

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 A.M. on January 17, 2006 in Room 123-S of the Capitol.

All members were present except:
Senator Reitz-excused

Committee staff present:
Kathie Sparks, Kansas Legislative Research Department
Helen Pedigo, Revisor of Statutes
Jackie Lunn, Committee Secretary

Conferees appearing before the committee:

Others attending:
See attached list.

Chairperson Brownlee opened the meeting indicating there would be a bill introduction by Marlee Carpenter reforming preexisting conditions for a workers compensation bill. **Senator Emler made a motion to introduce the bill. Senator Jordan seconded. Motion carried.**

Chairperson Brownlee noted that there would be a discussion of STAR Bonds in an informational format and then introduced Secretary Fricke, Secretary of Commerce, and thanked him for appearing before the Senate Commerce Committee.

Secretary Fricke thanked the committee for the opportunity to talk about STAR Bonds and said that he was pleased to say that Kansas has experienced job growth and more Kansans are working today than in any other month in our state's history. Secretary Fricke offered written testimony. (Attachment 1) He expressed his pride in the Department of Commerce and their part in making an impact on Kansas economy with involvement in such projects as Capital One, Farmer Insurance Group, InfoNxx and retention projects which he felt the committee was familiar with such as Applebees as well as Spirit Aerosystems. The Department of Commerce has a variety of tools that are well known to help the economy grow. One of these is the sales tax and revenue STAR Bonds, which are a powerful financing tool intended to promote the development of major tourism efforts in Kansas as well as stimulate the Kansas economy. As you know, the legislature has by statute delegated to the Secretary of Commerce the authority to determine whether the issuance of STAR Bonds to help finance proposed projects should be approved or not approved. Subject to approval they can be utilized by any city in Kansas to finance the development of major commercial entertainment and tourism areas. STAR Bonds may finance costs necessary to implement the redevelopment project plan including land acquisition, site preparation, landscaping, parking and other infrastructure. STAR bonds may not be used to pay fees and commissions to consultants who represent businesses considering locating in a redevelopment district, salaries for local government employees, lobbying costs, property taxes for businesses that locate in the redevelopment district or moving expenses for those businesses' employees. State and local sales tax revenues collected from taxpayers doing business within the redevelopment district are used to retire STAR Bonds.

For proposed projects located within a Metropolitan Statistical Area, Kansas law requires \$50 million in capital investment and \$50 million of projected gross annual sales. For projects proposed to be located outside of a Metropolitan Statistical Area, the proposed project must be located in an eligible area and be of regional or statewide importance.

The statutory procedure for launching a project begins locally with establishment of a redevelopment district through a resolution and hearing process, development of a special bond project plan including a feasibility study which also involves a resolution and hearing process. Following the public hearing the governing body may adopt the project plan by ordinance passed upon a two-thirds vote.

First, to be an eligible area for STAR Bond financing purposes, a proposed project must be a major commercial entertainment and tourism area as determined by the Secretary. Second, the Secretary determines that a proposed project sufficiently promotes, stimulates and develops the general and economic welfare of

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the State. Third, certain expenses incurred to redevelop and finance redevelopment projects require prior approval of the Secretary in order to be reimbursed with STAR Bond proceeds.

STAR Bonds have been used to help finance the Kansas Speedway and Village West Tourism District in Wyandotte County and Kansas City, Kansas. Schlitterbahn Vacation Village project east of I-435 was also approved as a STAR Bond project. Schlitterbahn will be before the committee tomorrow to present their project. Abilene, Edwardsville, Hutchinson, Manhattan, Olathe, Overland Park, Topeka and Wichita have submitted projects. Abilene, Hutchinson and Topeka have been preliminarily determined as eligible for STAR Bond financing; the other proposed projects were subsequently withdrawn.

Opening the floor for questioning, Senator Brownlee noted that Secretary Fricke had with him the Rules and Regulations regarding STAR Bonds and asked when they went into effect. Secretary Fricke stated they have not been formally adopted; they are waiting for approval from the Attorney General. However, they are the Rules and Regs that they have been operating under for the last year. When asked what the time frame was after a public hearing for the rules to go into effect Secretary Fricke stated it depended on whether a revision is required after public comments are received. If so, they must go through the Department of Administration for approval, the Attorney General's office for their approval and once that is accomplished they are approval by the Secretary of State's office.

Senator Wysong asked if it was true that there was a maximum on STAR Bonds to be issued anytime by the state and the answer is no. Outside of the new water park, are there any other Wyandotte County projects that are interested in STAR Bonds. Secretary Fricke responded that they had not been officially notified of any projects. Senator Wysong inquired of the Chair if there would have to be a vote in the committee or on the floor or does the Secretary and his office make that determination and the response was the Secretary.

Senator Schodorf inquired about the Wichita project and was told it was Waterwalk which was withdrawn. No STAR Bonds are being received even though the project is being developed due to the fact that there have been no requests. When the project was before the Committee a few years ago, was it before the Senate or just the delegation? Senator Emler stated initially it started in the House as a Wichita specific project but the bill that the Senate approved was one that would create a pattern that would work for the entire state. What happens when a project such as Waterwalk is submitted and they change the plan would they have to return to get approval again. Secretary Fricke stated while Commerce is very open and receptive to discussing with the community ideas and concepts, if any changes are made after the approval those changes must be approved before the project is finalized.

Senator Barone asked Secretary Fricke if the Schlitterbahn project was approved using the present Rules and Regulations. Secretary Fricke stated it was. Senator Barone stated he felt that this was putting the cart before the horse approving a project before the Rules and Reg were approved. Secretary Fricke stated that the Rules and Regs are proposed and are waiting for the signature of the Attorney General. Secretary Fricke stated that the Rules and Regs had been shared with everyone extensively and most of the developers and projects are aware of what the proposed Rules and Regs are. Secretary Fricke stated he felt the proposed Rules and Regs are consistent with the Statutes and would he would be reluctant to hold up a project because they had not been signed by the Attorney General yet. Senator Barone asked if STAR Bonds for Schlitterbahn would negatively impact Worlds of Fun. Secretary Fricke stated that Senator Barone must be referring to a newspaper article where a reporter made that assumption. He also stated he did not have knowledge on what the impact would be on Worlds of Fun, but the Schlitterbahn people spoke with the Great Wolf Lodge and the Lodge stated they will welcome the competition as it would generate more traffic. Senator Barone noted there were also press releases concerning a major furniture closing in the Kansas City metro area and wondered if Nebraska Furniture Mart had anything to do with that. Senator Barone stated he felt that when one company gets a major tax break while putting others in financial trouble it creates a situation that should be carefully examined. Senator Barone asked if Schlitterbahn would be able to go forward without STAR Bonds. Secretary Fricke stated that the Schlitterbahn people could respond to that question tomorrow when they give their presentation to the Committee. Secretary Fricke did say they are like any other business, looking for incentives to locate. Senator Barone stated that we should look at any attraction which competes with existing attractions very carefully. Secretary Fricke agreed.

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Senator Brownlee commented on the Rules and Regs. The Statute was passed in 2004 authorizing Rules and Regs now a year later there is still no finality.

Senator Jordan did share that the Joint Committee on Economic Development looked at the Rules and Regs and wanted to comment on Senator Barone's comments on competition. Senator Jordan stated that is the reason for the market study in the Statute and the need to look very closely at unfair advantages and that would be part of the review process. Secretary Fricke stated that land purchased with STAR bond funding should only be used for the developed and approved project. He also stated excess land that allows the developer to profit using STAR bonds is not the intent of the STAR bond legislation. Secretary Fricke stated the Village West is considering shrinking the redevelopment district in the Village West area for that very reason.

Senator Wysong noted that he had heard that the Schlitterbahn water park would help Worlds of Fun and Oceans of Fun.

Senator Brownlee asked if there was additional criteria in the Statute that governs STAR Bonds that relates to the decision making that cities might not be aware of. Secretary Fricke said no, that all criteria used was published and made available to all communities and was also on the web-site.

Chairperson Brownlee asked for an update on projects that have been presented to the Department of Commerce for STAR bond approval. Secretary Fricke felt the Hutchinson project is moving rapidly and is in the final stage of their market study; the Manhattan project is moving and should become a reality, and the Abilene project would also become a reality. He also stated that Overland Park had a very good project but withdrew due to lack of mutual agreement with developers.

Chairperson Brownlee asked if the Statute was adequate for small communities. Secretary Fricke thought that between the statute and proposed Rules and Regs it is.

Chairman Brownlee asked if Hutchinson had enough sales tax generation in their area and the response was yes and the district will support the small amount of STAR Bonds they are looking for. A major portion of the Salt Mine Museum is financed locally through contributions.

Senator Emler asked about the Abilene project with the projection that the project is for the whole town and is there a projection that they would draw I-70 traffic. The detailed market study is not complete and they make sure that the study is done by a reputable firm.

Chairperson Brownlee thanked Secretary Fricke for his presentation to the committee.

Chairperson Brownlee asked John Yearly with the Department of Commerce to briefly walk the committee through the proposed Rules and Regs. ([Attachment 2](#)) Mr. Yearly stated that Rules and Regs are meant to define things that are not clearly defined in the Statute. Mr. Yearly reviewed the proposed Rules and Regs with the Committee.

A question from Senator Wysong asked for further detail on the bond trustee. Does each project have a trustee? Mr. Yearly stated It is a function of a bank or financial institution and yes, there is one for each project. Their role is to pay the monies collected. Mr. Yearly stated he did not know how the bond trustee is selected.

Senator Kelly inquired about induced expenditure. Regarding the Hutchinson project, there being no expectation of money from the Salt Mine project so a larger area was created, is this already an established area. How do you set up a baseline for induced expenditure? Mr. Yearly said there would be a history of sales tax generated. There is not a defined time period as a base to look at. Mr. Yearly also stated this is different from TIF financing; however, you would look at employment and sales tax generation in that district. Senator Kelly felt that consistent criteria needed to be established regardless of where projects are located.

Senator Kelly also asked what happened if deadlines are not met. Mr. Yearly responded that under the

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legislation the maximum bond repayment is 20 years so the bond holders, if the repayment is going slow, they would have that period of time in which they would get all the sales tax generated within that district. Outside of that, the legal remedy the bond holders have is very limited.

Senator Brownlee stated for example, Hutchinson might have more sales in restaurants, hotels, etc. so their baseline would be taken on whatever is included and the additional sales tax is what they apply to STAR Bonds. Mr. Yearly responded in the negative, stating that those types of things would be looked at to determine the impact of the project. The Statute requires that the collection of sales tax in the district is collected from the date that the district is established and the STAR Bonds are issued and approved. It is not a collection above that baseline, it is all the sales tax. Chairperson Brownlee asked where we ended up on Heartland Park; did we not take the additional sales tax in addition to existing sales tax?. Mr. Yearly said that it would take all the sales tax as well.

Senator Barone asked if expanded districts take all the sales tax then the city and state take a hit. Mr. Yearly said yes, the use of STAR Bonds for projects like Hutchinson in which the state and local government give up tax revenues. It is not the intention to lose in the long-run since there should be an increase in overall revenues.

Chairperson Brownlee asked Secretary Fricke about his committee which helped with these decisions. Secretary Fricke stated he has an advisory committee made up of a variety of folks, which provide advise and direction only. They do not vote.

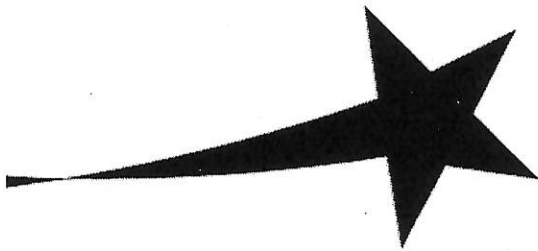
Senator Barone asked if the marketing studies were public information. Secretary Fricke stated that after they had been submitted they are public information.

Meeting adjourned at 9:30 a.m. with the next scheduled meeting for January 18, 2006 at 8:30 a.m. in room 123S.



KANSAS
DEPARTMENT OF COMMERCE

Howard R. Fricke, Secretary



STAR Bonds

Senate Commerce Committee

January 17, 2006

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Senate Commerce Committee

January 17, 2006

Attachment 1-1

STAR Bonds
Testimony to Senate Commerce Committee
January 17, 2006
Presented by the Kansas Department of Commerce

Thank you for the opportunity to appear before you today. I am pleased to be able to say that Kansas has experienced 20 straight months of job growth. More Kansans are working today than at any other point in our history. I am proud that the Department of Commerce has an opportunity to be a part of projects that make a meaningful impact on the Kansas economy. In the past year, we have been involved with projects such as Capital One which is bringing 750 new jobs to Kansas; Farmer Insurance Group is expanding its 280- person facility and adding 480 new jobs; InfoNxx is bringing 940 new jobs and making a capital investment of \$16 million in Wichita. We have also participated in retention projects such as Applebee's and Spirit Aerosystems to ensure that Kansas companies remain in Kansas and employing Kansans.

Within the Department of Commerce, we have a variety of tools to help grow our economy. One of which is Sales Tax And Revenue (STAR) Bonds, a powerful financing tool intended to promote the development of major tourism projects in Kansas and stimulate the Kansas economy, which is what I am here to discuss today.

The Legislature has statutorily delegated to the Secretary of Commerce the authority to determine whether the issuance of STAR Bonds to help finance proposed projects should be approved or not. Subject to approval, they can be utilized by any city in Kansas to finance the development of major commercial entertainment and tourism areas. STAR Bonds may finance certain costs necessary to implement the redevelopment project plan including land acquisition,

site preparation, landscaping, parking and other infrastructure. STAR Bonds may not be used to pay fees and commissions to consultants who represent businesses considering locating in a redevelopment district, salaries for local government employees, lobbying costs, property taxes for businesses that locate in the redevelopment district or moving expenses for those businesses' employees. State and local sales tax revenues collected from taxpayers doing business within the redevelopment district are used to retire STAR Bonds issued to help pay for projects.

For projects proposed to be located within a Metropolitan Statistical Area, Kansas law requires a project must have \$50 million in capital investment and \$50 million of projected gross annual sales. For projects proposed to be located outside of a Metropolitan Statistical Area, the proposed project must be located in an eligible area and be of regional or statewide importance.

The statutory procedure for launching a project begins locally with establishment of a redevelopment district through a resolution and hearing process, development of a special bond project plan including a feasibility study which also involves a resolution and hearing process. Following the public hearing the governing body may adopt the project plan by ordinance passed upon a two-thirds vote.

The law establishes three roles for the Secretary of Commerce in the STAR Bonds process. First, to be an eligible area for STAR Bond financing purposes, a proposed project must be a major commercial entertainment and tourism area as determined by the Secretary. Second, the Secretary determines that a proposed project sufficiently promotes, stimulates and develops the general and economic welfare of the State. Third, certain expenses incurred to redevelop and

finance redevelopment projects require prior approval of the Secretary in order to be reimbursed with STAR Bond proceeds.

To date, STAR Bonds have been used to help finance the Kansas Speedway and Village West Tourism District in Wyandotte County and Kansas City, Kansas. Recently, the Schlitterbahn Vacation Village project, located adjacent to the Village West project and just east of I-435 was also approved as a STAR Bond project. Other communities that have either discussed or submitted proposed projects include: Abilene, Edwardsville, Hutchinson, Manhattan, Olathe, Overland Park, Topeka and Wichita. The projects proposed in Abilene, Hutchinson and Topeka have been preliminarily determined as eligible for STAR Bond financing. Edwardsville, Olathe and Overland Park have all proposed projects but subsequently withdrew them.

110-9-1. Definitions. As used in these regulations, the following terms shall have these meanings:

(a) "Applicant" means a city in Kansas seeking to finance a redevelopment project using STAR bonds.

(b) "City" means the governing body of an incorporated Kansas municipality.

(c) "County" means the governing body of an incorporated Kansas county.

(d) "Direct expenditures" means visitors' spending that directly supports the jobs and incomes of people and firms that deal directly with visitors brought to an area by a tourism attraction.

(e) "Direct job creation" means the establishment of any position in which a person will be employed by a business to perform duties in connection with the operation of the business on one of the following bases:

(1) A year-round, full-time basis;

(2) a part-time basis, if the person is customarily performing the duties at least 20 hours each week throughout the taxable year; or

(3) a seasonal basis, if the person performs the duties for substantially all of the season customary for the position in which the person is employed.

(f) "Eligible area" has the meaning specified in K.S.A. 12-1770a, and amendments thereto. This term may include noncontiguous land if the secretary determines that a sufficient connection exists appropriate for the proposed project.

(g) "Enabling effects" means the pattern of business development of compatible industries in an area or region due to direct, indirect, or induced expenditures and the

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environmental effects of a tourism attraction.

(h) "Fixtures" means goods, as defined in the uniform commercial code, K.S.A. 84-1-101 et seq. and amendments thereto, that have become so related to specific real property that an interest in them arises under real property law.

(i) "Indirect expenditures" means the amount of money expended in regional sectors that supply goods and services in support of the direct expenditures resulting from a tourism attraction.

(j) "Induced expenditures" means the increased sales within a region resulting from a tourism attraction.

(k) "Principal" means one or more persons with the primary responsibility for the development of a STAR bond project.

(l) "Regional," as used in K.S.A. 12-1770a(z)(2)(B) and amendments thereto, means multistate.

(m) "Secretary" means the secretary of the department of commerce.

(n) "STAR bonds" means sales tax revenue bonds payable from the revenue sources identified in K.S.A. 12-1774(a)(1)(D) and K.S.A. 12-1774(a)(1)(F), and amendments thereto. (Authorized by K.S.A. 2004 Supp. 74-5002r; implementing K.S.A. 2004 Supp. 74-5002r and K.S.A. 74-5005, as amended by L. 2005, ch. 104, § 9; effective P-_____.)

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110-9-2. Special bond project plan; additional documentation. Each applicant that desires to use STAR bonds to finance a special bond project in Kansas shall apply to the secretary for a determination that the project qualifies as a major commercial entertainment or tourism area. If the project is to be located in a redevelopment district that is wholly within a county but not within a city's limits, then after the county approves the creation of the district, a city within the county shall agree by interlocal agreement to be the county's sponsoring applicant.

(a) Each applicant shall provide the secretary with a special bond project plan prepared pursuant to K.S.A. 12-1780c, and amendments thereto. Each applicant shall also provide the following:

(1) Documentation that the city has met all resolution, hearing, and ordinance requirements;

(2) a statement on how the proposed project meets the eligibility limitations on bond authority set forth in K.S.A. 12-1770a(g), and amendments thereto;

(3) a project budget; and

(4) any other relevant information required by the secretary.

(b) The summary of the feasibility study included as part of the special bond project plan shall be prepared by an independent party with recognized expertise in preparing this type of study and shall include the following:

(1) The information required by K.S.A. 12-1770a(k), and amendments thereto;

(2) a description of any project submitted under K.S.A. 12-1771d, and amendments thereto, to satisfy the requirements of K.S.A. 12-1770a(l), and amendments thereto;

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(3) a statement of how the jobs and taxes obtained from the project will contribute significantly to the economic development of the state and region;

(4) a statement concerning whether a portion of the sales taxes collected pursuant to K.S.A. 12-187, and amendments thereto, is committed to other uses and unavailable as revenue for the redevelopment project. If a portion of sales taxes is so committed, the applicant shall describe the following:

(A) The percentage of sales taxes collected that is so committed; and

(B) the date or dates on which this diverted revenue can be pledged for repayment of special obligation bonds;

(5) an anticipated principal and interest payment schedule on the bonds; and

(6) a copy of the minutes of the governing body meeting or meetings of any city whose bonding authority will be utilized in the project, evidencing that a redevelopment plan has been created, discussed, and adopted by the city in a regularly scheduled open public meeting.

(c) If any of the items specified in this regulation are not included, the applicant shall be notified about the items or information required to be provided to the secretary before the secretary will respond. (Authorized by K.S.A. 2004 Supp. 74-5002r; implementing K.S.A. 2004 Supp. 12-1770a, as amended by L. 2005, ch. 186, § 7, K.S.A. 2004 Supp. 12-1771d, K.S.A. 2004 Supp. 12-1780b, as amended by L. 2005, ch. 132, § 9, K.S.A. 2004 Supp. 12-1780c, as amended by L. 2005, ch. 132, § 10, and K.S.A. 74-5005, as amended by L. 2005, ch. 104, § 9; effective P-
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110-9-3. Certain findings; timing. If a finding by the secretary is required under K.S.A. 12-1774(a)(1)(D) and amendments thereto, the finding shall be made by the secretary within 60 days of the secretary's receipt of the information required by K.A.R. 110-9-2. A copy of this finding, when made, shall be mailed to the applicant. (Authorized by K.S.A. 2004 Supp. 74-5002r; implementing K.S.A. 2004 Supp. 12-1770a, as amended by L. 2005, ch. 186, § 7, K.S.A. 2004 Supp. 12-1774(a)(1)(D), as amended by L. 2005, ch. 132, § 6, and K.S.A. 74-5005, as amended by L. 2005, ch. 104, § 9; effective P-_____.)

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110-9-4. Secretary's review. Upon completion of the secretary's review of each special bond project plan, each applicant shall receive a written response containing a determination or seeking further information. If the written response requests further information, the 60-day time frame specified in K.A.R. 110-9-3 shall exclude the period beginning on the date on which the letter requesting further information is mailed through the date on which the information is received by the secretary. (Authorized by K.S.A. 2004 Supp. 74-5002r; implementing K.S.A. 2004 Supp. 12-1770a(g), as amended by L. 2005, ch. 186, § 7, K.S.A. 2004 Supp. 12-1774(a)(1)(D), as amended by L. 2005, ch. 132, § 6, and K.S.A. 74-5005, as amended by L. 2005, ch. 104, § 9; effective P-_____.)

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110-9-5. Due diligence. Before the secretary approves the use of STAR bonds to finance any special bond project, the applicant shall provide the secretary with evidence that the applicant has with due diligence explored the background and financial viability of the principals. If any principal has been convicted of a felony or a misdemeanor involving moral turpitude or business or financial improprieties, or is now or has ever been charged with or convicted of any civil or criminal offense relating to the conduct of the business of the principal or the issuance, sale, or solicitation for sale of any type of security, the applicant shall disclose this information. (Authorized by K.S.A. 2004 Supp. 74-5002r; implementing K.S.A. 2004 Supp. 12-1774(a)(1)(D), as amended by L. 2005, ch. 132, § 6, and K.S.A. 74-5005, as amended by L. 2005, ch. 104, § 9; effective P-_____.)

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110-9-6. Major commercial entertainment and tourism area; criteria. The following criteria shall be utilized by the secretary to determine whether a proposed project constitutes a major commercial entertainment and tourism area:

(a) Visitation, which shall include the following:

(1) Out-of-state visitation;

(2) visitation drawn from more than 100 miles distant from the community where the proposed project would be located; and

(3) the total annual visitation;

(b) economic impact, which shall include the following:

(1) Direct expenditures;

(2) indirect expenditures;

(3) induced expenditures;

(4) enabling effects; and

(5) direct job creation;

(c) the unique quality of the proposed project, in terms of any of the following:

(1) The national destination attraction market;

(2) a defined multistate market area;

(3) the Kansas destination attraction market;

(4) the ability of the proposed project to utilize the nature, culture, or heritage that is unique to Kansas; or

(5) the ability of the proposed project to provide Kansas with a valuable, national market brand identity;

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(d) the ability of the proposed project to gain sufficient market share to meet the following conditions:

(1) Remain profitable past the term of repayment of the STAR bonds; and

(2) maintain status as a significant factor for travel decisions;

(e) integration and collaboration with other resources or businesses, as determined by any of the following:

(1) Creation of overnight stays;

(2) collaboration or competition with other available retail and destination attractions;

and

(3) the ability of the proposed project to utilize the nature, culture, or heritage that is unique to Kansas;

(f) the quality of service and experience provided, as measured against national consumer standards for the specific target market; and

(g) proposed project accountability, measured according to best industry practices.

(Authorized by K.S.A. 2004 Supp. 74-5002r; implementing K.S.A. 2004 Supp. 12-1770a, as amended by L. 2005, ch. 186, § 7, K.S.A. 2004 Supp. 12-1774(a)(1)(D), as amended by L. 2005, ch. 132, § 6, and K.S.A. 74-5005, as amended by L. 2005, ch. 104, § 9; effective P-

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110-9-7. Audit reports. The period to be audited for the purpose of the annual audit reports shall be July 1 through the following June 30. Each audit report shall be submitted to the secretary on or before October 1 of the year in which that audited period ends. (Authorized by K.S.A. 2004 Supp. 74-5002r; implementing L. 2005, ch. 132, § 13 and K.S.A. 74-5005, as amended by L. 2005, ch. 104, § 9; effective P-_____.)

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110-9-8. Bond payments; subsequent special bond projects. (a) Each bond trustee shall distribute all revenues that have been pledged to pay the principal and interest on the special obligation bonds issued by a city to finance a special bond project in accordance with the provisions of the applicable bond resolution or trust indenture, upon distribution of the revenues by the Kansas department of revenue to the bond trustee.

(b) A city that has received STAR bond funding shall not receive additional STAR bond funding for any subsequent special bond project in the same redevelopment district without first receiving approval for each subsequent special bond project from the secretary. (Authorized by K.S.A. 2004 Supp. 74-5002r; implementing K.S.A. 2004 Supp. 12-1774, as amended by L. 2005, ch. 132, § 6, and K.S.A. 74-5005, as amended by L. 2005, ch. 104, § 9; effective P-

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