

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 a.m. on February 3, 2010, in Room 548-S of the Capitol.

All members were present except:
Senator Jay Emler- excused

Committee staff present:
Norm Furse, Office of the Revisor of Statutes
Ken Wilke, Office of the Revisor of Statutes
Reed Holwegner, Kansas Legislative Research Department
Kathie Sparks, Kansas Legislative Research Department
Marilyn Arnone, Committee Assistant

Conferees appearing before the Committee:
Bill Thornton, Acting Secretary of Commerce

Others attending:
See attached list.

Chairperson Brownlee welcomed Acting Secretary of Commerce, Bill Thornton, to present an overview of STAR bonds.

Mr. Thornton brought with him two documents which would answer Committee questions from his previous presentation of an overview of the Commerce Department. (Attachment 1) (Attachment 2)

STAR Bonds are defined as Sales Tax Revenue Bonds that enable Kansas municipalities to issue bonds to finance the development of major commercial, entertainment and tourism areas and use the sales tax revenue generated by the development to pay off the bonds. Guidelines for the STAR Bonds: must be less than 50% of the total cost of the project; the project must be significant that it draws from out of state, across the state, or regional; should have an economic impact on direct expenditures and indirect expenditures; should be a state, multi-state or national attraction or sports organization, hopefully of national stature; captures a market share for profit status; and meets certain accountabilities. Statutes require an Annual Report for projects funded with special obligation bonds, and each city with a project funded with special obligation bonds payable from state sales tax revenue must submit an Annual Report to the Secretary of Commerce.

The Kansas Speedway/Village West in Wyandotte County is a completed project and the number one tourist attraction in Kansas. The Speedway/Village West project created 3,500 new jobs and provides annual sales of more than \$400 million. The project is growing and expanding with new venues being added. All bonds have been expended and, to date, more than \$240 million dollars in local and state sales taxes have been generated.

The Heartland Park Racetrack in Topeka issued \$10.5 million in bonds in 2006 for a \$24 million dollar project. Phase I renovations to racetrack and visitor amenities are complete. Topeka reports that sales tax revenues will likely be insufficient to make bond payments in 2010 and the city of Topeka is responsible for the debt.

There have been problems at Heartland Park and it is taken as a lesson learned from this project. The city of Topeka reported \$230,000 in local sales tax while the State sales tax was \$557,000, the tax generated from the surrounding area hotels and restaurants.

The Hutchinson Underground Salt Museum in Hutchinson is complete. The \$10 million dollar project was approved in 2006 with \$4.8 million in bonds. This project is unique in that it features an underground museum, theatre and an elevator that goes 650 feet below ground. Attendance projections have not been met, and 2.5 million in sales tax collected with bonds projected to be retired in 2014. There is great support for this project from Hutchinson and the area. Senator Faust-Goudeau asked if data was kept on visitors to the project such as daily attendance, where visitors were from, etc. Sec. Thornton said he would check to see if that information was available.

CONTINUATION SHEET

Minutes of the Senate Commerce Committee at 8:30 a.m. on February 3, 2010, in Room 548-S of the Capitol.

The Flint Hills Discovery Center in Manhattan was issued \$50 million in bonds for a \$108 million dollar project in December 2006. The project is to include a 30,000 square foot center and museum, hotel/conference center, restaurants, entertainment venues and an outdoor park. It is projected to provide 1,200 construction jobs and 1,000 permanent employees. The site work is done and plans are being finalized for groundbreaking in 2010 and hope to have a Grand Opening in spring of 2012. Chairperson Brownlee commented that this project seemed to be very slow getting off the ground. The Manhattan project was delayed for a little over a year. The governing body petitioned the Department of Commerce to receive an extension which was granted. Currently the project is moving ahead. The committee ask for the authority by which the Commerce Department could grant a delay.

Schlitterbahn Vacation Village in Wyandotte County was approved for \$225 million in bonds for a project that included a water park resort, vacation village and retail components. \$178 million in private funds have been spent on the project to date. The Commerce Department anticipates bonds being issued in spring 2010. The project is on schedule for what was expected from a December 2008 start date.

Mission Gateway was projected to create jobs both from the Mission project and from the surrounding area, but the retail falloff due to the economic situation has slowed down the project. The project was issued \$63 million in bonds and has until June 6, 2010 to start work. Presently, the project is a dirt hill showing no progress; the Commerce Department will discuss the situation with people associated with this project and report back to the committee..

Wichita Water Walk estimated to bring close to one million visitors to Wichita each year is intended to be a destination project. \$14.7 million in bonds were issued for the redevelopment of public space along the Arkansas River including the Keeper of the Plains monument and a huge water display. The Water Walk is in Senator Schodorf's district and she commented that even though the plans had been changed, the project was slowly progressing.

Prairiefire in Overland Park was authorized in September 2009 for \$63 million in bonds. This project is to include an American Museum of Natural History-affiliated museum, a wetlands park, retail and entertainment venues and prairie gardens. So far the only indication of the project is a fenced in area with no construction visible. Work is scheduled to begin in late 2010 or early 2011. (Attachment 3)

The next meeting is scheduled for February 4, 2010.

The meeting was adjourned at 09:30 am

COMMERCE COMMITTEE GUEST LIST

DATE: 2-3-10

NAME	REPRESENTING
Bill Sneed	Ks Speedway
Kendra Hanson	Hein Law Firm
Gene Meyer	KANSAS REPORTER
BRUCE BURDITT	KS DEPT OF TRANSPORTATION
Chris Gigstad	Federico Consulting
Mike Huttles	Schletterbahn
Asta Ahlund	Kansas, I-
George Wenger	Ruffin Companies
Sean Miller	CAPITOL STRATEGIES

DATE: January 27, 2010
TO: Senate Commerce Committee
FROM: William R. Thornton, Acting Secretary *WRT*
RE: Responses to Committee Questions

Thank you for the opportunity to appear before you on January 20. At that time, members of the committee requested some information from the Department of Commerce, and I am pleased to provide you now with that information. I will also provide more information about the effectiveness of incentives by the close of business on Friday, January 29.

Do the foreign offices work with nationals or with Kansas exporters?

The contract offices and consultants are all citizens of the country where the office is located (China, Mexico, Japan). Those consultants are all marketing experts and work with Kansas exporters to conduct market research and promote the sale of Kansas products. In China and Japan they also contact local investors to market Kansas as a site location for new investment. There are no Kansans working in the offices.

What are the FY2010 year-to-date business development results?

For the period July 1, 2009 to December 31, 2009, here are results for both business recruitment and business retention and expansion:

Business Recruitment:

Successful Projects - 44
New Jobs - 6,094
Retained Jobs - 850
Capital Investment - \$497 million

Business Retention and Expansion:

Successful projects - 29
New Jobs - 551
Retained Jobs - 127
Capital Investment - \$70 million

What is the project involving the Farm Bureau and broadband?

Farm Bureau was a part of an earlier, smaller broadband mapping effort that had just begun with our contractee, Connected Nation, when the national ARRA broadband effort was announced. Farm Bureau had donated \$15,000 to add to the Information Network of Kansas's \$185,000 to start a map. When the federal guidance came out, this \$200,000 became part of the state's match that allowed us to receive the \$2 million mapping and planning grant that Commerce is now managing with our contractee, Connected Nation.

In round one of ARRA funding, for which not all the grants have yet been announced, Farm Bureau applied for two grants from the National Telecommunications and Information Administration (NTIA). One was a statewide sustainable adoption grant; the other a community computing center that would be located in Sedan. We have not heard if either of these grants will be funded. Both grants were among the 22 state projects that the Governor and Commerce supported for funding that were forwarded to NTIA.

Has the Main Street program lost any momentum due to the 10% tax credit haircut passed last session?

Our Main Street program doesn't administer any tax credits and is in rural communities only. The haircut has not really affected our Main Street program.

But we have received anecdotal accounts of the changes to the historical tax credit being detrimental to some projects that lie pretty close to many of our Main Streets. One such project was in Leavenworth, a community that happens to have a Main Street program. But again, the Main Street program is not directly related to the historical tax credit, which is administered by another agency.

What metrics are used to track the effectiveness of our travel and tourism efforts? What data is used?

The Travel & Tourism Division relies on several metrics to track its effectiveness:

- Economic Impact Data – Source: Tourism Satellite Account by Global Insight (2006 data):
 - ♦ \$5.5 billion impact on Kansas
 - ♦ 128,000 jobs supported by the industry
 - ♦ \$3.4 billion in wages and salaries
 - ♦ \$1.7 billion in federal, state and local government taxes
 - ♦ 4.2% of Gross State Product which amounts to tax savings of \$833 per household
- Transient Guest Tax Receipts in Kansas have increased by 78% between 2001 and 2008. The increase was 13% in both 2007 and 2008. Source: KS Dept. of Revenue
- Sales tax receipts from eight tourism related industries have experienced growth each year from 2006 through 2008. Source: KS Dept. of Revenue
- Kansas received a return of \$90 for every \$1 spent advertising our state's tourism product in 2009. Source: SMARI Advertising Effectiveness Study, October 2009
- Website traffic to TravelKS.com has increased 57% from 2007 to 2009 to over 1 million unique visitors and average length of sessions has doubled. Source: Website Metrics
- In 2009 Visitor Guide requests were up 50% over 2008. Source: RUF Strategic Solutions

- Print advertising campaign in 2009 produced over 75,000 direct consumer leads to participating cooperative advertising partners. Source: RUF Strategic Solutions
- Group tour spending in Kansas, as reported by communities, contributed \$1.9 million spending in 2009.
- Ad equivalency for both in-state and national editorial coverage generated \$6,571,800 and the publicity value for this coverage equaled \$19,715,400. Source: Clip Reporting
- 204,000 visitors passed through the Travel Information Centers at Goodland and Belle Plaine in 2009. Source: Guest registrations
- 57% of travelers to Kansas spend extra time in the state as a result of the Visitors Guide. Source: RUF Strategic Solutions Conversion Study

Does Commerce have a way of tracking sales numbers of Kansas products sold through *Kansas!* magazine?

At this time Commerce does not have a mechanism to track sales from the Kansas products we feature in the magazine.

Does Kansas still have the rattlesnake hunts?

According to the Kansas Department of Wildlife & Parks, the Rattlesnake Roundup is no longer being held in Sharon Springs. KDWP has not been selling licenses to hunt rattlesnakes since 2006. The only reason KDWP sold licenses to hunt rattlesnakes was exclusively for the Rattlesnake Roundup in Sharon Springs. It should be noted that farmers and ranchers are still free to hunt rattlesnakes on their property without a license.

What are some of the results from the Neighborhood Stabilization Program (NSP) and Community Development Block Grant Recovery (CDBG-R) programs?

Commerce received \$21 million for NSP I, which actually predates ARRA and was passed in the fall of 2008. We started with 9 counties and 10 cities, but Jefferson and Crawford counties turned back their money. The circumstances were unusual in that we dealt with entitlement areas that we do not usually have any jurisdiction over, and we worked with KHRC since we usually do not work with housing issues. Commerce has met all our deadlines on this project, gotten contracts with counties, and completed training.

The NSP program is really just starting to take off in terms of actual effects in the communities. To date, the program has purchased 26 houses that were foreclosed upon, and we have completed Tier II environmental reviews on 68 houses for possible purchase. In the next couple of months, these numbers are expected to double. Rehabilitation of the purchased properties should begin shortly and then they will be sold to income-qualified persons. To date, Wyandotte and Leavenworth Counties have been the most active. There have been further NSP programs since ARRA was announced, but they were focused on higher population areas and CDBG was not involved.

Regarding CDBG-R, dollars flowing through Commerce go to the non-entitlement areas, which basically are the rural areas. The larger populated areas, like Wichita, are entitlement areas that receive their funding directly from HUD. Commerce received \$4.6 million in CDBG-R, and we immediately amended our work plan to allow us to allocate those dollars to projects last fall. We

were able to fund 14 projects: Bourbon County, Centralia, Chanute, Elgin, Fowler, Glasco, Great Bend, Hoisington, Independence, Morland, Pleasanton, Raymond, Rawlins County and Victoria. The communities have been getting contracts in place and fulfilling other requirements; however, actual construction probably won't start until February, due to Kansas weather in the past few months. We are on track and continuing to comply with ARRA reporting requirements.

How is the effectiveness of workforce services measured?

The effectiveness of workforce services is measured by federal guidelines. The federal money that Kansas receives to implement the Workforce Investment Act (WIA) is distributed to three areas: Adult, Dislocated Worker and Youth. The Workforce Services Division is measured by whether individuals enter employment (get a job), Retain Employment (keep their job or retention) and their average wage (how much they earn).

Deputy Secretary Caleb Asher will complete his presentation to the committee on January 28 and will describe in greater detail the measurements used by the federal government.

How does Commerce work with KDOT on ARRA projects? What is the position of Commerce on the proposed Amtrak route through Kansas? What will the economic impact be?

Lt. Governor Finley has ensured that all agencies with ARRA dollars meet regularly to discuss their charges and projects. Commerce has participated in that process, as did KDOT. At this time KDOT is waiting for Amtrak to provide the feasibility study. Then KDOT will conduct an economic impact analysis of the project using TREDIS (the economic model KDOT uses to evaluate transportation projects). The feasibility study and the economic impact analysis will provide Commerce with some valuable basic data.

DATE: January 29, 2010
TO: Senate Ways & Means Committee
Senate Commerce Committee
FROM: William R. Thornton, Acting Secretary *WRT*
RE: Follow-up Responses to Committee Questions

Thank you for the recent opportunity to appear before your committees. I would like to provide the committees with additional material in response to some general questions raised about the effectiveness of our state incentives.

As you may know, Kansas has a number of incentives that comprise its economic development "toolbox." The incentives are intended to appeal to a wide range of companies with disparate interests and characteristics, and they require companies to meet various qualifications. Site location experts match company needs to the various strengths and demographics of localities.

The Department of Commerce offers proposals to companies seeking to locate or expand in Kansas that consist of state and local incentives. In a single proposal, it is common that benefits from several different incentives are combined and offered up as the strongest possible package. Companies rarely identify a single piece of the incentive package as the *one* that closed the deal. It is certainly true that a particular incentive that was highly attractive to one company may be less attractive to another company. Commerce staff works closely with the site consultants to craft the most attractive package for that company, for that location, for that time.

I. KANSAS INCENTIVES

Below is a short description of some of the main Kansas incentives:

Investments in Major Projects and Comprehensive Training (IMPACT)

IMPACT is a bond-funded training and investment program to support job creation through support for training and capital investment in a qualifying Kansas project or facility. The bonds used to support awarded companies are based on the income tax withholding from jobs associated with the funded project. Program efficiencies make IMPACT, which is directly related to payroll generation, a tool that is most applicable to projects involving 100 jobs or more. Projects are funded through KDFA-issued bonds supported by employee income tax withholdings.

Kansas Economic Opportunity Initiatives Fund (KEOIF)

KEOIF is a forgivable loan program providing financial support for job and payroll creation. Loans are structured with a five-year term with performance milestones. As milestones are met, pro rata portions of the loan are forgiven; whereas performance shortfalls require repayment of funds received. Funding reductions to the program have led to the current practice which is to use KEOIF for smaller projects that cannot use IMPACT. The program is funded through annual appropriations.

High Performance Incentive Program (HPIP)

HPIP is a 10% Kansas investment tax credit that can be used to offset the income tax liability of a qualifying entity. HPIP is intended to encourage capital investment in companies that pay above-average wages for their industry and are investing in workforce development. Eligible companies are certified by Commerce and the tax credits approved by Revenue at the time of tax filing. This tax credit--which can be carried forward--cannot be used in conjunction with the Enterprise Zone Tax Credit. The tax credit is available to eligible companies that make a minimum capital investment of \$50,000.

Providing Employment Across Kansas (PEAK)

PEAK, newly passed by the 2009 Kansas Legislature, provides an incentive to qualifying companies based on the income tax withholding stream generated by the company's new employees. Companies that meet program requirements are allowed to retain up to 95% of their employees' income tax withholding for a period of at least five years. Current law requires the relocation to Kansas of business functions that are located outside of the state as a qualifier, along with meeting certain wage standards. The program is funded through the company's retention of employee income tax withholdings.

Enterprise Zone Tax Credit (E-Zone tax credit)

The E-Zone investment tax credit is a 1% tax credit for eligible investment that can be used to offset an eligible entity's Kansas income tax liability. There is no wage qualifying standard and a minimal job creation standard. The program is used by many small companies that do not qualify for HPIP. The tax credit can be carried forward.

Sales Tax Exemption

Qualifying companies can apply to Revenue for a sales tax exemption certificate that allows them to purchase qualifying improvements and equipment free from Kansas sales tax. The exemption is widely use by companies that plan to incur costs in establishing or improving a facility. Many states offer similar benefits, so it is almost a requirement that Kansas offer this benefit.

Jobs Credit

Qualifying companies that add net new jobs in Kansas can qualify for a tax credit of either \$1,500 or \$2,500 per net new job. This credit can be used in conjunction with other programs, including the investment tax credit programs HPIP and E-Zone, and the credit provides an offset to the Kansas income tax. This benefit is a tax credit, claimed at the time of tax filing.

Kansas Industrial Training (KIT)/Kansas Industrial Retraining (KIR)

These are two training programs used to support or offset employee training costs incurred by qualifying companies. These are fairly flexible programs that can meet a variety of a company's

training-related costs through reimbursement. KIT training for new jobs and KIR for retention are typically used by companies that are not good candidates for IMPACT or do not have large training needs. The KIT/KIR programs are funded through appropriation.

Wind and Solar Energy Benefits

In 2009 the Legislature provided additional flexibility to legislation originally designed to support the aviation industry. The legislation allows for up to \$5 million in K DFA-issued bonds to be made available to wind and solar manufacturing companies that meet certain eligibility thresholds. These bonds are ultimately paid off by the withholding taxes coming from the new jobs associated with the project. The project is funded through bonds and then repaid by employee withholding.

Machinery and Equipment (M&E) Property Tax Exemption

This legislation was passed several years ago and allows a company bringing business machinery and equipment into the state to exempt that property from personal property tax. This benefit is very important to companies, particularly those that have a large investment in M&E and it also eliminates the negativity associated with the taxation of personal property. Company machinery and equipment (new or used) that is brought into the state is exempted from taxation as personal property. The primary revenue impact of the exemption is at the local level.

II. EXAMPLES OF PROPOSALS

To accurately convey in a concrete way how these Kansas proposals consist of numerous and disparate incentives presented to individual companies, we have provided summaries of two actual proposals below:

Project A

Profile: A wind energy component manufacturing facility presents the opportunity to create 300 new full-time jobs within three years (275 direct labor workers and 25 office workers). The average wage for all workers at the facility would be \$16 per hour (or \$33,280 per year), plus benefits package. The plant would have three shifts on a five-day-per-week work schedule. The facility would require \$28.5 million in capital investment, which would include a 250,000 square-foot facility on 50 acres of land, plus equipment. The competition is North Dakota and the company is considering sites in several Kansas communities.

Package 1 (Wind Bond Financing & KIT)

Wind and Solar Manufacturing Bond Program (subject to Sec’y approval)	\$ 5,000,000
Kansas Industrial Training Program (KIT)	\$ 90,000
Community Development Block Grant (subject to approval)	\$ 750,000
Sales Tax Savings on Equipment and Construction	\$ 1,890,000
Enterprise Zone Job Credits:	
\$1,500 per job	\$ 450,000
\$2,500 per job	\$ 750,000
Enterprise Zone Investment Credits	\$ 285,000
High Performance Incentive Program (HPIP)	\$ 2,845,000
Estimated Personal Property Tax Exemption	\$ 1,740,554

Non-Metro Areas:

Total with Enterprise Zone Program \$10,505,554

OR

Total with High Performance Incentive Program \$13,065,554

Metro Areas:

Total with Enterprise Zone Program \$10,205,554

OR

Total with High Performance Incentive Program \$12,765,554

Package 2 (IMPACT Program)

Investments in Major Projects and Comprehensive Training (IMPACT) \$ 550,000

Sales Tax Savings on Equipment and Construction \$ 1,890,000

Community Development Block Grant (subject to approval) \$ 750,000

Enterprise Zone Job Credits:

\$1,500 per job \$ 450,000

\$2,500 per job \$ 750,000

Enterprise Zone Investment Credits \$ 285,000

High Performance Incentive Program (HPIP) \$ 2,845,000

Estimated Personal Property Tax Exemption \$ 1,740,554

Non-Metro Areas:

Total with Enterprise Zone Program \$ 5,965,554

OR

Total with High Performance Incentive Program \$ 8,525,554

Metro Areas:

Total with Enterprise Zone Program \$ 5,665,554

OR

Total with High Performance Incentive Program \$ 8,225,554

Project B

Profile: The project provides the opportunity for relocation of an entire office operation to Kansas from Missouri. The project promises to add a layer of employees each year during a five-year ramp-up as follows: Year 1 (29 to 32 employees); year 2 (30 to 34 employees); year 3 (34 to 36 employees); year 4 (36 to 38 employees); and year 5 (38 to 40 employees); for a total of 167 to 180 employees. The average salary for those jobs is projected to be \$63,637 per year. The project involves a 9,000 square foot building. There would be \$200,000 per year annual rent. In Kansas, the capital investment for a lease of a facility or equipment is calculated by taking eight times the net annual lease rate, thus \$200,000 multiplied by 8 = \$1.6 million. The project offers \$200,000 worth of new equipment and \$100,000 in relocated equipment. Equipment and machinery relocated to Kansas is valued at its original acquisition cost for capital investment purposes. The project also offers \$100,000 in build out and renovations. Thus, the total capital investment for the project is estimated at \$2 million.

Package Offered

Promoting Employment Across Kansas (PEAK) (if qualified by Sec'y)	\$570,340
Kansas Economic Opportunity Initiatives Fund (KEOIF)	\$ 20,000
Kansas Industrial Training (KIT)	\$ 24,000
Sales Tax Savings	\$ 21,000
Enterprise Zone Investment Credits	\$ 20,000
High Performance Incentive Program	\$195,000
Total with Enterprise Zone Program	\$655,340
OR	
Total with High Performance Incentive Program	\$830,340

As these examples show, it is difficult to discern which single incentive may serve to draw a business to Kansas. Each component in a package plays a role in making the proposal a viable one, and the whole may very easily be greater than the sum of its parts. If any piece is removed, it is unclear whether a proposal may go on to be successful or not. Likewise, if a proposal is successful, it can be reasonably assumed that each piece was critical for that success.

III. SUMMARY OF PROPOSALS FOR FY2010

Below are some basic data that indicates how the incentives have been utilized as part of offers for the period from July 1, 2009 to December 31, 2009:

Number of successful projects:	69
Number of retained jobs:	945
Number of new jobs:	6,605
Total payroll:	\$372,764,538
Total capital investment:	\$564,544,030
KEOIF	\$ 649,000
PEAK	\$ 20,910,320
KIT/KIR	\$ 1,605,390
IMPACT	\$ 14,120,000
HPIP	\$ 56,191,527
Sales Tax Exemption	\$ 33,463,306
E Zone Investment Tax Credit	\$ 6,124,006
New Job Credit	\$ 7,088,500
Wind and Solar	\$ 5,000,000

Please note that these numbers represent the total of all offers, and not all components of all offers were finally accepted by each company (i.e., the company chose one package over an alternative package). Note also that in some instances, the choice to take an incentive from one program may preclude taking an incentive from another program (i.e., the incentives are mutually exclusive). As a result, a grand total for all programs above for that period would not reflect the total of what was actually accepted.



STAR Bond Annual Report Fiscal Year 2009

Senate Committee on Commerce
William R. Thornton, Acting Secretary
February 3, 2010

STAR Bonds

Sales Tax Revenue (STAR) Bonds enable Kansas municipalities to issue bonds to finance the development of major commercial, entertainment and tourism areas and use the sales tax revenue generated by the development to pay off the bonds.

2

Statutory Obligations

K.S.A. 12-17,169 (c)

- Annual Report for projects funded with special obligation bonds

K.S.A. 12-17,177 (d) & 12-17,169 (c)

- Each city with a project funded with special obligation bonds payable from state sales tax revenue must submit an annual report to the Secretary of Commerce.

3

Kansas Speedway/Village West (Wyandotte County)

- No. 1 tourist attraction in Kansas.
- Created 3,500 new jobs that are generating more than \$55 million in annual payroll.
- Generated more than \$900 million in combined public and private investment with annual sales of more than \$400 million.
- Legends at Village West adding new venues.
- All bond proceeds have been expended.
- To date, more than \$240 million dollars in local and state sales taxes have been generated.

4

Heartland Park Racetrack (Topeka)

- \$10.5 million in bonds issued in 2006 for a \$24 million project.
- Phase I renovations to racetrack and visitor amenities are complete.
- City of Topeka reported \$230,000 in local sales tax; State sales taxes were \$557,000.
- Topeka reports that sales tax revenues will likely be insufficient to make bond payments in 2010. Because Topeka issued "Full Faith and Credit" bonds, the city is responsible for the debt service.

5

Kansas Underground Salt Museum (Hutchinson)

- \$4.8 million in bonds for \$10 million project approved in 2006.
- Attraction is unique in the Western Hemisphere, featuring an underground museum, theatre and elevator that goes 650 feet below ground.
- Potential economic impact estimated at over \$36 million; Attendance projections have been met for the most recent reporting period.
- \$2.5 million in sales tax collected, with bonds projected to be retired in 2014.

6

Senate Commerce Committee

Date: February 3, 2010

Attachment # 3-1

Flint Hills Discovery Center (Manhattan)

- \$50 million in bonds issued for \$108 million project that was approved in December 2006.
- Project includes 30,000 square-foot center and museum, hotel/conference center, restaurants, entertainment venues and an outdoor park.
- Economic impact: \$160 million capital investment, 1,200 construction jobs (\$27 million payroll) and 1,000 permanent employees (\$21 million payroll).
- Architectural/engineering studies are almost done. Construction scheduled to begin this summer.

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Schlitterbahn Vacation Village (Unified Government of Wyandotte)

- \$225 million in bonds were approved for a \$700 million project that includes a water park resort, vacation village and retail components.
- Phase I of water park opened in July 2009.
- More than \$178 million in private funds expended on the project to date.
- The Department of Commerce anticipates bonds will be issued in next few months.

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Mission Gateway (Mission)

- \$63 million in bonds authorized for \$307 million project.
- Project includes a 70,000 square-foot aquarium, movie/dinner theater and hotel, along with retail and entertainment venues.
- Project will generate 1,500 full-time jobs and 1,525 indirect/induced jobs with a total payroll of \$58 million.
- Project forecast to produce \$120 million in annual retail sales.

9

Wichita Water Walk (Wichita)

- \$14.7 million in bonds approved for this \$155 million project.
- Project includes the redevelopment of public space along the Arkansas River, including the Keeper of the Plains monument and an interactive water show.
- Estimated to bring 800,000 to 1 million new visitors to Wichita each year.
- Projected to produce 1,250 full-time jobs and generate annual retail sales of \$78 million.

10

Prairiefire (Overland Park)

- \$66 million in bonds were authorized in September 2009 for a \$573 million museum project.
- Project includes an American Museum of Natural History-affiliated museum, a wetlands park, retail and entertainment venues and prairie gardens.
- Estimated to create 1,900 full-time jobs and 2,600 indirect/induced jobs.
- Forecast to bring 1.9 million new visitors to Overland Park and generate \$154 million in annual sales.

11

Wizards Soccer Stadium, Cerner Office Complex (Wyandotte County)

- \$147 million in bonds approved for a \$414 million project comprising a pro soccer stadium, multi-sport athletic facility, youth soccer fields and office complex.
- Economic impact is projected at over \$500 million.
- Stadium/sports project should create 2,430 full- and part-time jobs and \$60 million in new tax revenue.
- Cerner has committed to 4,500 new jobs with an average salary of \$65,000 at the office complex.

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Additional STAR bond projects

- Discussions with Wichita officials about potential projects
- Amending Commerce regulations to better administrate and implement the STAR Bond Act.

13

