

MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Senator Karin Brownlee at 8:45 a.m. on April 04, 2001 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: April Holman, Legislative Research Department
Bob Nugent, Revisor of Statutes
Lea Gerard, Secretary

Conferees appearing before the committee:

Others attending: See attached sheet.

Information showing funding streams for employment and training programs in State agencies was provided to Committee members from Barb Reavis, Workforce Development Coordinator (Attachment 1).

Hearings on HB 2573:

Doug Wood, Chairman Board of County Commissioners of Johnson County testified in support of **HB 2573** (Attachment 2). The Johnson County Board initiated the passage of **HB 2573** that would extend the deadline contained in KSA 74-8922 for obtaining Redevelopment Plan approval for a period of 12 months, from July 1, 2001 to July 1, 2002. The extension of time is requested by the board to obtain an independent financial analysis for the project feasibility. The issues surrounding the redevelopment of the Sunflower Army Ammunition Plant are very important for the citizens of the County and State, and the proposal of the Oz Entertainment Company for that redevelopment is very complex.

Committee questions and discussion followed regarding the Oz Project creditability and the price tag jump from \$760 million dollars to around \$860 million dollars. The Chairperson asked Doug Wood for his perspective regarding the increase of \$100 million dollars. Doug Wood explained that comprehensively he could not give why the increase but part of that was in direct response to requirements that Johnson County placed upon the Oz company. Johnson County had identified during the review areas that need to be addressed. It is a combination of items that is embodied in a pre-development agreement that has been tailored and fashioned for Johnson County. The Chairperson also asked why the commission did not do a feasibility study as considered in September, 1999.

Patrick Reavey, City Attorney for the City of DeSoto, Kansas spoke in behalf of Steve Prudden the Mayor of DeSoto in support of **HB 2573** (Attachment 3). Currently the city is operating the water treatment plant at Sunflower. The City of DeSoto provides water to all of the tenants at Sunflower, the Army as well as Alliant Tech, the contractor who is currently performing remediation at the plant. DeSoto has recently seen a lot of growth with new businesses and the city is faced with a water shortage problem. Under the Oz project, the City of DeSoto is slated to receive the water treatment plant and the city views this as an opportunity to address the water shortage as well as provide needed water to surrounding communities. Oz has agreed that if their project goes through they would purchase all of their water from the City of DeSoto.

Marge Morse, Executive Director for both the DeSoto Chamber of Commerce and DeSoto Economic Development Council testified in support of **HB 2573** (Attachment 4). The Chamber of Commerce and the Economic Development Council recognize the tremendous impact the Oz project can have on the local economy. Tourism dollars generated could provide much needed property tax relief for a district which currently has the highest school tax in the county.

Gayla Frazier, Plant Manager for Alliant Techsystems Inc. testified in support of **HB 2573** (Attachment 5). The Oz project is the best and fastest way to achieve environmental clean-up of the Sunflower plant, currently estimated at \$40 to \$50 million. The Oz Entertainment Company has agreed to transfer over 3000 acres around the plan boundary for the Johnson County Parks system, providing a buffer between neighboring properties and the resort boundary. The project would also include building a facility that would be a center of technical excellence for commercial and military digital arts and science.

Tom Stutz, former Army Installation Manager at the Sunflower Army Ammunition Plant testified in support of **HB 2573** (Attachment 6).

CONTINUATION SHEET

Michael Cain, Law student at the University of Kansas, Lawrence, Kansas testified in support of **HB 2573** (**Attachment 6**). As a student at KU, he became interested in the project as a way to supplement his own legal education by studying the project and the various issues concerning it. Mr. Cain has long been interested in pursuing a career in the entertainment and digital media industries and saw an opportunity for exposure to the entertainment/digital media industries, as well as the jobs and internships these industries provide. Many students that graduate from KU have left the state because jobs in their chosen fields have not been available or simply not existed.

Jon Steward, Overland Park Chamber of Commerce presented written testimony in support of **HB 2573** (**Attachment 7**).

Jerry Cook, President Overland Park Convention & Visitors Bureau presented written testimony in support of **HB 2573** (**Attachment 8**).

John Anderson, Jr., Attorney, testified in opposition to **HB 2573** (**Attachment 9**) stating an examination of Part Five of the project financing from the County Counselor's office fails to show any information regarding the financial ability of the promoters of the Oz Project to make any contribution to the cost or improvement of the Sunflower area. The Oz promoters depend upon development incentives through public financing sources such as Star Bonds which are sales tax revenue bonds and Tax Incentive Financing of \$38,999,000. Oz also anticipates grant money and hopes to receive Federal and State grants in the millions of dollars.

Ken Davis, Mayor City of Countryside, Kansas testified in opposition to **HB 2573** (**Attachment 10**). In addition to the City of Countryside, he also represents five other northeast Johnson county cities, including Fairway, Mission Woods, Roeland Park, Westwood, and Westwood Hills. The State of Kansas needs to consider other alternatives for the disposition of this Federal territory. The level of contamination and estimated cost for remediation is expected to exceed the \$45 million in surety bonds negotiated in the consent order. In addition, annual funding for additional clean-up is dependent upon Oz having enough money left from operations after paying debt service, taxes and other expenses.

C. Edward Peterson, Office of the Mayor, Fairway, Kansas presented written testimony in opposition of **HB 2573** (**Attachment 11**).

Warren P. Koeller, Lenexa business owner presented written testimony in opposition to **HB 2573** (**Attachment 12**).

Patricia S. Ireland, Psychotherapist, Overland Park, Kansas presented written testimony in opposition to **HB 2573** (**Attachment 13**).

Greg L. Wilson, Businessman in Johnson County and the State of Kansas, presented written testimony in opposition to **HB 2573** (**Attachment 14**).

There being no further conferees to appear before the Committee, Chairperson Brownlee closed the public hearings on **HB 2573**.

Chairperson Brownlee addressed the committee members stating it was two years ago she began voting against Oz after careful research. There is a lot of concern about Oz paying back their debts, and the House version does include that they pay back money to Wyandotte County. It has been suggested to add wording that Oz would pay back KDFA attorney fees. I would hope they do that whether it is in statute or not. In the past two years, I have heard from a tremendous number of citizens that do not support the Oz project and I feel to go forward with this is to ignore the representative form of government that we have. With that, we will not work this bill.

Meeting adjourned at 9:30 a.m.

Next meeting scheduled April 06, 2001 at 8:30 a.m.