

SESSION OF 2012

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2561**

As Recommended by House Committee on  
Commerce and Economic Development

**Brief\***

HB 2561 would extend the sunset for the Sales Tax and Revenue (STAR) Bonds Financing Act by five years, from July 1, 2012 to July 1, 2017.

**Background**

STAR Bonds are a form of tax-increment financing (TIF) that allows a city or county to issue bonds for development projects. The revenue used to repay the special obligation bonds is derived from the incremental increase of receipts from any transient guest, sales, or use taxes—including increases in state receipts—that are collected from within the STAR Bond district. The Department of Commerce administers the STAR Bond Act by evaluating proposed districts and their projects. The Secretary of Commerce is required to approve any proposal.

The Department of Commerce, the Unified Government of Wyandotte County, the League of Kansas Municipalities, the cities of Overland Park and Manhattan, representatives of the travel industry, and a private business spoke in favor of the bill. Proponents said STAR Bonds remain an effective tool for communities to expand economic growth and create jobs.

Former Representative Doug Patterson gave neutral testimony, suggesting several means by which the application process for STAR Bonds could be improved.

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\*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 <http://www.kslegislature.org>

There was no opponent testimony.

According to the fiscal note prepared by the Division of the Budget, in consultation with the Department of Commerce, the bill would have a negligible impact on the Department's administrative costs.