

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT.

The meeting was called to order by Chairman Kenny Wilk at 3:30 p.m. on February 20, 2003 in Room 522-S of the Capitol.

All members were present except:

Committee staff present: April Holman, Legislative Research Department
Debra Hollon, Legislative Research Department
Rena Jefferies, Revisor of Statutes
Fulva Seufert, Secretary

Conferees appearing before the committee:

Representative Larry Campbell
Tim McKee, Vice President of Economic Development, Olathe Chamber of
Commerce
Michael Wilkes, Olathe City Manager
Larry R. Baer, Assistant Legal Counsel, League of Kansas Municipalities
Don Denney, Unified Government of Wyandotte County, K.C., Kansas
Steve Graham, P.E. Vice President of Project Development, Titan Const.
Bud Burke, representing Olathe Chamber of Commerce
Ed Wolverton, President, Wichita Downtown Development Corporation
(Written only)
Lori Usher, Vice President, Economic Development, Wichita Area Chamber
of Commerce (Written Only)
Blake Schreck, President, Lenexa Chamber of Commerce (Written Only)
Glenn Thompson, Executive Director, Stand Up For Kansas (Written Only)

Others attending: See attached list

Chairman Wilk opened the meeting at 3:30 p.m. by welcoming former Representative Doug Spangler to the Committee.

The Chair asked April Holman to explain the following:

HB 2396: Providing for general STAR bond authority throughout the state

Chairman Wilk opened the Public Hearing for **HB 2396**, and welcomed Representative Larry Campbell to the Committee. Rep. Campbell spoke as a proponent for **HB 2396** and said the facts alone sell the bill. He thanked the Chair for allowing him to speak first. He said that STAR bonds should be at a policy level. He believes that the legislature should enact everything possible to encourage and inspire economic development in the state. Rep. Campbell believes **HB 2396** attempts to make this a beginning answer to putting people back to work and that policy criteria should be set so this can become a reality. A question came up concerning the funding and the number of years the state would not have the revenue. He answered that the state would probably not have the sales tax anyway if it were not for STAR bonds and that if this becomes a reality, the state will benefit from some large statewide projects which will generate capital flow that it probably would not have otherwise. He thanked the Committee and said he appreciated the hearing.

Chairman Wilk welcomed Tim McKee, Vice President of Economic Development, Olathe Chamber of Commerce, who spoke as a proponent of **HB 2396**. Mr. McKee said this legislation was needed to expand the overall Kansas economy. Since Kansas is in the lower third of all states in regard to tourism, he strongly believes that this legislation can jump start tourism. In closing, he said that the parameters should be set high and relate to the size of the community so that large projects with a regional draw will want to locate in Kansas. (Attachment 1).

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The Chair recognized Mr. Michael Wilkes, Olathe City Manager, who spoke as a proponent in behalf of Unified Government's Position on Expanded STAR Bond Legislation in which he stated there has been a successful partnership between the State of Kansas and the Unified Government of Wyandotte County/Kansas City, Kansas using the STAR Bond legislation. This legislation helped build Kansas Speedway and Village West, a 400-acre tourism district located adjacent to the speedway. (Attachment 2).

Chairman Wilk welcomed Mr. Larry R. Baer, Assistant Legal Counsel, League of Kansas Municipalities, who spoke in support of **HB 2396**. He stressed the importance of focusing on legislation that stimulates and generates economic growth along with providing financial flexibility during this time of fiscal belt tightening at both the local and state levels. In closing, he said, "**HB 2396** is an important tool to help stimulate and generate local economic growth and provide additional flexibility for payment of public costs which may be associated with any project." (Attachment 3).

The Chair recognized Mr. Don Denney, Unified Government of Wyandotte County, K.C., Kansas, who spoke in support of **HB 2996**. He said that Unified Government made a very bold gamble in 1996 and 1997 when NASCAR came to them. They were a community that needed a "shot in the arm." He said they painstakingly went through the legal measures to get the land and then came to the legislature to get support. He also said he firmly believed that any STAR bond legislation should not exceed current state law. (Attachment 4).

Chairman Wilk welcomed Mr. Steve Graham, P.E., Vice President of Project Development, Titan Construction Organization, who spoke in support of **HB 2396**. He shared some background information regarding the Kansas City area construction market and pointed out that 2002 was estimated to have been down 40% from 2001. He thinks that 2003 will also be consistent with this downturn. He said that he understood there are seven states that are in the process of developing STAR bond legislation and that he truly believes that Kansas will not even be on the radar screens without the economic benefits of STAR bond legislation. He encouraged the adoption of this legislation because he thinks STAR bonds should be available state wide so that Kansas can become the regional destination of choice in the Midwest. (Attachment 5).

The Chair next recognized Mr. Bud Burke who represented the Olathe Chamber of Commerce. He specifically mentioned that he believed that a level playing field was not only fair but essential for the state. He said that our country was founded on the free enterprise system and putting artificial barriers into the system could start the state on a very dangerous road. He added that destination areas are always made more attractive with increased opportunities for consumers. (Attachment 6).

The Chair asked if there was anyone else who would like to speak to **HB 2396**, and a college student named Naqarajsubtramanian came forward. He cautioned that he thought the legislation lacked legislative insight because assumptions were made in testimony. He said one does not have any physical evidence and that the future is uncertain. He said he was concerned, too, about the full impact on future taxpayers.

The Chairman called the Committee's attention to the following written only testimony:

Edwin J. Wolverton, President, Wichita Downtown Development Corporation; LORI Usher, Vice President, Economic Development, Wichita Area Chamber of Commerce; Blake Schreck, President, Lenexa Chamber of Commerce and Glenn Thompson, Executive Director, Stand Up For Kansas. (Attachments 7, 8, 9 and 10).

Seeing no others who desired to speak to **HB 2396**, Chairman Wilk closed the Public Hearing. He then asked the Committee to turn its attention to **HB 2208**.

Chairman Wilk asked April Holman, Legislative Research Department, to brief the Committee on the similarities and differences between **HB 2396** and **HB 2208**.

Representative Novascone made a motion to pass **HB 2208** out favorable. Representative Gordon seconded.

During discussion, Representative Burroughs said that he had questions about the sales tax in the two bills. After a lengthy discussion, Representative Loganbill made a substitute motion to amend **HB 2208** by taking new section 2 and new section 3 in **HB 2396** and inserting these sections into **HB 2208** where appropriate.

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Representative Carlin seconded.

After considerable discussion about the peanut of the amendment, Representative Loganbill withdrew her motion and Representative Carlin withdrew her second.

The Chair announced that the Committee was back on the Novascone motion. Discussion continued until Representative Kuether made a substitute motion to make Broadway the eastern border of the district. Representative Loganbill seconded. Motion failed.

Representative Winn made a substitute motion to include the local component of the sales tax to pay down STAR Bonds. Representative O'Malley seconded. Motion passed.

The Chair called the Committee's attention back to the Novascone motion on **HB 2208** as amended. Representative Loganbill made a motion to make a correction on page 1, line 22 where it says Seneca to be 2nd Street. Representative Kuether seconded. Motion carried.

Representative Hill made a motion to insert new before taxpayers on page 10, line 15. Representative Carlin seconded. Motion carried.

The Chair said that the Committee was now back on **HB 2208** as amended. Representative Novascone made a motion to pass out favorably **HB 2208** as amended. Representative Gordon seconded. Motion carried.

Representative Kuether made a motion to approve the minutes of the February 18, 2003 meeting. Representative Novascone seconded. Motion carried.

The Chairman announced that the next meeting would be February 25, 2003, when the Committee would be hearing **HB 2258** - Enacting the agricultural opportunities and value-added partnerships act.

The meeting adjourned at 6:00 p.m.