

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 3:30 p.m. on March 18, 2004, in Room 526-S of the Capitol.

All members were present.

Committee staff present:

Susan Kannarr, Legislative Research Department
Renaë Jefferies, Office of Revisor of Statutes
Helen Pedigo, Office of Revisor of Statutes
Fulva Seufert, Secretary

Conferees appearing before the committee:

Representative Doug Patterson
Mr. Allen Bell, Economic Development Director, City of Wichita

Others attending:

See Attached List.

Chairman Wilk asked Ms. Susan Kannarr, Legislative Research Department, to brief the committee on the following: **HB 2934 - Tax increment financing; river walk canal facility** (Attachment 1)

Following the briefing, the Chair welcomed Representative Doug Patterson who said he always enjoyed testifying before the Economic Development Committee. Representative Patterson said he was in the committee to speak to the following:

Substitute HB 2801 - Tax increment financing definition on special bond projects.

Representative Patterson told the committee he was interested in specific projects such as the River Walk and the Kansas Speedway, and that he found encouragement in last year's bill. He also said he thought it would be great to let smaller communities tap into this resource. He said other states are looking at smaller projects without more restrictions. He cited Paola as an example where the town square has many empty store fronts and is just not the same as it used to be. He said Paola needs help to restore its Mom and Pop stores. Rep. Patterson said **HB 2801** proposes that communities of a certain size, as long as the project is of a certain minimal investment, use this legislation to revitalize themselves. This would create a certain level of new jobs. He mentioned that he thinks a 10 year time frame would be adequate. Representative Patterson referred to the "but for" wording which prompted some questions from committee members.

Chairman Wilk thanked Representative Patterson and opened the Public Hearing on **HB 2934 - Tax increment financing; river walk canal facility.**

- The Chair welcomed Representative Steve Brunk, committee member, who said some people from Wichita are working on the current STAR Bonds project and are having some difficulty getting the project together. He said the bill needs some tweaking and he wanted the committee to hear from them one more time. Rep. Brunk introduced Mr. Allen Bell, Economic Development Director, City of Wichita, who spoke as a proponent of **HB 2934** which would help to bring a Bass Pro Shops store to Wichita as a part of the Water Walk Redevelopment Project. He said they needed this to be able to use STAR Bonds to finance the construction of the building that will be leased to Bass Pro Shops. **House Bill 2934** makes this possible by adding the Water Walk project to the projects that are exempted from the blanket prohibition against using STAR Bonds to finance buildings owned by or leased to private developers. He mentioned other exempted projects like the Kansas Speedway project in Wyandotte County and a possible redevelopment project for the former Topeka State Hospital.

During questions and discussion, concerns were expressed about what would happen if Bass Pro Shops pull

CONTINUATION SHEET

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out after 10-15 years and leave an empty building. Another member expressed concern because it appears to be chipping away at the original intent of STAR Bonds, and the radius of 500 miles is overlapping. When asked if this idea is dependent upon the idea of a casino, the answer was "yes." Rep. Annie Kuether refreshed the committee about the original race track and how it displaced a lot of families who had homes in the area of the project. Representative Brunk mentioned that this was a specific project which has been pared down to the water walk area which is blighted and polluted in an area of downtown that was rapidly deteriorating. He suggested it could be very specific just like the Cabela project and that no more than a certain percent could be used. He said developers are putting up a lot of money and that normally he would not like the idea, but this is a unique idea. He said he hopes Wichita can do the same thing that Cabela did in Kansas City, and that Wichita definitely needs this one piece of legislation to make this project work.

The committee members questioned Mr. Bell about whether he has been in communication with Secretary of Commerce, and he said that just today the Lt. Governor assured him that this bill will satisfy his concerns about its intent. Chairman Wilk referred to page 2 of the testimony concerning outcomes of the project and what dollars would be involved if the legislature does nothing. The answer given was they would be limited by the fact that they need to conclude the deal with Bass Pro Shops, and the retail leverage would be about 28 million of STAR Bonds. Mr. Bell said the total without STAR Bonds is about 105 million and somewhere around 130 million with STAR Bonds. (Attachment 2)

Chairman Wilk closed the Public Hearing on **HB 2934**.

The Chair announced that members could continue their discussion **of HB 2934**. Some of the discussion included the following:

- Do not always get things right the first time.
- Did the STAR Bond language in the bill for the water walk project include a definition of the river walk canal facility? The answer was that it was gutted by the Senate. Chairman Wilk pointed out that on page 3, line 32, the definition is there.
- Representative Huntington asked if the project was already under way and if STAR Bonds are being used. The answer was "no" and that tax increment financing was being used and that site preparation has begun. The original project included mixed use building and did not contemplate the Bass Pro Shop opportunity.
- Representative Novascone commented that it puzzles him as to why anyone from Wichita would be against this project.
- Mr. Bell said it was an important project for Wichita, and the ambiguity of language should not cause Wichita to lose this major opportunity.

Representative Hill made a motion to approve the minutes of the March 11, 2004, and Representative Boyer seconded. Motion passed.

The meeting adjourned at 4:35 p.m.