provides STAR bond eligibility for major commercial entertainment and tourism areas, the committee may wish to honor the original request for STAR bond eligibility relating to the Heartland Park project, but preclude numerous other projects that may not otherwise qualify. The amendment would provide STAR bond eligibility for a major motorsports complex, just as the law presently provides for a major tourism area (i.e. Kansas Speedway), the restoration of a historic theater or a special bond project.

House Economic Development
Attachment 1
2-15-05

1 is in excess of the amount of real property taxes which is collected from
2 the base year assessed valuation.

3 (y) "Taxing subdivision" means the county, city, unified school district
4 and any other taxing subdivision levying real property taxes, the territory
5 or jurisdiction of which includes any currently existing or subsequently
6 created redevelopment district including a bioscience development
7 district.

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

15 (aa) "Marketing study" means a study conducted to examine the im-
16 pact of the redevelopment project or special bond project upon similar
17 businesses in the projected market area.

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

21 (cc) "River walk canal facilities" means a canal and related water fea-
22 tures located adjacent to a river which flows through a major commercial
23 entertainment and tourism area and facilities related or contiguous
24 thereto, including, but not limited to pedestrian walkways and prome-
25 nades, landscaping and parking facilities.

26 (dd) "Commence work" means the manifest commencement of ac-
27 tual operations on the development site, such as, erecting a building,
28 excavating the ground to lay a foundation or a basement or work of like
29 description which a person with reasonable diligence can see and rec-
30 ognize as being done with the intention and purpose to continue work
31 until the project is completed.

32 (ee) "Major commercial entertainment and tourism area" may in-
33 clude, but not be limited to, a major multi-sport athletic complex or a
34 major motorsports complex.

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

39 (gg) "Bioscience" means the use of compositions, methods and or-
40 ganisms in cellular and molecular research, development and manufac-
41 turing processes for such diverse areas as pharmaceuticals, medical ther-
42 apeutics, medical diagnostics, medical devices, medical instruments,
43 biochemistry, microbiology, veterinary medicine, plant biology, agricul-

1 K.S.A. 12-1770a, and amendments thereto, *or if the project is a major*
 2 *commercial entertainment and tourism area* ~~as defined in subsection (ec)~~
 3 *of K.S.A. 12-1770a, and amendments thereto*, except that, with respect to
 4 a redevelopment district established prior to January 1, 2003, for which,
 5 prior to January 1, 2003, the secretary of commerce made a finding as
 6 provided in this subsection that a redevelopment project would create a
 7 major tourism area for the state, such special obligation bonds shall be
 8 payable both as to principal and interest, from a pledge of all of the
 9 revenue from any transient guest, state and local sales and use taxes col-
 10 lected from taxpayers as provided in this subsection whether or not rev-
 11 enues from such taxes are received by the city. The proceeds of special
 12 obligation bonds issued pursuant to this paragraph after the effective date
 13 of this act, shall not be used to finance personal property as defined in
 14 K.S.A. 79-102, and amendments thereto;

motorsports complex,

(uu)

15 (E) (i) from a pledge of a portion or all increased revenue received
 16 by the city from franchise fees collected from utilities and other busi-
 17 nesses using public right-of-way within the redevelopment district; (ii)
 18 from a pledge of all of the revenue received by the city from sales taxes;

19 (F) with the approval of the county, from a pledge of all of the rev-
 20 enues received by the county from any transient guest, local sales and use
 21 taxes which are collected from taxpayers doing business within that por-
 22 tion of the redevelopment district established pursuant to K.S.A. 12-1771,
 23 and amendments thereto; or

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

30 The city may pledge such revenue to the repayment of such special
 31 obligation bonds prior to, simultaneously with, or subsequent to the is-
 32 suance of such special obligation bonds.

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

38 (3) Bonds issued under the provisions of paragraph (1) of this sub-
 39 section shall be special obligations of the city and are declared to be
 40 negotiable instruments. They shall be executed by the mayor and clerk
 41 of the city and sealed with the corporate seal of the city. All details per-
 42 taining to the issuance of such special obligation bonds and terms and
 43 conditions thereof shall be determined by ordinance of the city. All special



The Heart of American Racing

Activity: Testimony before the House Economic Development Committee
Subject: House Bill 2144: Special Obligation Bonds for a Major Commercial
Entertainment and Tourism Development Area which is a
Motorsports Complex.

Date: February 15, 2005
By: Raymond Irwin
President & Owner
Heartland Park Topeka

Madam Chairman and Members of the Committee,

My name is Raymond Irwin and I operate Heartland Park Topeka, a multi-use motorsports facility built on property owned by the City of Topeka. I am requesting your support of HB 2144 which will provide for usage of special obligation bonds to fund the completion of Heartland Park Topeka, making it a world class motorsports entertainment complex.

I am a mechanical engineer by degree, but more importantly I have been a racer for 30 years, as well as an owner of another race track in Illinois for 18 years. My wife and I moved to Topeka in the spring of 2003 to purchase Heartland Park Topeka and keep it from closing.

As some of you may already know, Heartland Park Topeka was originally built in 1988 at a cost of over \$20 million as a joint city/private project. Although the original goal for Heartland Park Topeka to become a world-class multi-use motorsports complex was not achieved, operations during the early years were successful for both the track and our community, primarily due to National Hot Rod Association (NHRA) national events. However, by 2002 Heartland Park Topeka was facing imminent closure due to bankruptcy. Several factors created this dismal result including absentee ownership, almost complete dependency on high-risk events, and lack of development and utilization of all assets of the facility.

In March of 2003 I purchased the management agreement of Heartland Park Topeka. Before the end of the year, our new management team was able to reverse the financial difficulties, as well as pay off over \$1.1 million in unpaid bills left by the previous owner. A study by Washburn University in 2004 determined that Heartland Park Topeka creates over \$45 million per year in economic impact for the community of Topeka and the State of Kansas. Of that \$45 million, over \$30 million is spent directly with businesses in our community by fans and competitors who have come to events at Heartland Park. For every dollar spent at Heartland Park Topeka, over \$13 is spent in the community. Routinely we fill hotels, motels, restaurants, retail stores, and create opportunity for businesses that support the tourism industry.

House Economic Development
Attachment 2
2-15-05

In the fall of 2004 the City of Topeka committed \$5 million in assistance for the specific purpose of repairing the Heartland Park road course in order to hold the premier event of amateur road racing, the SCCA National Championship Runoffs. Through this commitment Heartland Park Topeka became the next host of this event for a minimum of three years.

Receiving the Runoffs bid has kick-started the ascension of Heartland Park Topeka toward finally achieving the originally conceived status of a world class racing and entertainment complex. Within 48 hours of the Runoffs press conference, Heartland Park began receiving inquiries from major motorsports companies regarding HPT events, facilities and even inquiring about relocation of racing operations to the Kansas area.

Racing entertainment is not the same anymore. Fan friendly and convenient environment and facilities, first class recognizable events and fan welcoming communities are the norm for successful venues. The City of Topeka's commitment of \$5 million provided only the first step in launching Heartland Park Topeka toward becoming a first class motorsports complex. Additional funding must now be obtained to renovate and develop the rest of the facility in order to attract fans, competitors, and manufacturers to Topeka and Kansas.

Increasing the number and magnitude of motorsports events at Heartland Park Topeka will create significant increases in city, county and state sales tax revenues. This influx of retail trade from tourism provides an even greater benefit to our community and to the State of Kansas.

Utilization of Special Obligation Bonds to renovate Heartland Park Topeka is a logical and proper use of economic development funds:

- The activities at Heartland Park do not compete with other local business.
- Bond funds will only be utilized to develop infrastructure and renovate facilities that will support events conducted at Heartland Park Topeka.
- There is a direct return not only in increased retail sales tax from Heartland Park events, but an even larger increase from regional sales tax.

Heartland Park Topeka has a proven record of success of creating tourism and economic stimulus for Kansas. Now that the track is stable, and the SCCA Runoffs is creating racing industry-wide awareness of Heartland Park, Kansas, and Topeka, a great opportunity awaits us to finally achieve the status of being a world class motorsports and entertainment complex.

With your support of HB 2144, these opportunities for the State of Kansas only await the completion of the facilities at Heartland Park Topeka.

Heartland Park Topeka respectfully asks for your support of HB 2144, and the support of our vision for the State of Kansas.

Testimony before the House Economic Development Committee
Regarding HB 2144 – Special Obligation Bonds for a Major Commercial Entertainment
and Tourism Area which is a motorsports complex
February 15, 2005
By: Doug Kinsinger, President & CEO
Greater Topeka Chamber of Commerce and GO Topeka

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Topeka, Kansas 66603-3515

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Madam Chairman and Committee:

My name is Doug Kinsinger; I am president of the Greater Topeka Chamber of Commerce. I'm here today to ask for your support of HB 2144 which will allow the City of Topeka to utilize special obligation bonds, retired by the various means as delineated in the bill, for Heartland Park Topeka.

The citizens of Topeka were visionary back in the 1980's when they voted to build Heartland Park Topeka; Topekan's saw the potential draw a racing facility in the center of the U.S. can have in attracting racing enthusiasts from across the country to a world class facility, just as the citizens of Wyandotte County and the State of Kansas has experienced more recently. Racing continues to be a growing economic engine for our state.

Two years ago, our community was successful in attracting the headquarters of Sports Car Club of America to Topeka, they built a new headquarters building at Forbes Field where they have been holding the SCCA Solo Finals for 10 years, where over 1200 drivers and 5000+ spectators become part of our city's landscape for several days each year.

In January, 2005, Topeka was chosen as the site of the 2006 SCCA National Championship Runoffs which will involve hosting 1000 racing teams, 750 volunteers from around the nation, and over 30,000 spectators from across the country. Up until this decision was made, in the last 43 years this race has only been hosted at Mid-Ohio, Daytona, Road Atlanta, and Riverside, CA. Topeka, Kansas will stand side-by-side with some of the great racing communities across our nation. We need to assure this standing and make certain we retain this national race and attract others.

Last September some Topeka community leaders went to Mid-Ohio to see the Championship Runoffs and get an idea of what impact this race can have. My eyes were widened by what we saw.

As you know, racing is big business and brings significant tourism to locations across the nation. The SCCA National Championship Runoffs will bring more attention and increased activity to Heartland Park as drivers, their teams and racing-related businesses utilize the track to become more experienced in driving on the championship roadway in the next national runoff. There are many drivers who have launched their careers as professional race car drivers by participating in the SCCA Runoffs.

Heartland Park is publicly owned by the City of Topeka. This asset was initiated through a city bond issue of \$20 million by the citizens of Topeka in 1988. Last fall the City of Topeka re-committed itself to Heartland Park by approving \$5 Million in additional investment to repaving the track and making other infrastructure improvements.

Today we are asking you, the legislature, to continue your support for Kansas motorsports by approving HB 2144. Including "major motorsports complex" as eligible to utilize these bonds will allow our community to bring this facility to the level that we need to retain the runoffs and attract other similar races. The bill clearly delineates that the bonds issued by the city are "only for" the racing facility, not other developments such as hotels, restaurants, or retail that is not directly-related to the operation of the racetrack but might be built in the designated area. This protection assures other businesses in Topeka do not experience unfair competition from local government.

All Kansans have seen the positive economic impact the Kansas Speedway has provided our state, please allow Heartland Park the same opportunity to become one of the premier racing facilities in the nation; one that will bring major races and additional tourism to our city and the associated tourism dollars to our state. We ask that you vote favorably for HB 2144.

Thank you.

House Economic Development
Attachment 3
2-15-05

Testimony before the House Economic Development Committee
Regarding HB2144
February 15, 2005
By Steve Johnson, President and CEO, Sports Car Club of America, Inc.

Madam Chairman and Committee:

My name is Steve Johnson; I am the President and CEO of the Sports Car Club of America. It is an honor and a privilege to stand in front of you and call the great state of Kansas my home, and the home of the leading motorsports organization in the world...the Sports Car Club of America.

We chose to relocate our organization to the State of Kansas from Colorado three years ago. We could have gone anywhere and we were courted by many cities. We chose Topeka, Kansas because we viewed your city and state to be proactive in the world of motorsports, a state on the move and a place we would be proud to call home.

I am proud to say that you have exceeded our expectations. Because of that, the State of Kansas, the City of Topeka and Heartland Park Topeka Race track have been awarded the SCCA National Championship Runoffs beginning in 2006. You have seen and heard the positive economic impact to the community. What you may not be aware of is the impact and visibility your city and state will have within the industry.

It is my feeling that after all the attendees of the event from the oil companies, car manufacturers, tire companies, sponsors, race teams, media and countless spectators experience the state of Kansas and the city of Topeka, many are going to do what I did. Call the state of Kansas home.

I said it three years ago and it got many smirks. I say it today and it is a reality. Indianapolis, Daytona and Topeka are the hotbeds and capitals of racing.

I obviously support and ask for your support of House Bill 2144.



CITY OF TOPEKA

James A. McClinton, Mayor
215 S.E. 7th Street, Room 352
Topeka, Kansas 66603
Phone 785-368-3895
Fax Number 785-368-3850

Testimony of Mayor James A. McClinton HB 2144

I am here today to express the support of the City of Topeka for HB 2144. As you know, the provisions of this bill would provide Heartland Park Topeka with some of the financial tools it needs to continue its development into a world-class racing facility.

In the mid-1980's, the City of Topeka invested approximately \$7 million (along with \$15 million in private investment) to build and develop Heartland Park Topeka. While the track has provided a substantial economic benefit to this community and to the state since its inception, mismanagement of the facility in recent years threatened its future.

Fortunately, Heartland Park Topeka has been rescued by people who love the sport of motor racing and know how to make the passion for it grow. Over the past two years, Raymond Irwin and his staff have rejuvenated this facility back into the regional and national destination attraction that was envisioned when it was first developed. He has solidified the track's relationship with NHRA and developed a solid foundation of local, regional, and national events throughout the year.

Most recently and importantly, as you've already been told, Heartland Park Topeka has secured the crown jewel of sports car racing in this country, the SCCA National Runoffs, beginning in 2006. The City of Topeka participated in the effort to attract the Runoffs when the City Council last year unanimously approved the expenditure of \$5 million for the reconstruction of the track, as well as other needed improvements. Clearly, the City of Topeka considers this facility and its continued viability a key part of our economic future.

The city and state will both benefit greatly from the improvement of Heartland Park Topeka. This facility has annually provided the city and state with *significant* economic benefits. The SCCA National Runoffs, as well as other events planned for the track, will increase these benefits several fold. The presence of complementary world-class racing facilities and events at Kansas Speedway and Heartland Park Topeka will provide the national racing community and the public with motor racing facilities that are unmatched in this country! HB 2144 is an opportunity to solidify Kansas as the heart of motor racing.

On behalf of the City of Topeka, I ask for your favorable consideration of this bill.



KANSAS

DEPARTMENT OF COMMERCE
HOWARD R. FRICKE, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

Testimony to the House Committee on Economic Development
Matt Jordan, Director of Operations
February 15, 2005

House Bill 2144

Chairperson Gordon and members of the committee, the Department of Commerce appreciates the opportunity to testify as a neutral party on HB 2144. The bill amends the definition of a "Major commercial entertainment and tourism area" in K.S.A. 12-1770a(ee) so that such area may include, but not be limited to, a major multi-sport athletic complex *or a major motorsports complex*.

The bill would add a definition of "Major motorsports complex" to mean "a complex in Shawnee county that is utilized for the hosting of competitions involving motor vehicles, including, but not limited to, automobiles, motorcycles or other self-propelled vehicles other than a motorized bicycle or motorized wheelchair. Such projects may include racetracks, all facilities directly related and necessary to the operation of a motorsports complex, including but not limited to, parking lots, grandstands, suites and viewing areas, concessions, souvenir facilities, catering facilities, visitor and retail centers, signage and temporary hospitality facilities, but excluding hotels, motels, restaurants, and retail facilities not directly related to or necessary to the operation of such facility."

Finally, the bill would amend K.S.A. 12-1774(a)(1)(D) to allow cities to pledge transient guest and state and local sales and use taxes to pay special obligation bonds issued to finance redevelopment projects if the project is a major commercial entertainment and tourism area as defined in subsection (ee) of K.S.A. 12-1770a, and amendments thereto.

HB 2144, beyond allowing the Heartland Park project to be financed by STAR bonds, would no longer require a STAR bond project to be designated as a "special bond project." The current special bond designation requires at least \$50,000,000 in capital investment and \$50,000,000 in projected gross annual sales revenues for projects located in metropolitan statistical areas.

Such a departure from the current "bright line" criteria would constitute a significant change in policy and result in less clarity regarding which projects are appropriate for STAR bond financing in metropolitan statistical areas. The effect of these changes creates great concern for Commerce. This bill will likely create uncertainty as to what projects are eligible in the future. It also makes the authority to review and approve projects by the Secretary much more tenuous.

While Commerce is neutral on HB 2144, the agency would request that if this bill passes out of committee that it include a provision to return the authority for approving STAR Bonds projects back to the Legislature, so it can have the ability to determine appropriate use on a case-by-case basis.

I wish to thank the committee for its time and would now stand for questions.