

## **Testimony of Commerce Secretary Pat George In Support of House Bill No. 2561**

### **House Commerce Committee**

1:30 p.m., Friday, Feb. 10, 2012  
785 Docking State Office Building

I want to express my support for House Bill No. 2561, legislation which extends the Kansas Sales Tax Revenue (STAR) Bonds Act until July 1, 2017.

There are several exciting STAR Bonds projects across the state that are in various stages of development. Extending the program's sunset will allow these projects to continue at a deliberate pace rather than being expedited to meet the current sunset deadline of June 30, 2012. These projects have the potential to create hundreds of millions of capital investment and thousands of jobs. Furthermore, uncertainty associated with the potential sunset of STAR Bonds also may create obstacles for projects that have been approved but for which STAR Bonds have yet to be issued.

STAR Bonds have been used successfully around the state in Wyandotte County for the Kansas Speedway/Village West/Livestrong Sporting Park projects; Topeka for the Heartland Park Racetrack; Hutchinson for the Kansas Underground Salt Museum; and Wichita for the Water Walk project, to name a few.

As you know, STAR Bonds provide Kansas municipalities the opportunity 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. Only the incremental increase in sales tax within the district is used to pay back bonds, so there is minimal fiscal impact to these projects.

Two examples of current projects that have been approved for STAR Bonds are the Flint Hills Discovery Center in Manhattan in the Schlitterbahn Vacation Village in Wyandotte County.

The Discovery Center project includes a 30,000-square-foot discovery center and museum, hotel and conference center, restaurants, entertainment venues and a park area. Total economic impact includes more than \$160 million in capital investment, more than 1,200 construction jobs worth \$27 million in annual payroll, and more than 1,000 permanent full-time employees with annual payroll of more than \$21 million. The project issued \$50 million in bonds, and approximately \$13.9 million in sales tax has been collected from the district through Dec. 31, 2011.

The Schlitterbahn project entails a major water park resort, vacation village, retail component and related amenities. The water park opened in July 2009, and up to \$225 million of STAR Bonds have been approved, though no bonds have been issued to date. More than \$178 million in private funds have been invested in the project. The park expanded in 2011, and more enhancements are anticipated.

STAR Bonds remain an effective tool for communities to use to expand economic activity and create jobs, and I urge the Committee to approve this extension. Thank you.