

MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Senator Karin Brownlee at 8:30 a.m. on March 26, 2002 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Sherman Parks, Revisor of Statutes
Norman Furse, Revisor of Statutes
April Holman, Legislative Research
Debra Hollon, Legislative Research
Lea Gerard, Committee Secretary

Conferees appearing before the committee: Senator Steineger
Rick Worner, Fahnestock
Steve Graham, Titan Construction

Others attending: See attached list.

SB 649—An act concerning tax increment financing; relating to major tourism areas.

April, Holman, Legislative Research briefed the committee on **SB 649** stating it would allow for the extension of limited tax increment financing to an area in Wyandotte County that is contiguous to the current NASCAR redevelopment area. The tax increment financing would be limited to arts, entertainment or recreation facilities. Some of the provisions in the bill are capital improvements costing at least \$50M in the state and would create at least 500 permanent and seasonal employment positions.

Senator Steineger, District 6, testified in support of **SB 649** and presented some balloon amendments. The balloon amendments cover the following three proposed sites: Zone A, adjacent to the NASCAR development area; Zone B, Indian Springs Mall; and Zone C, far eastern Wyandotte County consisting of about 10 acres. The intent of the bill is that property taxes cannot be abated or used to pay off the bonds. The balloon amendment also addresses that STAR bonds could not be used to finance casinos, gambling industries and casino hotels.

Senator Barone asked absent this legislation does the county have the authority to grant tax abatement on this property for development? Senator Steineger stated they have the authority to do Tax Increment Financing which involves property taxes.

Chairperson Brownlee referred to Page 9 of **SB 649** and commented the bill states the project shall not receive any property tax abatement and does that mean the unified government cannot TIF the area. Senator Steineger stated that is correct. On the original 400 acres that has Cabellas and the Nebraska Furniture Mart it was drafted into legislation they could not use property tax revenue to pay off the bonds. The idea is that property tax would go to the city, county, school district and the state-wide mill levy would be collected from day one which is the same intent for Zones A, B and C.

Rick Worner, Fahnestock & Company, an investment banking firm out of Kansas City, testified in support of **SB 649** stating his company was fortunate in bringing Cabellas and the Nebraska Furniture Mart to Kansas and that STAR Bond legislation was a big drawing point. STAR Bond legislation is the most powerful economic development tool for the State of Kansas.

There being no further conferees wishing to testify on **SB 649**, the hearing was closed.

Chairperson Brownlee stated to committee members that they would work **SB 649** tomorrow and then asked Senator Steineger if he would consider limiting the bill to Zone A.

SB 614—Funding KAN-ED with KUSF.

Hal Gardner, Coordinator, Educational Technology, Kansas State Department of Education, testified in support of **SB 614** (Attachment 1). Some of the derived benefits from KAN-ED for teachers and students in the Kansas School districts will be teaming, collaboration, scientific modeling and course delivery.

There being no further conferees wishing to testify on **SB 649**, the hearing was closed.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON COMMERCE at on March 26, 2002 in Room 123-S of the Capitol.

Committee members were provided a copy of the Senate Substitute for **SB 614** that amends one section of statute 66-2010. This section would authorize KAN-ED funding which would go through the appropriation process. The Executive Director of the State Board of Regents would certify to the KUSF administrator the amount provided by the Legislature through the appropriations process. The percentage that is collected from phone bills for KUSF support is effective each year on March 1. If this is approved, the first submitted budget would cover the second half of the 2003 fiscal year and would cover the entire 2004 fiscal year for the amount submitted to the KUSF administrator.

Senator Jordan moved, seconded by Senator Emler to adopt the substitute bill for **SB 614**. Motion carried.

Senator Emler moved, seconded by Senator Jordan to move the substitute for **SB 614** out favorable for passage. Motion carried.

Janet Buchanan, KCC, presented Committee members with data regarding Broadband Deployment and Competition (Attachment 2). Ms. Buchanan also provided additional information per a request from the committee regarding rates in rural areas of the state during the hearing on **HB 2754** (Attachment 3).

Meeting adjourned at 9:30 a.m.

The next meeting is scheduled for Wednesday, March 27, 2002 at 8:30 a.m.