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WICHITA, KANSAS
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MEMORANDUM

To: Senate Commerce Committee
From: Gary Anderson
Re: Senate Bill 316
Date: February 19, 2007

Please find attached my balloon regarding the definition of "project costs" for SB 316.

This approach would allow structures to be financed with STAR bonds if they are listed in (1)–(18), this would include multi-level parking structures, fountains, sculptures, etc.

I have also added 2 new items to the list of project costs. They are "major athletic complex" and "museum facility." These could also be financed with STAR bonds.

I have also clarified under the definition of project costs that any other buildings or structures not listed in (1)–(18), regardless if they are owned by a city or county, could not be financed with STAR bonds.

The new definitions are modeled after the definition of auto racetrack facility and would read as follows:

(l) "Major athletic complex: means an athletic complex, stadium or arena, and facilities directly related and necessary to the operation thereof, including but not limited to, grandstands, seating, suites, viewing areas, concessions, souvenir facilities, catering facilities, visitor center, signage and temporary hospitality facilities, but excluding hotels, motels, restaurants and retail facilities not directly related to or necessary to the operation of such facility.

(o) "Museum facility" means a museum and facilities directly related and necessary to the operation thereof, including but not limited to, gift shop, restaurant facilities, but excluding restaurant and retail facilities not directly related to or necessary to the operation of such facility.

1 \$100,000,000 will be built in the state to construct an auto race track
2 facility.

3 (l) "Major ^g multi-sport athletic complex" means an athletic complex
4 ~~that is utilized for the training of athletes, the practice of athletic teams,~~
5 ~~the playing of athletic games or the hosting of events. Such project may~~
6 ~~include playing fields, parking lots and other developments.~~

INSECT # 1

7 (m) "Market study" means a study to determine the ability of the
8 project to gain market share locally, regionally and nationally and the
9 ability of the project to gain sufficient market share to:

- 10 (1) Remain profitable past the term of repayment; and
- 11 (2) maintain status as a significant factor for travel decisions.

INSECT # 2

12 (n) "Market impact study" means a study to measure the impact of
13 the proposed STAR bond project on similar businesses in the project's
14 market area.

15 (o) "Project" means a STAR bond project.

16 (p) "Project costs" means those costs necessary to implement a pro-
17 ject plan, including costs incurred for:

real

- 18 (1) Acquisition of property within the project area;
- 19 (2) payment of relocation assistance pursuant to a relocation assis-
20 tance plan as provided in section 9, and amendments thereto;
- 21 (3) site preparation including utility relocations;
- 22 (4) sanitary and storm sewers and lift stations;
- 23 (5) drainage conduits, channels, levees and river walk canal facilities;
- 24 (6) street grading, paving, graveling, macadamizing, curbing, gutter-
25 ing and surfacing;
- 26 (7) street light fixtures, connection and facilities;
- 27 (8) underground gas, water, heating and electrical services and con-
28 nections located within the public right-of-way;
- 29 (9) sidewalks and pedestrian underpasses or overpasses;
- 30 (10) drives and driveway approaches located within the public right-
31 of-way;

including multilevel parking structures

18

- 32 (11) water mains and extensions;
- 33 (12) plazas and arcades;
- 34 (13) parking facilities;
- 35 (14) landscaping and plantings, fountains, shelters, benches, sculp-
36 tures, lighting, decorations and similar amenities;

(15) auto race track facility;
 (16) major athletic complex;
 (17) museum facility;

37 (15) related expenses to redevelop and finance the STAR bond pro-
38 ject, except that for a redevelopment project financed with special obli-
39 gation bonds payable from the revenues described in subsections
40 (a)(1)(C) and (a)(1)(E) of section 9, and amendments thereto, such ex-
41 penses shall require prior approval by the secretary of commerce; and
42 ~~(16)~~ project costs shall not include costs incurred in connection with
43 the construction of buildings or other structures to be owned by or leased

(A)
Except for costs specified in (1) through (18) above,

or located in

SB 316

4

1 to a developer, however, project costs shall include costs incurred in con-
2 nection with the construction of buildings or other structures to be owned
3 or leased to a developer which includes an auto race track facility. In
4 addition, project costs shall not include:

B

5 (A) Fees and commissions paid to real estate agents, financial advisors
6 or any other consultants who represent the businesses considering locat-
7 ing in a STAR bond project district;

developers,

C

8 (B) salaries for local government employees;

developer

D

9 (C) moving expenses for employees of the businesses locating within
10 the STAR bond project district;

or any
other

E

11 (D) property taxes for businesses that locate in the STAR bond pro-
12 ject district;

F

13 (E) lobbying costs; and

G

14 (F) a bond origination fee charged by the city pursuant to K.S.A. 12-
15 1742, and amendments thereto;

or county

any

16 (g) "Projected market area" means any area within the state in which
17 the STAR bond project is projected to have a substantial fiscal or market
18 impact upon businesses in such area.

19 (r) "River walk canal facilities" means a canal and related water fea-
20 tures located adjacent to a river which flows through a major commercial
21 entertainment and tourism area and facilities related or contiguous
22 thereto, including, but not limited to, pedestrian walkways and prome-
23 nades, landscaping and parking facilities.

24 (s) "Sales tax and revenue" are those revenues available to finance
25 the issuance of special obligation bonds as identified in section 9, and
26 amendments thereto.

27 (t) "STAR bond" means sales tax and revenue bond.

28 (u) "STAR bond project" means an approved project to implement
29 a project plan for the development of the established STAR bond project
30 district with:

31 (1) At least a \$50,000,000 capital investment and \$50,000,000 in pro-
32 jected gross annual sales; or

33 (2) for areas outside of metropolitan statistical areas, as defined by
34 the federal office of management and budget, the secretary finds:

35 (A) The project is an eligible area as defined in subsection (f); and

36 (B) would be of statewide or multi-state significance; or

37 (3) is a major tourism area as defined in section 2, and amendments
38 thereto.

39 (v) "STAR bond project area" or "project area" means the geographic
40 area within the STAR bond district in which there may be one or more
41 projects.

42 (w) "STAR bond project district" or "project district" means the spe-
43 cific area declared to be an eligible area as determined by the secretary

(H) any personal
property, as
defined in
K.S.A.
79-103,
and
amendments
hereto

SB 316 Inserts
(February 17, 2007)

INSERT #1

, stadium or arena, and facilities directly related and necessary to the operation thereof, including but not limited to, grandstands, seating, suites, viewing areas, concessions, souvenir facilities, catering facilities, visitor center, signage and temporary hospitality facilities, but excluding hotels, motels, restaurants and retail facilities not directly related to or necessary to the operation of such facility.

INSERT #2

(o) "Museum facility" means a museum and facilities directly related and necessary to the operation thereof, including but not limited to, gift shop, restaurant facilities, but excluding restaurant and retail facilities not directly related to or necessary to the operation of such facility.

(qep) "Project costs" means those costs necessary to implement a redevelopment project plan or a bioscience development project plan, including costs incurred for:

- (1) Acquisition of real property within the redevelopment project area;
- (2) payment of relocation assistance pursuant to a relocation assistance plan as provided in K.S.A. 12-1777, and amendments thereto;
- (3) site preparation including utility relocations;
- (4) sanitary and storm sewers and lift stations;
- (5) drainage conduits, channels, levees and river walk canal facilities;
- (6) street grading, paving, graveling, macadamizing, curbing, guttering and surfacing;
- (7) street light fixtures, connection and facilities;
- (8) underground gas, water, heating and electrical services and connections located within the public right-of-way;
- (9) sidewalks and pedestrian underpasses or overpasses;
- (10) drives and driveway approaches located within the public right-of-way;
- (11) water mains and extensions;
- (12) plazas and arcades;
- (13) parking facilities, including multilevel parking facilities;
- (14) ~~(14)~~ landscaping and plantings, fountains, shelters, benches, sculptures, lighting, decorations and similar amenities; ~~and~~
- (15) auto race track facility;
- (16) major athletic complex;
- (17) museum facility; and
- (18) related expenses to redevelop and finance the STAR bond project, except that for a redevelopment project financed with special obligation bonds payable from the revenues described in subsections (a)(1)(C) and (a)(1)(E) of Section 9, and amendments thereto, such expenses shall require prior approval by the secretary of commerce.

(16) Except for costs specified in (1) through (18) above, project costs shall not include:

(A) costs incurred in connection with the construction of buildings or other structures; ~~to be owned by or leased to a developer, however, the project costs shall include costs incurred in connection with the construction of buildings or other structures to be owned or leased to a developer which includes an auto race track facility. In addition, project costs shall not include:~~

(B) Fees and commissions paid to developers, real estate agents, financial advisors or any other consultants who represent the developer or any other businesses considering locating in or located in a redevelopment district;

(C2) salaries for local government employees;

(D3) moving expenses for employees of the businesses locating within the redevelopment district;

(E4) property taxes for businesses that locate in the redevelopment district;

(F5) lobbying costs; and

(G6) any bond origination fee charged by the city or county; and pursuant to K.S.A. 12-1742, and amendments thereto.

(H) any personal property as defined in K.S.A. 79-102, and amendments thereto.

New Sec. 9. (a) (1) Any city or county shall have the power to issue special obligation bonds in one or more series to finance the undertaking of any STAR bond project in accordance with the provisions of this act. Such special obligation bonds shall be made payable, both as to principal and interest:

(A) from revenues of the city or county derived from or held in connection with the undertaking and carrying out of any STAR bond project or projects under this act including historic theater sales tax increments and environmental increments;

(B) from any private sources, contributions or other financial assistance from the state or federal government;

(C) from a pledge of all 100% of the incremental revenue received by the city from any ~~transient guest and local sales and use taxes, including the city's share of any county sales tax,~~ which are collected from taxpayers doing business within that portion of the city's STAR bond district established pursuant to Section 52, and amendments thereto, occupied by a STAR bond project, except for amounts committed to other uses by election of voters or pledged to bond repayment prior to the approval of the STAR bond project if there first is a finding by the secretary that based upon the feasibility study the STAR bond project will create a major tourism area for the state; is the restoration of a historic theater as defined in Section 2, and amendments thereto; or has been designated as a STAR bond project as defined in Section 2, and amendments thereto. The proceeds of special obligation bonds issued pursuant to this paragraph after June 3, 2004, shall not be used to finance personal property as defined in K.S.A. 79-102, and amendments thereto. A city proposing to finance a STAR bond project pursuant to this paragraph shall prepare a project plan as required in Sections 6 and 7, and amendments thereto;

(D) at the option of the county in a city STAR bond district with the approval of the county, from a pledge of all of the incremental revenues received by the county from any ~~transient guest,~~ local sales and use taxes which are collected from taxpayers doing business within that portion of the city's STAR bond district established pursuant to Section 6, and amendments thereto except for amounts committed to other uses by election of voters or pledged to bond repayment prior to the approval of a STAR bond project;

(E) in a county STAR bond district, from a pledge of 100% of the incremental revenue received by the county from any county sales and use tax, but excluding any portions of such taxes that are allocated to the cities in such county pursuant to K.S.A. 12-192 and amendments thereto, which are collected from taxpayers doing business within that portion of the county's STAR bond district established pursuant to Section 2, and amendments thereto, occupied by a STAR bond project;

(~~E~~) from a pledge of all of the incremental revenue received from any state sales taxes which are collected from taxpayers doing business within that portion of the city's or county's STAR bond district occupied by a STAR bond project ~~if the secretary finds that, based upon the feasibility study, the STAR bond project:~~

(i) Will create a major tourism area for the state;

~~(ii) is the restoration of a historic theater as defined in Section 2, and amendments thereto;~~

~~(iii) has been designated a special bond project as defined in Section 2, and amendments thereto. The proceeds of special obligation bonds issued pursuant to this paragraph after June 3, 2004, shall not be used to finance personal property as defined in K.S.A. 79-102, and amendments thereto;~~

(G) at the option of the city or county, (i) from all or a portion of the transient guest tax of such city or county and/or (ii) from all or a portion of the property tax increments allocated to, and paid into a special fund of the city or county under the provisions of K.S.A. 12-1775, and amendments thereto;

(H) at the option of the city or county, from a pledge of all or a portion of increased revenue received by the city or county from franchise fees collected from utilities and other businesses using public right-of-way within the STAR bond project district; and/or (ii) from a pledge of all or a portion of the revenue received by a city or county from local sales taxes and/or local transient guest and local use taxes; or

~~(IF) by any combination of these methods except that for a project which has been designated as a STAR bond project as defined in Section 2, and amendments thereto, 100% of city and county sales taxes shall be pledged for such project except for amounts committed to other use by election of voters or pledged to bond repayment prior to the approval of a project using special obligation bonds payable from the revenues described in subsections (a)(1)(C) and (a)(1)(E) of K.S.A. 12-1774, and amendments thereto.~~

The city may pledge such revenue to the repayment of such special obligation bonds prior to, simultaneously with, or subsequent to the issuance of such special obligation bonds.

(~~qep~~) "Project costs" means those costs necessary to implement a redevelopment project plan or a bioscience development project plan, including costs incurred for:

- (1) Acquisition of real property within the redevelopment project area;
- (2) payment of relocation assistance pursuant to a relocation assistance plan as provided in K.S.A. 12-1777, and amendments thereto;
- (3) site preparation including utility relocations;
- (4) sanitary and storm sewers and lift stations;
- (5) drainage conduits, channels, levees and river walk canal facilities;
- (6) street grading, paving, graveling, macadamizing, curbing, guttering and surfacing;
- (7) street light fixtures, connection and facilities;
- (8) underground gas, water, heating and electrical services and connections located within the public right-of-way;
- (9) sidewalks and pedestrian underpasses or overpasses;
- (10) drives and driveway approaches located within the public right-of-way;
- (11) water mains and extensions;
- (12) plazas and arcades;
- (13) parking facilities, including multilevel parking facilities;
- (14) ~~—(14)—~~landscaping and plantings, fountains, shelters, benches, sculptures, lighting, decorations and similar amenities; ~~and~~
- (15) auto race track facility;
- (16) major athletic complex;
- (17) museum facility; and

(~~185~~) related expenses to redevelop and finance the STAR bond project, except that for a redevelopment project financed with special obligation bonds payable from the revenues described in subsections (a)(1)(C) and (a)(1)(E) of Section 9, and amendments thereto, such expenses shall require prior approval by the secretary of commerce.

(16) Except for costs specified in (1) through (18) above, project costs shall not include:

(A) costs incurred in connection with the construction of buildings or other structures; ~~to be owned by or leased to a developer, however, the project costs shall include costs incurred in connection with the construction of buildings or other structures to be owned or leased to a developer which includes an auto race track facility. In addition, project costs shall not include:~~

(B4) Fees and commissions paid to developers, real estate agents, financial advisors or any other consultants who represent the developer or any other businesses considering locating in or located in a redevelopment district;

(C2) salaries for local government employees;

(D3) moving expenses for employees of the businesses locating within the redevelopment district;

(E4) property taxes for businesses that locate in the redevelopment district;

(F5) lobbying costs; and

(G6) any bond origination fee charged by ~~the city or county~~; and pursuant to K.S.A. 12-1742, and amendments thereto.

(H) any personal property as defined in K.S.A. 79-102, and amendments thereto.