

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT AND TOURISM COMMITTEE

The meeting was called to order by Chairman Lana Gordon at 3:30 p.m. on March 2, 2009, in Room 711 of the Docking State Office Building.

All members were present.

Committee staff present:

Jason Long, Office of the Revisor of Statutes
Doug Taylor, Office of the Revisor of Statutes
Reed Holwegner, Kansas Legislative Research Department
Ann Deitcher, Committee Assistant

Conferees appearing before the committee:

David Kerr, Secretary, Department of Commerce
Natalie Haag, Director of Governmental Affairs, Security Benefit Corporation
Christy Caldwell, Vice-President Government Affairs, Greater Topeka Chamber of Commerce
Laverne Squier, Kansas Economic Development Alliance (KEDA)
Dave Holtwick, Vice-President Government Affairs, Overland Park Chamber of Commerce
John Petersen, Polsinelli Shughart, Law Firm
Mike Taylor, Public Relations Director, Unified Government Public Relations
Karl Capps, MD Management
Luke Bell, Vice President of Government Affairs, Kansas Assoc. Of Realtors
Richard Cram, Kansas Department of Revenue

SB 120 - Kansas investments in major products and comprehensive training act.

The Chair introduced Secretary David Kerr who addressed the Committee in support of **SB 120**, (Attachment 1), saying that it would further broaden the appeal of the state Investments in Major Projects and Comprehensive training (IMPACT) program and was of great interest to service-sector companies.

He said that over the past decade, the service sector was one of the fastest growing sectors of the Kansas economy and that as businesses show interest in our state, they always look to the package of incentives that we can bring to the table. He felt that at a time of limited resources, we should all look to efficiencies and a targeted and agile approach to recruitment and he believed this bill would allow the state to use the same resources in better and more useful ways.

Next on the agenda, Natalie Haag spoke as a proponent to **SB 120**, (Attachment 2), and explained that se2, a subsidiary of Security Benefit Corporation, started business a few years ago to fill a niche in the market and capitalize on our great electronic platform and cost-effective workforce. Se2, which stands for service end to end, was a third party administrator provider for other insurance companies.

Ms Haag said the IMPACT program could help spread the start up cost over several years, thereby making se2 a more attractive alternative to companies shopping for an administrator. She felt that **SB 120** would open the door to opportunities to grow service industry jobs such as those at se2.

Christy Caldwell appeared next, expressing her agency's strong support for **SB 120**, saying it clarified language within the Investment in Major Projects and Comprehensive Training programs (IMPACT). She believed this proposed change in IMPACT would make us more competitive in attracting new service companies to Kansas and in assisting the ones here to grow. (Attachment 3).

CONTINUATION SHEET

Minutes of the House Economic Development And Tourism Committee at 3:30 p.m. on March 2, 2009, in Room 711 of the Docking State Office Building.

Lavern Squier addressed the Committee next saying that KEDA members were economic development practitioners from all across Kansas. (Attachment 4). He said that our real-world experience tells us that incentives were a critical factor in the attraction and/or creation of jobs and investment. He added that they'd also found that competition was increasing and Kansas had to offer competitive incentives if they wanted to stay in the game. He concluded by saying that the change in the IMPACT program proposed in this legislation would be very beneficial and he encouraged their support to **SB 120**.

Next to appear as a proponent to **SB 120**, Dave Holtwick said that he was appearing on behalf of his agency's board of directors and their nearly 900 member companies. (Attachment 5). He said that efforts to recruit new businesses to the area and to maintain the businesses they have was growing increasingly difficult.

Mr. Holtwick told the Committee that he believed that changing this legislation would provide additional flexibility in the use of IMPACT funds that would be very valuable to companies investing in Kansas.

Written only testimony in support of **SB 120** was offered by Kent Eckles, VP of Governmental Affairs, Kansas Chamber of Commerce, (Attachment 6), and Ashley Sherard, VP Lenexa Chamber of Commerce, (Attachment 7).

Questions and answers followed.

The hearing was closed on **SB 120**.

SB 119 - Enacting the community improvement district act.

Assistant Revisor Jason Long offered an overview of **SB 119**. (Attachment 8). Telling the Committee that this bill would establish the Community Improvement District Act, he said that it would create various methods for municipalities to create improvement districts within their boundaries and various methods for financing projects within those districts. He explained the definitions in the sections of the bill.

John Petersen appeared on behalf of his client, the Community Improvement Coalition in support of **SB 119**. (Attachment 9), saying that it would allow local Kansas communities to establish Community Improvement Districts (CID). This is very similar in form and substance to what has been an effective economic development tool in many states, most notably in Missouri.

Generally stated, he said the creation of CID would allow new revenue sources to be established within the District for purpose of paying certain development costs incurred within the District. He pointed out that unlike Tax Increment Financing or STAR Bond Financing, a CID would not divert any sales tax or property taxes away from taxing jurisdictions.

Questions and answers followed.

Speaking in support of **SB 119**, Mike Taylor said it would give the Board of Commissioners and citizens of Wyandotte County another valuable tool to continue growing the economy, creating jobs and improving neighborhoods. (Attachment 10).

CONTINUATION SHEET

Minutes of the House Economic Development And Tourism Committee at 3:30 p.m. on March 2, 2009, in Room 711 of the Docking State Office Building.

Mr. Taylor told the Committee that with traditional local government revenues such as the Local Ad Valorem Tax Reduction Fund, Machinery and Equipment “slider” reimbursement and other dollars being stripped away on a regular basis by the Legislature, communities need more options and flexibility to pay services and fund projects which improve the community.

Christy Caldwell briefly addressed the Committee again saying that her agency thought of **SB 119** as a great tool that others states, including our neighbors in Missouri, were using to develop their communities and provide a great quality of life. They felt that Kansas would benefit as well. ([Attachment 11](#)).

Karl Capps spoke next in support of **SB 119**, saying that as a developer of 30 years in the State of Kansas, he felt this type of economic development tool had been available in a number of states for several years and he believed that in today’s economic climate we have to be competitive with our neighboring states. He felt that Kansas should add this important option to the toolbox of economic development. ([Attachment 12](#)).

Appearing next was Luke Bell who spoke in support of **SB 119**, saying it would allow cities and counties to establish a Community Improvement District to provide financing for economic development projects. The formation of these districts would be entirely voluntary through petition of property owners within the proposed district. ([Attachment 13](#)).

Lavern Squier presented testimony in support of **SB 119** saying that it was important that Kansas attract capital investment and development, including increased retail activity that stabilized local property taxes. He felt that tools such as **SB 119** would assist their efforts. He pointed out that CIDs were entirely a local option and provided significant flexibility to encourage progress and were formed via a voluntary petition of property owners with the proposed district. Stressing that a CID would not divert any sales or property tax away from any local or state government, he pointed out that district revenues could be used to finance land acquisition, horizontal or vertical development costs and some operations costs of a project. ([Attachment 14](#)).

Speaking in favor of **SB 119**, Dave Holdwick appeared once again, saying that one of the strengths of this legislation was that the Community Improvement District (CID) was formed voluntarily with the property owners within the proposed District. It would provide local municipalities another tool for their use to help stimulate local development. ([Attachment 15](#)).

Saying that another benefit was that creating the CID would no divert sales or property taxes away from other taxing jurisdictions. Also, these revenues may be used to finance land acquisition, horizontal development costs, vertical development costs and certain operational costs of the development project.

Richard Cram appeared in opposition to the advancement of **SB 119**, saying that if this proposal did advance, the Department would request an amendment that would allow them to retain 2% of the sales tax revenue collected from the CID tax to cover their administration costs. ([Attachment 16](#)).

He said the Department believed this proposal would likely cause significant proliferation of special taxing jurisdictions for the purposes of financing a greatly expanded list of types of potential projects with special local sales taxes imposed within those jurisdictions – even when there were businesses objecting to imposition of those taxes.

CONTINUATION SHEET

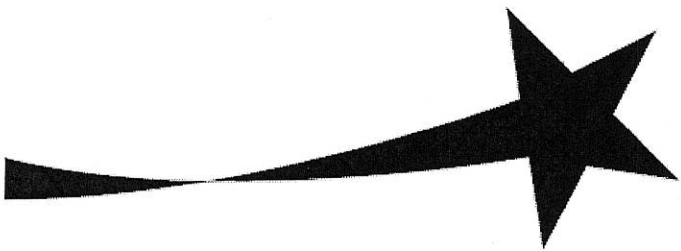
Minutes of the House Economic Development And Tourism Committee at 3:30 p.m. on March 2, 2009, in Room 711 of the Docking State Office Building.

Written only testimony in support of **SB 119** was offered by Eric Stafford, Dir. Of Government Affairs for Assoc. General Contractors of Kansas, Inc., (Attachment 17); Dennis Lauver, Pres. And CEO, Salina Area Chamber of Commerce, Rita Deister, Administrator, Saline County and Jason Gage, City Manager, City of Salina, (Attachment 18); Jason Hilgers, Asst. City Manager, Manhattan, (Attachment 19); Ashley Sherard, VP, Lenexa Chamber of Commerce (Attachment 20) and Northeast Johnson County Chamber of Commerce, (Attachment 21).

The meeting was adjourned at 5:20 p.m. The next meeting is scheduled for Wednesday, March 4, 2009.



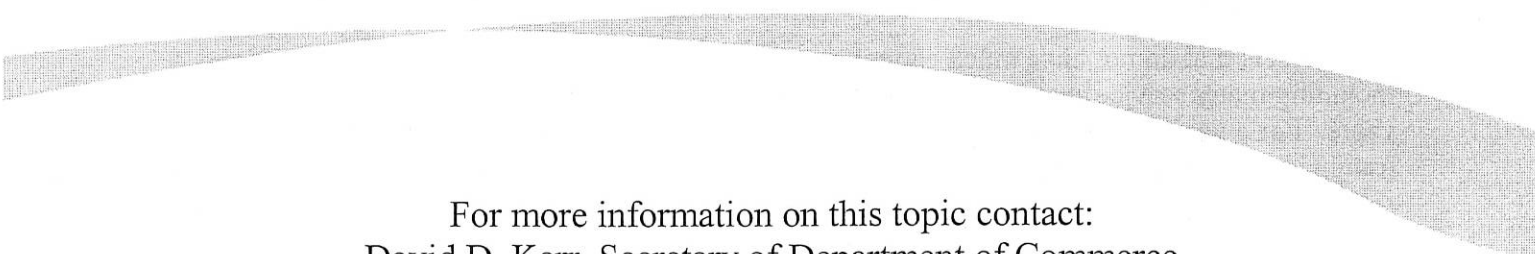
KANSAS
DEPARTMENT OF COMMERCE
David D. Kerr, Secretary



Testimony in support of SB 120

**House Economic Development
and Tourism Committee**

March 2, 2009



For more information on this topic contact:
David D. Kerr, Secretary of Department of Commerce
Phone: (785) 296-2741
Fax: (785) 296-3665
www.kansascommerce.com

Economic Development & Tourism
Date: 3-2-09
Attachment # 1-1

**Testimony in support of SB 120
Presented to the House Economic Development
and Tourism Committee**

By Secretary David D. Kerr
Kansas Department of Commerce

March 2, 2009

Chairwoman Gordon and members of the Committee:

Thank you for this opportunity to appear in support of SB 120, a bill that will further broaden the appeal of the state Investments in Major Projects and Comprehensive Training (IMPACT) program and is of great interest to service-sector companies.

The bill would clarify the use of program funds for certain costs, including the ability to use the funds to pay wages for new employees during training. As the nature of the workforce and the demands of industries change over time, our recruitment tools and strategies must remain flexible.

As businesses show interest in our state, they always look to the package of incentives that we can bring to the table. Businesses will look at how they can use the incentive package funds that best suits their needs. Their needs will vary by industry and include needs such as capital investment, direct training, curriculum development, workforce recruitment, etc.

If an incentive offer is limited to expenses such as capital investment and direct training costs, a company may not be able to utilize the full award or they may discount the value of the award. And in a comparison between a rigid offer and another state's flexible offer, the company will value the offer with the greatest flexibility. The company may even devalue the offer in their calculations to better reflect the portion of the award they think they can realistically use.

For projects that do not have much capital investment but create a significant number of jobs—including many service sector projects—this flexibility created by SB 120 has considerable value. For awards that do not include a portion for Major Project Investment (MPI) or non-training costs, the flexibility this bill provides is crucial. Over the past decade, the service sector is one of the fastest growing sectors of the Kansas economy. Our finance, insurance, engineering and real estate firms are especially active. Our incentives need to match their needs.

At a time of limited resources, we should all look to efficiencies and a targeted and agile approach to recruitment. This bill allows the state to use the same resources in better and more useful ways. I appreciate your interest and strongly encourage the advancement of this bill to attract and grow Kansas businesses and the Kansas economy. Thank you.

**HOUSE ECONOMIC DEVELOPMENT AND TOURISM COMMITTEE
SENATE BILL 120**

Testimony in support

Presented by:

Natalie G. Haag

2nd Vice President/Director of Gov'tal Affairs
and Assistant General Counsel
Security Benefit Corporation
Topeka, Kansas

Madam Chair and members of the committee:

Thank you for the opportunity to testify in support of Senate Bill 120. During a Senate Commerce Committee presentation several weeks ago, Mr. Blake Schreck, President of the Lenexa Chamber of Commerce, presented data showing that service-producing industries represent a principal driver of the Kansas economy. His presentation noted that in 2006 service-producing industries represented 39.7% of the Kansas gross domestic product. Security Benefit is one of those financial services companies that make up the service industry sector in the state of Kansas.

Accordingly, Security Benefit would be an example of the type of industry which might be able to benefit by the modifications to IMPACT proposed in SB 120. Let me give you an example of the type of challenges we face and how these modifications might benefit job growth.

se2, a subsidiary of Security Benefit Corporation, started business a few years ago to fill a niche in the market and capitalize on our great electronic platform and cost-effective workforce. se2—which stands for service end to end—is a third party administrator provider for other insurance companies. A third party administrator handles the customer transactions, paperwork, and responses to customer questions. se2 can administer annuity and life business for other insurance companies at 30% to 70% of these companies' current cost for administering their own business. Given the current economy, other insurance companies are looking for ways to reduce expenses, including opportunities to minimize the expense of administering their business. This is the perfect opportunity for se2 to expand its business and create new jobs in Kansas.

Only a few other companies are currently involved in this third party administrator market. However, like many other workforce driven industries, insurance companies are also exploring the need to off-shore this administrative work as part of cost savings programs. se2 offers companies an alternative to sending work to another country.

Currently, se2 has over 1 million contracts under administration for insurance companies. se2 has experienced a net growth of 180 jobs during the last two years. This isn't job growth in just Shawnee County because 20% of the Security Benefit workforce lives outside Shawnee County including Douglas, Finney, Jackson, Jefferson, Johnson, Lyon, Nemaha, Neosho, Osage, Pottawatomie, Riley, Sedgwick and Wabaunsee counties.

se2 has been approached by a number of other companies exploring the options of outsourcing contract administration. se2 has the capacity to add 600,000 contracts per year to the current number of contracts under management. On average, fifty jobs are added for every 200,000

contracts. The entry-level starting yearly salary, benefits, and bonuses for the individuals handling the insurance and securities transactions total \$60,000. As you would expect, the IT staff, consultants and transition team earn more. These are jobs that will stay in Kansas for a number of years because the service contracts are a minimum of 8 years, with an expected life of 15 years. Additionally, it costs about \$12 million to convert 200,000 contracts to the se2 system. Any company wanting to move the business after the 8 year initial contract would face similar costs to start up the administration elsewhere.

The IMPACT program could help spread the start up cost over several years, thereby making se2 a more attractive alternative to companies shopping for an administrator. These start-up costs include technology updates and modifications, IT expertise to handle the electronic transfer of data, and the training costs for the workforce. se2 hires workers for the new business and provides these workers 6 months of training before they are allowed to handle customer files. During this time, every worker is required to obtain a Series 6 securities license. The educational training for the license exam is provided by se2. se2 also continues to pay the worker if they need to take the examination more than once. None of these workers make money for se2 during the training and education process.

Because our job expansion efforts are primarily workforce expenses, an IMPACT program focused on machinery and equipment has not been helpful in attracting this type of business to Kansas. Senate Bill 120 would open the door to opportunities to grow service industry jobs such as those at se2.

On behalf of se2 and Security Benefit Corporation, I would urge your support of SB 120.

Testimony
House Economic Development & Tourism Committee
March 2, 2009
SB 120 Amending the Kansas IMPACT Incentive Program
By: Christy Caldwell, Vice President Government Relations
Greater Topeka Chamber of Commerce

Chairman Gordon and Members of the Committee:

The Greater Topeka Chamber of Commerce would like to express our strong support for SB 120 which clarifies language within the Investment in Major Projects and Comprehensive Training program (IMPACT). This business incentive was created to help Kansas attract quality jobs and investment to our state. It is a beneficial program our economic development department utilizes when encouraging manufacturing companies to locate or expand in our community.

The clarification in SB 120, striking language on page 3, lines 8 & 9 will improve the program by clearly indentifying IMPACT's availability and usability for companies in business and financial services and R & D. This flexibility in the program will help address upfront costs including wages that service industries incur before new employees generate long-term business production and revenues.

Today, the largest segment of business growth is outside the manufacturing sector. Service industries create high-waged jobs and these companies have indicated their essential need to have employees with advanced skills. Due to the intensive nature of training and the time dedicated to training, employers many times carry the expense of preparing their new employees for months before the employees are productive. The suggested clarification in SB 120 addresses this issue and alleviates a barrier that now exists for service industries expanding or relocating in Kansas.

The Topeka Chamber believe this proposed change in IMPACT will make us more competitive in attracting new service companies to Kansas and in assisting the ones here to grow. We ask the Committee's support for this change to the IMPACT program. We urge your approval of SB 120.

Thank you.

Economic Development & Tourism
Date: 3-2-09
Attachment # 3



Testimony in Support of Senate Bill 120

**Presented by Lavern Squier
Representing the Kansas Economic Development Alliance (KEDA)**

**House Economic Development and Tourism Committee
March 2nd, 2009**

Madam Chair and Commerce Committee Members:

My name is Lavern Squier and I am the Chair of the Economic Development Competitiveness Task Force for the Kansas Economic Development Alliance. KEDA members are economic development practitioners from all across Kansas. I am pleased to be able to be here today to express our interest in and support for Senate Bill 120.

Members of KEDA are on the front lines of economic development efforts throughout the state and we are often frustrated because our effectiveness seems to be eroding even as we are expecting greater results in the face of intensifying competition. For some time, most of our members have felt that enhancements were needed in the economic development tools available to be used for business recruitment and retention if Kansas is to remain competitive.

Our real-world experience tells us that incentives are a critical factor in the attraction and/or creation of jobs and investment. We have also found that competition is increasing and Kansas has to offer competitive incentives if we want to “stay in the game”. Finally, we have seen that the tools available for our use are greatly limited and their value in the marketplace is diminishing.

With those concerns in mind, over 100 KEDA members, elected officials, Department of Commerce staff members, consultants and others held meetings in 2008 throughout the state to gather grass roots input and to discuss possible options. One of the suggested changes was to re-vamp the Investment s in Major Projects and Comprehensive Training (IMPACT) program to make it more usable and more flexible. Senate Bill 120 is a step in that direction.

Allowing IMPACT program funds to be used to pay wages of employees while they are undergoing training necessary to make them effective in their jobs makes this tool more usable and more flexible. This will help make our members more competitive in recruiting and retaining businesses in Kansas and it will help the companies they assist become successful sooner than they might otherwise be.

The change in the IMPACT program proposed in this legislation would be very beneficial. I encourage you to support Senate Bill 120. Thank you for your time.

Economic Development & Tourism
Date: 3-2-09
Attachment # 4



Testimony in Support of Senate Bill 119

Submitted by Dave Holtwick
On behalf of the Overland Park Chamber of Commerce

House Economic Development and Tourism Committee
Monday, March 2nd, 2009

Madam Chair and Committee Members:

My name is Dave Holtwick and I am Vice President of Government Affairs with the Overland Park Chamber of Commerce. I am appearing today on behalf of our board of directors and our nearly 900 member companies. I appreciate the opportunity to appear before you to share testimony in support of Senate Bill 119 also known as the Community Improvement District Act.

This legislation would provide local municipalities another tool for their use to help stimulate local development. Overland Park is part of a larger metropolitan area that is split by a state line meaning we share a border with a state that allows this tool to be used. I believe this places Kansas cities and counties at a competitive disadvantage with our Missouri neighbors.

One of the strengths of this legislation is that the Community Improvement District (CID) is formed voluntarily with the property owners within the proposed District. This means that the businesses within the district must set themselves apart from other similar businesses (in the area but not in the district) where a consumer might not pay the same level of sales taxes they will be required to pay within the district.

Another benefit of this legislation is that creating the Community Improvement District will not divert sales or property taxes away from other taxing jurisdictions. Since this is an additional tax, creation of a CID will not result in any lost revenue to a City, County, School District or the State. This gives local units of government a powerful tool to help generate new economic activity without the fiscal note other incentives might have.

One last benefit of this legislation that sets it apart from some other current tools is the flexibility for use of the revenues derived through creation of a CID district. These revenues may be used to finance land acquisition, horizontal development costs, vertical development costs and certain operational costs (e.g. entertainment, security, cleaning, and promotional) of the development project.

In summary, I believe this legislation would provide a powerful tool for local units of government to use to help stimulate economic activity. Thank you very much for your time today. I encourage you to support Senate Bill 119.

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t: **Economic Development & Tourism**
Date: 3-2-09
Attachment # 5

**Testimony before the House Economic Development & Tourism Committee
Senate Bill 120 – IMPACT
Presented by J. Kent Eckles
Vice President of Government Affairs
Monday, March 2nd, 2009**

The Kansas Chamber appreciates the opportunity to submit written testimony in favor of Senate Bill 120, regarding the Investments in Major Projects and Comprehensive Training program.

The Chamber welcomes enhancements to the Department of Commerce's IMPACT program as we have over the last several legislative sessions. We have long believed removing the restriction on using funds to pay for those employees being trained would make the program more attractive to both existing and prospective Kansas businesses.

The need for training new employees or re-training existing employees is essential whenever a company upgrades their equipment, undergoes new manufacturing processes (LEAN, Six Sigma, Kaizen or other), offers a new product line or simply expands their employee base due to growth of their business.

Because the IMPACT program is the state's premier economic development incentive program, the Chamber is pleased to be able to offer its strong support of the bill.

Again, we appreciate the opportunity to offer written testimony on SB 120 and look forward to working with the committee and the Department of Commerce as the measure makes its way through the legislative process.

The Kansas Chamber, with headquarters in Topeka, Kansas, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to live and work. The Chamber represents small, medium, and large employers all across Kansas. Please contact me directly if you have any questions regarding this testimony.



835 SW Topeka Blvd. Topeka, KS 66

Economic Development & Tourism
Date: 3-2-09
Attachment # 6



The Historic Lackman-Thompson Estate

11180 Lackman Road

Lenexa, KS 66219-1236

913.888.1414

Fax 913.888.3770

TO: Representative Lana Gordon, Chairperson
Members, House Economic Development Committee

FROM: Ashley Sherard, Vice-President
Lenexa Chamber of Commerce

DATE: March 2, 2009

RE: **SB 120 – More Flexibility in the Project Costs Eligible to Use
IMPACT Funds**

The Lenexa Chamber of Commerce would like to express its support for SB 120, which would expand the definition of “project costs” eligible to use IMPACT funds to include wages paid to persons receiving education or training under a project.

The state is currently faced with the significant challenge of promoting statewide economic development while hampered by limited financial resources and existing incentive tools that are rapidly losing competitive ground – in particular, incentives for projects that invest more heavily in jobs than in capital improvements.

Within that difficult context we believe SB 120 is a smart step in the right direction, taking an existing incentive program with existing unused fiscal resources and simply expanding the types of project costs for which those funds may be used, increasing the incentive’s usability and potential value in attracting and retaining businesses.

In addition, we believe the proposed change better reflects and wisely adapts to the evolving marketplace, in which service industries have become a significant economic driver and for whom training and retraining of workers can be a critical economic issue.

For these reasons, the Lenexa Chamber of Commerce urges the committee to recommend SB 120 favorably for passage. Thank you for your time and consideration of this important issue.

Economic Development & Tourism

Date: 3-2-09

Attachment # 7

MARY ANN TORRENCE, ATTORNEY
REVISOR OF STATUTES
JAMES A. WILSON III, ATTORNEY
FIRST ASSISTANT REVISOR
GORDON L. SELF, ATTORNEY
FIRST ASSISTANT REVISOR



OFFICE OF REVISOR OF STATUTES
KANSAS LEGISLATURE

Legal Consultation—
Legislative Committees and Legislators
Legislative Bill Drafting
Legislative Committee Staff
Secretary—
Legislative Coordinating Council
Kansas Commission on
Interstate Cooperation
Kansas Statutes Annotated
Editing and Publication
Legislative Information System

Overview of Senate Bill 119
The Community Improvement District Act

Jason B. Long
Assistant Revisor
Office of Revisor of Statutes

March 2, 2009

Senate Bill 119 would established the Community Improvement District Act (Act). This Act would create various methods for municipalities to create improvement districts within their boundaries and various methods for financing projects within those districts. Currently, there are many statutes authorizing various types of special district creation and improvement project financing. For example, there are the tax increment financing laws, the STAR bond law, the transportation development district laws and the public improvement district laws. These statutes, however, are typically narrow in terms of the scope of district that can be created and the type of financing that may be used to pay for the project. SB 119 would create a much broader set of laws for municipalities to work under.

Section 1 of the bill provides key definitions. The definition of “cost,” which applies to the cost of the project, includes all preparation and administrative costs in planning and creating the district, all fees and expenses incurred in issuing bonds, all land, labor, material and other costs incurred in planning and completing the project, including a charge of up to 5% of the total cost of the project to reimburse a municipality for administrative and supervisory work done by municipality officers. “Cost” also includes those costs authorized by K.S.A. 10-116a, the general

bond law, for property and projects already owned by the municipality and previously financed by a bond issuance.

The other key definition is what constitutes a “project.” A “project” includes any purchase, installation, construction, repair, etc. of a public improvement, such as buildings, street lights, sidewalks, roadways, parking lots or garages, water lines, drainage systems, parks, public transportation amenities and public art displays. “Project” also includes any of the following:

(1) operating or contracting for the provision of music, news, child-care, parking or public transportation;

(2) providing or contracting for the provision of security personnel, equipment or facilities;

(3) providing or contract for cleaning and maintenance of public or private property;

(4) producing or promoting tourism, recreational or cultural events;

(5) supporting business activities and economic development;

(6) providing or supporting employee training programs for businesses; and

(7) conducting or contracting for economic impact planning, marketing or other studies.

Sections 3 and 4 of the bill provide the two methods for creation of a district. Section 3 authorizes creation of a district upon receipt of a petition which: (1) Is signed by all landowners within the proposed district; (2) is seeking financing of the project only by assessments; and (3) is not seeking the issuance of full faith and credit bonds. Upon receipt of such a petition the governing body of the municipality may authorize the creation of the district and the project by a majority vote. There is no requirement for public notice or hearing prior to such action. There is also no requirement that all property benefitting from the project be included in the district or be subject to the assessment.

Section 4 authorizes creation of a district upon receipt of a petition which is signed by more than 50% of the landowners within the proposed district and by landowners collectively owning more than 50% of the assessed value of the land within the proposed district. Such a petition may seek financing by proposing a community improvement district sales tax or by the issuance of full faith and credit bonds. The governing body is required to give notice of and conduct a public hearing prior to taking any action on such petitions. As with section 3, there is

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no requirement that all property benefitting from the project be included in the proposed district or be subject to any assessment or special taxation imposed to finance the project.

Section 5 provides that in addition to the methods of financing permitted by sections 3 and 4, a governing body may also levy special assessments on property within the district to finance the costs of a project. The general improvement and assessment laws (K.S.A. 12-6a01 et seq.) apply to such special assessments. Furthermore, if a project is partially funded by a community improvement district sales tax or by bond issuance, then the special assessment may be reduced or eliminated if sufficient funds come from those other sources to pay the costs of the project.

Section 6 authorizes the imposition of a community improvement district sales tax to finance projects within such districts. Such tax could be imposed on the sale of any goods or services that are taxed pursuant to the Kansas retailers' sales tax act. The additional tax could be imposed in increments of .10% or .25%, but cannot exceed 2%. If the tax is being utilized to payoff bonds, then the tax expires on the bond maturity date. Otherwise, the tax expires after 22 years or when the bond or pay-as-you-go costs have been fully paid.

The community improvement district sales tax is to be collected by the department of revenue in the same manner as other sales taxes. The tax revenue is credited to the community improvement district sales tax fund within the state treasury. On at least a quarterly basis and at the direction of the secretary of revenue, the state treasurer is required to pay to the amount collected back to the municipality it was collected from. Once the moneys are received by the municipality they are to be deposited into a special fund created by the municipality and identified by the project name. Section 9 provides that moneys deposited in these special funds can only be used to pay project costs until such costs are fully paid. Then any remaining funds can be used for any purposes for which local sales tax receipts can be spent.

Section 10 authorizes the issuance of special obligation bonds by municipalities to finance projects under the Act. These are not general obligations of the city and may be repaid only from the revenue sources set forth in subsections (a), (b), (c) and (e) of section 8. Section 11 authorizes the issuance of full faith and credit bonds, or general obligation bonds. These bonds are subject to a protest petition which may require that the bonds be approved at a general

election before they can be issued. Both sections require the governing body to follow general bond law for issuing bonds and neither sets a maximum maturity date on the bonds.

Finally, section 7 provides that no lawsuit to set aside assessments, question the validity of the creation of a district or to set aside a community improvement district sales tax may be brought more than 30 days after the effective date of such action. Also, no protest petition pertaining to the issuance of full faith and credit bonds may be brought more than 60 days after the public hearing on such issuance.

**HOUSE ECONOMIC DEVELOPMENT AND TOURISM
COMMITTEE**

TESTIMONY OF JOHN PETERSEN

SUPPORT OF SB 119

March 2, 2009

Mr. Chairman, Members of the Committee, I am John Petersen with the Polsinelli Shughart PC Law Firm. I'm pleased to appear today on behalf of my Client, The Community Improvement Coalition, in support of SB 119 that will allow local Kansas communities to establish Community Improvement Districts ("CID"). CIDs, very similar in form and substance to what is contemplated in SB 119, have been an effective economic development tool in many states, most notably in Missouri.

In that we have had the pleasure of creating initial drafts of this legislation, I thought it might be useful to provide you a brief overview of its key provisions.

Economic Development & Tourism

Date: 3-2-09

Attachment # 9-1

- **Generally stated, the creation of a Community Improvement District – or CID – allows new revenue sources to be established within the District for purpose of paying certain development costs incurred within the District.**
- **Unlike Tax Increment Financing or STAR Bond Financing, a CID will not divert any sales tax or property taxes away from taxing jurisdictions. Conversely, mirroring the Transportation Development District Act, the CID legislation will allow for the imposition of an additional sales tax (of up to 2%) and/or special assessments within the District (collectively “CID Revenues”). The CID special assessments would be paid as part of the property taxes and will run with the land. In conjunction with the creation of each individual CID District, a municipality will determine whether, and in what amount, CID sales tax and/or special assessments will be utilized. The creation of a CID will not result in any lost revenue to a City, County, School District, other local taxing jurisdictions, or the State of Kansas.**
- **CID is an additional financing tool for existing and new real estate projects. CIDs are entirely a local option, with the decision of whether or not to create a CID entirely at the discretion of the City or County in which the District would be located. A CID is formed through the voluntary petition of property owners within the proposed District.**

- **Like TDD, CID Revenues may be used to finance land acquisition and horizontal development costs. Similar to the CID Act in Missouri, CID Revenues may also be used to finance vertical development costs and certain operational costs (e.g. entertainment, security, cleaning, and promotional) of a development project.**
- **A municipality may issue special or general obligation bonds to finance CID Projects. As an alternative to the issuance of Bonds, CID Revenues may be utilized on an on going basis to reimburse the costs of a CID Project (i.e. “pay-as-you-go financing”). In conjunction with the creation of each individual CID District, a municipality will determine whether pay-as-you-go financing, special obligation bonds or general obligation bonds will be utilized for such CID District. The utilization of general obligation bonds or the imposition of a CID sales tax requires a public hearing with notice.**

Thank you for allowing me to appear today in support of SB 119. I would be pleased to stand for questions.



Testimony

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

Mike Taylor, Public Relations Director
913.573.5565 mtaylor@wycokck.org

Senate Bill 119 Community Improvement District Act

Delivered March 2, 2009
House Economic Development and Tourism Committee

The Unified Government supports Senate Bill 119 which would give the Board of Commissioners and citizens of Wyandotte County another valuable tool to continue growing the economy, creating jobs and improving neighborhoods.

The Community Improvement District Act provides local governments with proven financing techniques to take developments from the drawing board to reality. Creation of a Community Improvement District could be especially helpful in making urban core or older neighborhood developments work.

Citizens are cheering the recent completion of the Prescott Plaza Shopping Center at 18th Street and I-70 in KCK. Once a long abandoned truck stop and crime-infested motel, the site is now home to a Sunfresh Market and other retail shops. It is the first new grocery store opened east of I-635 in 30 years. It is being awarded a Capstone Award for redevelopment by the Kansas City Business Journal. That public-private partnership was very difficult to put together because of the financing. Had Senate Bill 119 been in place, it would have made that award-winning project happen much easier and sooner.

With traditional local government revenues such as the Local Ad Valorem Tax Reduction Fund, Machinery and Equipment "slider" reimbursement and other dollars being stripped away on a regular basis by the Legislature, communities need more options and flexibility to pay services and fund projects which improve the community.

Local governments trying to redevelopment aging neighborhoods, create economic opportunities and generate jobs can benefit from Senate Bill 119.

Economic Development & Tourism
Date: 3-2-09
Attachment # 10-

Testimony

House Economic Development & Tourism Committee

March 2, 2009

SB 119 Community Improvement District Act

**By: Christy Caldwell, Vice President Government Relations
Greater Topeka Chamber of Commerce**

Chairman Gordon and Members of the Committee:

The Greater Topeka Chamber of Commerce would like to express our support for SB 119, the Community Improvement District Act.

The ability to utilize this economic development tool would be an asset to our community and our efforts to develop local projects. "Community Improvement Districts (CID) are powerful public-private partnerships used successfully around the country..." A CID would create the opportunity for a municipality and a developer(s) to coordinate developments within a defined district utilizing new revenues generated within the district. Those revenues could be special assessments on property owners within a district, a special sales tax and/or full faith and credit bonds. In addition to use of bonds the project could be financed as "pay as you go." Utilization of any of these funding mechanisms would trigger certain requirements where the municipality and property-owners within the district would agree.

Patterned after the successful Community Improvement Districts in Missouri, SB 119 allows for a wide range of projects to create economic growth and enhance quality of life. "It is an effective tool for financing improvements that directly enhance property values by allowing property owners to determine how funds are spent in their area." A definitive development plan must be approved by the local governing body. The plan would detail the project, the estimated costs and the sources of revenue. If full faith and credit bonds are included in the plan there is a protest petition process available.

In Topeka/Shawnee County we have begun a community visioning process. There is much agreement by thousands of visioning participants to focus on Topeka's downtown and riverfront to make this area an attractive and enjoyable place for citizens and visitors alike. Additionally a more specific plan has been developed by the Topeka Shawnee County Riverfront Authority to better utilize the Kansas River that flows through the capitol city. Many other cities have taken advantage of previously neglected riverfronts to create popular public spaces and ready the area for private investment in order to bring the surrounding property to its highest and best use. It is our hope that the same public-private investment can be made in our downtown and the riverfront area. A Community Improvement District could facilitate such development and provide the opportunity for property owners within this area to enhance our center city. We also can see other future applications of CIDs as government and the private sector continue to work together to better our entire community.

The Topeka Chamber asks that you approve SB 119; we think it is a great tool other states including our neighbors in Missouri are using to develop their communities and provide a great quality of life. Kansas would benefit as well.

Thank you.

Economic Development & Tourism

Date: 3-2-09

Attachment # 11-

**TESTIMONY OF KARL CAPPS, MD MANAGEMENT
HOUSE ECONOMIC DEVELOPMENT COMMITTEE**

Monday, March 2, 2009

SB 119

Madam Chairman and Representatives, my name is Karl Capps and as a developer of 30 years in the State of Kansas I am pleased to appear in support of SB 119. This type of economic development tool has been available in a number of states for several years. I have recently been involved with Community Improvement Districts in Missouri. East Hills Mall in St Joseph Missouri was one of the first enclosed malls built in the USA back in 1963. With the CID we were able to keep JCPenney and other retailers from leaving the mall. The redevelopment was dramatic and the alternative was a dead mall in the heart of St Joe. We believe in today's economic climate we have to be competitive with our neighboring states.

This legislation compliments existing TDD and TIF options available to cities and developers in Kansas. As an example in Missouri, CID programs have provided anywhere from about 25% of the incentive funding for the East Hills Mall re-development to 100% of the funding for the Independence Events Center. SB 119 does a number of very important things.

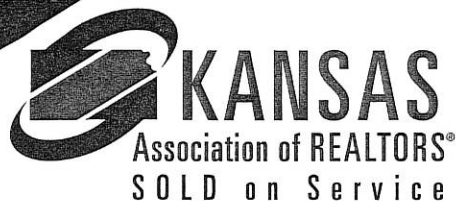
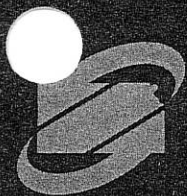
1. Provides a local option to Cities that allows for a great deal of flexibility.
2. Facilitates re-development in a City of any size throughout the State of Kansas by allowing a City to work with their existing retailers to improve facades, acquire new retailers, improve streetscapes and redevelop historic properties.
3. It does not redirect any existing sales or property tax revenues.
4. It allows a City to tailor incentives based on the type of project, the location and the specific goals of the local government.

Kansas should add this important option to the toolbox of economic development and we would urge your passage of SB 119.

Economic Development & Tourism

Date: 3-2-09

Attachment # 12



To: House Economic Development and Tourism Committee
From: Luke Bell, Vice President of Governmental Affairs
Date: March 2, 2009
Subject: **SB 119** – Allowing Cities and Counties to Establish Community Improvement Districts to Provide Financing for Economic Development

Chairperson Gordon and members of the House Economic Development and Tourism Committee, thank you for the opportunity to appear today on behalf of the Kansas Association of REALTORS® (KAR) to offer testimony in support of **SB 119**. KAR has faithfully represented the interests of the 9,000 real estate professionals and over 700,000 homeowners in the State of Kansas for over 85 years.

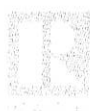
SB 119 would allow cities and counties to establish a Community Improvement District to provide financing for economic development projects. The formation of these districts would be entirely voluntary through petition of property owners within the proposed district.

Unlike Tax Increment Financing (TIF) districts, a Community Improvement District will not divert any sales or property taxes away from taxing jurisdictions like cities, counties or school districts. Instead, the Community Development District will only allow for the imposition of an additional sales tax (up to 2.0%) or special assessments within the district.

The funding generated by the Community Improvement District may be used to finance land acquisition, horizontal development costs, vertical development costs and certain operational costs (e.g. entertainment, security, cleaning, and promotional) for the development project. Similar legislation has been enacted in numerous other states around the country and has been instrumental in providing infrastructure financing for new real estate development.

In a time of great turmoil and hardship in the real estate development community, this new tool would be of an enormous benefit to economic development in this state. Given the current conditions in the credit markets, it is increasingly difficult to obtain financing for infrastructure improvements tied to new real estate development.

We would urge you to support **SB 119** to provide a new economic development financing tool for real estate development in Kansas. Thank you for the opportunity to appear before you today. I would be happy to respond to any questions at the appropriate time.



785.267.3610
VOICE

800.366.0069
TOLL FREE

785.267.1867
FAX

Economic Development & Tourism

Date: 3-2-09

W Attachment # 13



Kansas Economic Development Alliance

Testimony in Support of Senate Bill 119

**Presented by Lavern Squier
Representing the Kansas Economic Development Alliance (KEDA)**

**House Economic Development and Tourism Committee
March 2nd, 2009**

Madam Chair and Commerce Committee Members:

My name is Lavern Squier and I appear today to represent the Kansas Economic Development Alliance (KEDA). KEDA members are economic development practitioners from all across Kansas. I am pleased to be able to be here today to express our interest in and support for Senate Bill 119.

The Kansas Economic Development Alliance is pleased to support Senate Bill 119, which allows Community Improvement Districts (CIDs) to be created. Our members urge the committee to advance this bill.

There are many advantages to this tool that merit its approval:

- It is important that Kansas attract capital investment and development, including increased retail activity that stabilizes local property taxes. Tools such as SB 119 will assist our efforts.
- CIDs are entirely a local option and provide significant flexibility to encourage progress and are formed via a voluntary petition of property owners with the proposed district. Local governments determine funding levels, source of the revenue used in a district and timing of the financing. A CID will not divert any sales or property tax away from any local or state government. District revenues may be used to finance land acquisition, horizontal or vertical development costs and some operations costs of a project.
- Kansas is in a competitive situation to attract developer capital and retailers. Other states frequently see CIDs successfully used to leverage private sector investment. It is not surprising for these tools to leverage private funds at a 4 to 1 ratio.

Thank you for the opportunity to provide input about this proposed legislation. I encourage you to support Senate Bill 119. Thank you for your time and I will be glad to stand for questions now or at the appropriate time.

Economic Development & Tourism

Date: 3-2-09

Attachment # 14



Testimony in Support of Senate Bill 119

Submitted by Dave Holtwick
On behalf of the Overland Park Chamber of Commerce

House Economic Development and Tourism Committee
Monday, March 2nd, 2009

Madam Chair and Committee Members:

My name is Dave Holtwick and I am Vice President of Government Affairs with the Overland Park Chamber of Commerce. I am appearing today on behalf of our board of directors and our nearly 900 member companies. I appreciate the opportunity to appear before you to share testimony in support of Senate Bill 119 also known as the Community Improvement District Act.

This legislation would provide local municipalities another tool for their use to help stimulate local development. Overland Park is part of a larger metropolitan area that is split by a state line meaning we share a border with a state that allows this tool to be used. I believe this places Kansas cities and counties at a competitive disadvantage with our Missouri neighbors.

One of the strengths of this legislation is that the Community Improvement District (CID) is formed voluntarily with the property owners within the proposed District. This means that the businesses within the district must set themselves apart from other similar businesses (in the area but not in the district) where a consumer might not pay the same level of sales taxes they will be required to pay within the district.

Another benefit of this legislation is that creating the Community Improvement District will not divert sales or property taxes away from other taxing jurisdictions. Since this is an additional tax, creation of a CID will not result in any lost revenue to a City, County, School District or the State. This gives local units of government a powerful tool to help generate new economic activity without the fiscal note other incentives might have.

One last benefit of this legislation that sets it apart from some other current tools is the flexibility for use of the revenues derived through creation of a CID district. These revenues may be used to finance land acquisition, horizontal development costs, vertical development costs and certain operational costs (e.g. entertainment, security, cleaning, and promotional) of the development project.

In summary, I believe this legislation would provide a powerful tool for local units of government to use to help stimulate economic activity. Thank you very much for your time today. I encourage you to support Senate Bill 119.

Testimony to the House Committee on Economic Development and Tourism

Richard Cram

March 2, 2009

Department Concerns with Senate Bill 119

Representative Gordon, Chair, and Members of the Committee:

Senate Bill 119, which creates the community improvement district (CID) act, would greatly expand the taxing authority for cities and counties and allow them to finance a broad array of economic development projects with special local sales taxes. The districts can be created two ways: 1) when all owners of the land within the district sign the petition and the financing is only by assessments and not seeking the issuance of full faith and credit bonds, or 2) upon a petition of at least 50% of the land owners and owners collectively owning more than 50% by assessed value of the land within the proposed district, with the project financed by a CID sales tax or full faith and credit bonds or both.

The proposal is patterned after the transportation development district (TDD) act, K.S.A. 2008 Supp. 12-17,140 et seq., only with much more expansive powers for cities and counties in creating new taxing jurisdictions to fund various projects with special local sales taxes.

A comparison of the transportation development district act and the proposed community improvement district act highlights the significant expansion of taxing authority:

Requirements for creating the district

TDD

Must have a petition signed by the owners of all of the land area within the district to move forward.

CID

Must have a petition signed by the owners of all of the land area with the district (if the project is financed only by assessments) or petition must be signed by the owners of more than 50% of the land area and signed by owners collectively owning more than 50% by assessed value of the land area (if the project is financed by bonds and/or sales tax). Thus, a CID could be created even when there are objecting property owners or businesses within the proposed district.

Sales tax increments and limits on use of sales tax revenues

TDD

Increments can be of .1% or .25% up to 1%.

CID

Increments of .1% or .25% up to 2%. The rate authority for a CID is double that for a TDD.

Both the TDD and CID acts provide authority for the following types of projects: bridge, street, road, highway access road, interchange signing, signalization, parking lot, bus stop, station, garage, terminal, hangar, shelter, rest area, dock, wharf, lake or river port, airport, railroad, light rail another other mass transit facility, streetscape or any other transportation related project or infrastructure including: utility relocation, sanitary and storm sewers and lift stations, drainage conduits, channels, levees, street light fixtures, heating and electrical services and connections, pedestrian underpasses or overpasses, water main and extensions; also, building facade but only when remodeling, repairing enlarging reconstructing an existing building.

The CID act further authorizes: buildings, structures and facilities, abandoned cemeteries, parks, lawns, trees and other landscape, paintings, murals, display cases, sculptures, fountains and other cultural amenities.

Also, the CID act would authorize financing for:

- operation or contract for the provision of music, news, child-care, or parking lots or garages, and buses, minibuses and other modes of transportation;
- provision of or contact for security personnel, equipment or facilities;
- provision of or contact for cleaning, maintenance and other services;
- promotion of any tourism, recreational or cultural activity or special event;
- support of business activity and economic development including the promotion of business activity, development and retention and recruitment of developers and business;
- provision of or support training programs for employees of businesses; or
- contracting for or conduct economic impact, planning and marketing studies.

Since this proposal would authorize a special local sales tax rate as high as 2% within the CID--on top of any other applicable local sales tax rates—it could effectively “crowd out” the State’s ability to raise additional revenue through state sales tax rate increases.

The Department believes this proposal will likely cause significant proliferation of special taxing jurisdictions for the purposes of financing a greatly expanded list of types of potential projects with special local sales taxes imposed within those jurisdictions—even when there are businesses objecting to imposition of those taxes. Since the TDD act has been on the books (2003), the Department has seen a steady increase in the creation of TDD special taxing jurisdictions. There are now 25 of them, with 5 more in the works. For each TDD, Department field staff must notify the businesses located in the TDD of the TDD tax. Those businesses must use a special new jurisdiction code to report the special sales tax they collect. Department staff must then coordinate with the city or

county staff where the TDD is located to determine the amount of special sales tax that was collected each reporting period, in order ensure that distribution of this revenue is accurate. It is an ongoing task verifying which businesses are located within a TDD, and correcting errors when it turns out certain businesses should have been included in the TDD. Currently, the Department dedicates 1.5 FTE to this function. As our fiscal note (attached) indicates, the Department is requesting an additional FTE to implement this proposal, due to the fact that we can expect a resulting large increase in the number of special taxing jurisdictions and local sales taxes.

Amendments Needed

If this proposal does advance (the Department recommends that it not advance), the Department requests an amendment that would allow the Department to retain 2% of the sales tax revenue collected from the CID tax to cover the Department's administration costs. The following language should be inserted after the word "thereto" in the middle of line 14, Page 7, Subsection 6(b): ",except that the director shall retain 2% of such sales tax collected as reimbursement for expenses in administering the tax for the city or county."

MEMORANDUM

To: Mr. Duane Goossen, Director
Division of Budget

From: Kansas Department of Revenue

Date: 02/24/2009

Subject: Senate Bill 119
Amended by Senate Committee of the Whole

Brief of Bill

Senate Bill 119, as Amended by Senate Committee of the Whole, would create the community improvement district act. The act would provide the ability for cities and counties to create community improvement districts (CIDs) for the purpose of financing economic development projects. The districts can be created two ways: 1) when all owners of the land within the district sign the petition and the financing is only by assessments and not seeking the issuance of full faith and credit bonds, or 2) upon a petition of at least 50% of the land owners and owners collectively owning more than 50% by assessed value of the land within the proposed district. In this instance, the project can be financed by a CID sales tax or full faith and credit bonds or both. Projects eligible under the CID act include any project to acquire, improve, construct, demolish, remove, renovate, reconstruct, rehabilitate, maintain, restore, replace, renew, repair, install, relocate, furnish, equip or extend:

- buildings, structures and facilities;
- sidewalks, streets, roads, etc.
- parking garages, streetscape, lighting, benches, marquees, etc.
- parks, lawns and landscapes,
- communication and information booths, bus stops, terminals, hangers, etc.
- partings murals, sculptures, fountains and other cultural amenities,
- airports, railroads, light rail and other mass transit
- lakes, dams, docks, wharfs, posts, , etc.

The community improvement district sales tax would be levied by ordinance or resolution and be in any increment of .10% or .25% not to exceed 2%. All of the CID sales tax would be pledged for payment of the pay-as-you-go projects or the bonds. The sales tax would expire 22 years after the state director of taxation begins collection of the tax or when the project bonds or pay-s-you-go costs have been paid. The CID sales tax would be administered by the department of revenue in the same manner provided for the collection of the state retailers' sales tax. CID sales tax would be deposited into a CID sales tax fund and distributed back to the municipality at least quarterly.

16-4

Section 6 was amended by the Senate Committee of the Whole to state the tax would expire when the project bonds or pay-s-you-go costs have been paid.

The Act would be effective July 1, 2009.

Fiscal Impact

The proposal does not impact state revenues. It provides the ability for a city or county to create a community improvement district and assess property tax or a sales tax for the payment of improvements within the district as part of an economic development project. Although the CID sales tax is limited to a specific area of the city or county, the ability to enact the additional local sales tax may hamper future efforts by the State of Kansas in using sales tax as a taxation method for increasing state revenues. If many cities and counties use CID sales tax, the combined state and local sales tax rate may be high enough that it limits the ability of the State to raise the state sales tax as an additional revenue source.

Administrative Impact

Until a community improvement district is created and a CID sales tax levied, there would be no costs associated with this proposal. However, as is the case with transportation development districts, these special districts create additional processing and tracking by the department to properly administer the districts. At this point, the costs associated with administering special sales tax districts have been absorbed by the department. The department would suggest the proposal be amended to provide for administrative costs be reimbursed to the department as part of the project (see administrative problems and comments).

Administrative Problems and Comments

As mentioned under administrative impact, the proposal does not provide means for the department to be reimbursed for costs associated with the administration of a community improvement districts. It is suggested that the proposal be amended to include language for the retention of 2% of the CID sales tax collected by the department as reimbursement for expenses in administrating the tax for the city or county.

Taxpayer/Customer Impact

Provides cities and counties the means to create economic development improvement districts for special projects.

Legal Impact

Approved By:

Joan Wagon

Joan Wagon
Secretary of Revenue

16-6



Building a Better Kansas Since 1934
200 SW 33rd St. Topeka, KS 66611 785-266-4015

**TESTIMONY OF
ASSOCIATED GENERAL CONTRACTORS OF KANSAS
BEFORE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM
SB 119**

March 2, 2009

By Eric Stafford, Associated General Contractors of Kansas, Inc.

Madam Chairman and members of the committee, my name is Eric Stafford. I am the Director of Government Affairs for the Associated General Contractors of Kansas, Inc. The AGC of Kansas is a trade association representing the commercial building construction industry, including general contractors, subcontractors and suppliers throughout Kansas (with the exception of Johnson and Wyandotte counties).

The AGC of Kansas supports SB 119 and asks that you recommend it favorably for passage.

SB 119 would allow city and counties to establish a Community Improvement District to provide financing for economic development projects. The formation of these districts would be entirely voluntary through petition of property owners within the proposed district.

With the added flexibility of these new districts local citizens would be able to invest in economic development projects within their districts that would bring added value and attraction to the area. Again, this is through the voluntary approval of those within the district.

With the sharp downturn in the economy, commercial construction has been one of the hardest hit industries with unemployment over 18% nationwide. The passage of SB 119 would have a positive impact on the construction industry by providing more options for citizens and developers who are considering investing in commercial development.

Again, the AGC of Kansas respectfully requests that you recommend SB 119 favorably for passage. Thank you for your consideration.

Economic Development & Tourism
Date: 3-2-09
Attachment # 17

**Written testimony in support of SB 119
House Committee on Economic Development and Tourism March 2, 2009**

Comments by:

Dennis Lauver, President & CEO, Salina Area Chamber of Commerce

Rita Deister, Administrator, Saline County

Jason Gage, City Manager, City of Salina

We are pleased to support SB 119, which allow Community Improvement Districts (CID's) to be created. There are many advantages to this tool that will help encourage development.

In Salina, we are working to attract capital investment and development, including increased retail activity that stabilizes local property taxes. Tools such as SB 119 will assist our efforts.

CID's are entirely a local option and provide significant flexibility to encourage progress and are formed via a voluntary petition of property owners within the proposed District. Local governments determine funding levels, source of the revenue used in a district and timing of the financing. A CID will not divert any sales or property tax away from any local or state government. District revenues may be used to finance land acquisition, horizontal or vertical development costs and some operational costs of a project.

In Salina, we expect at least two different projects to seek access to this tool immediately upon enactment. One project is a new development site and the second project is a redevelopment opportunity. A CID will be a valuable tool to prevent decline after a project enters its second generation. A district will be used to make site improvements that will re-energize older sites. Façade and building improvements can trigger new activity and new retail business – and helps surrounding neighborhoods because of new capital investment at the development site.

Salina competes against multiple states to attract developer capital and to attract retailers. Other states frequently see CID's successfully used to leverage private sector investment. It is not surprising for these tools to leverage private funds at a 4 to 1 ratio.

Thank you for the opportunity to provide our input about this legislation. We urge to you advance SB 119 and to approve it as law.

Economic Development & Tourism

Date: 3-2-09

Attachment # 18

House Committee on Economic Development and Tourism

Hearing on Senate Bill 119

March 2, 2009

Testimony of Jason Hilgers

Assistant City Manager, City of Manhattan, Kansas

Good afternoon Chairperson Gordon and Honorable Members of the House Committee on Economic Development and Tourism. My name is Jason Hilgers, and I am the Assistant City Manager for the City of Manhattan. I want to thank you for this time to address the Committee regarding an issue that holds great potential for the City of Manhattan.

The City of Manhattan supports SB 119. The bill offers the City a mechanism to establish a Community Improvement District (CID) to provide financing for economic development and redevelopment in Manhattan. This additional financing tool will allow for the imposition of additional sales taxes on certain businesses that stand to benefit from the proposed use of those funds. The Community Improvement District (CID) legislation provides for an expanded use of what is currently in place with Transportation Development Districts (TDD). Community Improvement Districts offer an option at the local level for discretion to provide gap financing for economic development in this ever changing climate of commercial development. This legislation will provide municipalities, including Manhattan, with another redevelopment and economic development tool, to assist in recruiting and retaining businesses, and stay competitive in Kansas. Thank you for your consideration today.



The Historic Lackman-Thompson Estate
11180 Lackman Road
Lenexa, KS 66219-1236
913.888.1414
Fax 913.888.3770

TO: Representative Lana Gordon, Chairperson
Members, House Economic Development Committee

FROM: Ashley Sherard, Vice-President
Lenexa Chamber of Commerce

DATE: March 2, 2009

RE: **SB 119 – Local Option Community Improvement Districts**

The Lenexa Chamber of Commerce would like to express its support for the concepts embodied in SB 119, which would authorize the creation of local option “Community Improvement Districts” to facilitate economic development or redevelopment, funded by either up to an additional 2% sales tax or a special assessment within the district.

Like the state, local governments are faced with the challenge of maintaining and promoting their communities utilizing limited financial resources. Difficult choices must be made among priorities, and development or redevelopment projects that would likely make a meaningful difference to the community often must be deferred.

Accordingly, we believe the concepts embodied in SB 119 are a key step in the right direction. Allowing communities additional local option funding tools for economic development projects helps to ensure a range of affordable financing options from which to choose. The flexibility created by having a variety of such tools improves local governments’ ability to customize funding proposals that best reflect the actual needs and circumstances of a specific project, helping to control costs and ensuring that critical development remains within reach.

For these reasons, the Lenexa Chamber of Commerce urges the committee to recommend SB 119 favorably. Thank you for your time and consideration of this important issue.

Economic Development & Tourism

Date: 3-2-09

Attachment # 20



NORTHEAST JOHNSON COUNTY
C H A M B E R O F C O M M E R C E

Written Testimony on SB 119
House Committee on Economic Development & Tourism
March 2, 2009

Madame Chairperson and members of the committee, the Northeast Johnson County Chamber of Commerce thanks you for this opportunity to provide written testimony on SB 119. The Chamber represents ten Cities: Fairway, Merriam, Mission, Mission Hills, Mission Woods, Northern Overland Park, Prairie Village, Roeland Park, Westwood, and Westwood Hills, and over 300 members. We are providing you today written testimony today in favor of SB 119, an act concerning creation of Community Improvement Districts.

The Chamber believes that SB 119 will create a new tool for economic development in the State of Kansas that has been long needed. This law will allow communities and individual developments, both residential and commercial, a new way to creatively finance projects without creating a financial burden on any taxing entity. This process has been used successfully in states throughout our nation for a number of years to help infill development.

The proposal allows city or county governments the ability to establish either a sales tax or special assessment for the district and to issue either bonds or institute a pay-as-you-go financing to cover costs associated with the development. We have seen this type of district used on the Missouri side of the metropolitan area for a number of years in a highly successful manner.

We urge the committee to move this timely bill forward as communities and developers look for innovative ways to creating financial tools and to market their developments. As we work through this current economic crisis, we feel that the timing for this measure could not have come at a better time.

Thank you very much for your time.

Economic Development & Tourism
Date: 3-2-09
Attachment # 20