

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE

The meeting was called to order by Chairperson Lana Gordon at 3:30 P.M. on March 17, 2005 in Room 526-S of the Capitol.

All members were present except:  
Todd Novascone- excused

Committee staff present:  
Kathie Sparks, Kansas Legislative Research Department  
Susan Kannarr, Kansas Legislative Research Department  
Renaë Jefferies, Revisor of Statutes  
Helen Pedigo, Revisor of Statutes  
Carlene Maag, Committee Secretary

Conferees appearing before the committee:  
Kathy Peters, Bond Counsel, Stenson, Morris, & Heckart  
Dottie Riley, KUTAK ROCK LLP

Others attending:  
See attached list.

A motion was made by Representative O'Malley and seconded by Representative Carlson to approve the minutes of the March 10, 2005 meeting. The minutes were approved.

**HB 2012 - Sales tax and revenue bonds; clarification of language**

Staff gave a detailed overview of **HB 2012** which included all of the proposed amendments.

Representative O'Malley made a motion to amend **HB 2012** on page 3 as described in the balloon. The motion was seconded by Representative Hill. A vote was taken, motion passed.

Representative O'Malley made a motion to amend the bill as described in the balloon on the top of page 4. The motion was seconded by Representative Carlin. A vote was taken, motion passed.

Representative Carlin made a motion to amend the bill on line 30, page 4 to remove the language "but not limited to" and to insert on page 4, line 32 at the end of the sentence "for persons dispossessed of ownership of property in the redevelopment district". The motion was seconded by Representative Treaster. A vote was taken, motion passed.

Representative O'Malley made a motion to amend the bill by striking the language identified on page 5, lines 13 thru 16 after the word "facility". The motion was seconded by Representative Huntington. A vote was taken, motion passed.

Representative Roth made a motion to adopt the amendment to the bill as shown in the balloon on page 5. Representative Kuether seconded the motion. A vote was taken, motion passed.

Representative Huntington made a motion to amend the bill on page 12, line 9 after July 1, 2002, to include the proposed balloon on page 12. The motion was seconded by Representative Carlin. A vote was taken, motion passed.

Representative O'Malley made a motion to amend the bill with all of the amendments made on page 15 of the balloon. The motion was seconded by Representative Roth. A vote was taken, motion passed.

Representative Hill made a motion to amend the bill, page 18 by adding the words "and any expenditures that may be requested" at the end of line 23, and on line 28 to add the word "redevelopment" before "project plan". The motion was seconded by Representative Carlson. A vote was taken, motion passed.

Representative O'Malley made a motion to add K.S.A. 12-1772 to the bill and amending it as shown on Page

CONTINUATION SHEET

MINUTES OF THE House Economic Development Committee at 3:30 P.M. on March 17, 2005 in Room 526-S of the Capitol.

3 of the balloon. Representative Carlin seconded the motion. A vote was taken, motion passed.

Representative Carlin made a motion to accept the amendment as shown in Section 10 of K.S.A. 12-1777. Representative Huntington seconded the motion. A vote was taken, motion passed.

Representative O'Malley made a motion to amend the bill to include new section 11 as shown on the attachment, and adding the words "approved after the effective date of this act after the word 'project' ". The motion was second by Representative Carlson. A vote taken, motion passed.

Representative Roth made a motion to adopt new section 12 of the bill as shown on the attachment, and adding "(a)" after "12 ". The motion was seconded by Representative Carlson. A vote was taken, motion passed.

Representative Treaster made a motion to adopt all technical clean-up amendments throughout the bill. The motion was seconded by Representative Kuether. A vote was taken, motion passed.

A copy of the balloon containing all of the above amendments was submitted to the committee for review. (Attachment 1)

After reviewing the balloon, James Bartle, General Counsel, Kansas Department of Revenue (KDOR) suggested some changes.

Representative Roth moved we adopt the language suggested in the e-mail from James Bartle, KDOR, and strike previously adopted language in balloon from page 12 of the bill. The new balloon would read "the total of all bonds issued to fund projects within a major tourism area, including any such additional area, shall not exceed \$310,000,000. However, bonds in excess of this amount may be issued to fund projects that are approved as special bond projects". (Attachment 2)

Representative O'Malley made a motion to amend the bill on page 12 with the proposed balloon to include "the city shall prepare and submit annually, a report describing the status of projects until the bonds are paid off". Representative Huntington seconded the motion. A vote was taken, motion passed.

Kathy Peters , Bond Counsel, from Stenson, Morris, & Heckart presented concerns with proposed balloon regarding **HB 2012**.

It was suggested that the references to "sales taxes" which might be committed to another use be clarified to reference to "local sales and use taxes", and that this requirement be expanded to cover not only the taxes imposed in 12-187, but any local sales and use taxes pledged to another use. It was suggested the word "pledged" was more appropriate than "committed". It was also suggested language be add to item E page 3 of the bill.

Representative Burroughs made a motion to adopt the proposed amendments to the bill as shown on page 3 of the supplemental handout as presented . The motion was seconded by Representative Huntington. A vote was taken, motion passed.(Attachment 3)

Representative Winn moved to amend the bill on page 18 to reflect the clarification as presented on page 1 of the e-mail from Kathy Peters. "Any expenditures of the proceeds of special obligation bonds that have occurred since the last annual report and any expenditures of the proceeds of such bonds expected to occur in the future". Representative O'Malley seconded the amendment. A vote was taken, motion passed. (Attachment 4)

Dottie Riley of KUTAK ROCK LLP presented testimony recommending an addition to the definition of feasibility study included in Section 1 of **HB 2012**. (Attachment 5)

CONTINUATION SHEET

MINUTES OF THE House Economic Development Committee at 3:30 P.M. on March 17, 2005 in Room 526-S of the Capitol.

Representative Roth made a motion to adopt language in the testimony given by Dottie Riley pertaining to the validity of bonds issued. Representative Carlin seconded the motion. A vote was taken, motion passed.

Issues raised by LPA audit that are unresolved in the balloon are as follows:

1. Sale by developers of excess land given to them by the city when eminent domain has been used to take such land.
2. Renovation of existing facilities.
3. What is the appropriate level of State oversight and who should be responsible?

A handout detailing an amendment proposed by Representative Brown was given to the committee. (Attachment 6) Representative Brown made a motion to amend the bill to provide that improvements or renovations financed with STAR bonds shall be repaid through the incremental increase in sales tax due to update or renovations. Base year state general fund revenues are retained. Representative Grange seconded the motion. A vote was taken, motion failed.

Representative Burroughs made a motion to pass **HB 2012** as a substitute bill as amended favorable for passage. The motion was seconded by Representative Hill. **HB 2012** was passed out of committee as amended, favorable for passage.

Chairperson Gordon thanked the committee for passing such important legislation.

The meeting adjourned at 6:05 p.m. The next meeting is scheduled for March 22, 2005.