

SESSION OF 2025

**SUPPLEMENTAL NOTE ON SUBSTITUTE FOR SENATE
BILL NO. 197**

As Amended by Senate Committee of the Whole

Brief*

Sub. for SB 197, as amended, would make changes to the STAR Bonds Financing Act and extend its sunset to July 1, 2028.

Mall Facility Redevelopment Projects

The bill would authorize the redevelopment of mall facilities as eligible STAR Bonds projects. The bill would require at least 50 percent of a mall in such a mall facility to be unoccupied for the project to be eligible. Mall facility redevelopment projects would require a minimum capital investment of \$10.0 million.

Vertical Construction

The bill would allow the Secretary of Commerce to approve prior to December 31, 2025, vertical construction within an approved STAR bond project in cities with a population under 60,000.

Eminent Domain Authority

The bill would eliminate the authority of city or county governments to exercise eminent domain for the purpose of acquiring property for a STAR Bond project.

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

Restrictions on Funding

The bill would prohibit State General Fund revenues from being pledged for the repayment of special obligation STAR Bonds. The bill also would prohibit tax increment revenue generated within a STAR Bond district from being pledged toward any subsequent STAR Bond project.

Visitor Data Reporting

The bill would require all entities within a STAR Bond district utilizing a point-of-sale system to collect visitor data at the point of sale, for all sales, including cash sales.

The visitor data would be required to include visitor ZIP codes but could also include other data. The bill would require such data to be collected in aggregate and without personally identifiable information and be reported to the Secretary of Commerce on a quarterly basis.

The Secretary of Commerce would be required to make such data publicly available on the Department of Commerce's (Department) website within 90 days of being received, and would be required to include a calculation of in-state and out-of-state visitors to the district each quarter.

Notice and Disclosure requirements

The bill would require a city or county, upon adopting or modifying a STAR Bond project plan, to notify its residents of such adoption or modification within 90 days and to provide notice of the amount of associated tax increment revenue received on a continuing basis.

The bill would require certain documents to be made available on the website of the Department within 90 days of adoption or modification of a project plan, including:

- The project feasibility study;
- The STAR Bond project plan;
- The financial guarantees of the prospective developer; and
- Any subsequent modification of the above information.

Disclosures of documents related to the adoption or modification of a project plan required by continuing law would also be required be completed within 90 days of such adoption or modification.

Background

The bill was introduced by the Senate Committee on Commerce at the request of Senator Alley.

Senate Committee on Commerce

In the Senate Committee hearing, **proponent** testimony was provided by representatives of the Department of Commerce and Wichita Regional Chamber of Commerce. The proponents generally stated the STAR Bonds program is a tool for local governments to finance projects that provide substantial economic benefits, make Kansas more competitive, attract outside visitors, and increase amenities and quality of life in communities in which STAR Bonds projects are located.

Written-only proponent testimony was provided by a private citizen and representatives of the Kansas Economic Development Alliance, Olathe Chamber of Commerce, and Travel Industry Association of Kansas.

Opponent testimony was provided by a representative of Americans for Prosperity, Kansas, who stated there is little

evidence the STAR Bond program primarily draws visitors from out of state and that the program lacks sufficient transparency, harms existing businesses in and around STAR Bonds districts, and results in higher taxes as a result of foregone sales tax revenue.

No additional testimony was provided.

The Senate Committee amended the bill to:

- Change the sunset date from July 1, 2030, to July 1, 2028;
- Authorize redevelopment of mall facilities as eligible STAR Bond projects;
- Eliminate eminent domain authority for the purpose of acquiring property for a STAR Bond project;
- Add the restrictions on the use of State General Fund and tax increment revenues;
- Add requirements related to collection and reporting of STAR Bond district visitor data; and
- Add and modify STAR Bond project disclosure and notification requirements.

The Senate Committee recommended a substitute bill incorporating the above amendments.

Senate Committee of the Whole

The Senate Committee of the Whole amended the bill to add the provision authorizing vertical construction within an existing STAR Bond district under certain conditions.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill as introduced, the Department of Revenue indicates enactment of the bill could reduce state revenues through foregone sales and compensating use tax in an amount that would depend on the specific projects financed using STAR Bonds, but the agency is unable to estimate the fiscal effect.

A revised fiscal note on the amended bill was not immediately available.

Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2026 Governor's Budget Report*.

Commerce; economic development; STAR Bonds Financing Act; sunset