

TO: Senate Commerce Committee

FROM: City of Olathe

SUBJECT: Testimony in Support of S.B. 316, with Amendments

My name is Michael Wilkes and I am the City Manager of Olathe. Thank you for the opportunity to address you this morning regarding SB 316. The City believes STAR bonds are an invaluable tool to create jobs and considerable investment in Kansas. The City recognizes there are concerns about STAR bond legislation in its current form.

S.B. 316 renews this valuable tool and it takes positive steps to address those concerns. However, the City, along with our Bond Counsel, is prepared to recommend amendment language that we believe will better address the concerns and allow this effective tool to be used as intended by the legislature.

There has been considerable concern about how STAR bond proceeds are used in terms of what are eligible costs. The legislature, the Attorney General, cities and attorneys have all struggled with this issue. In fact, the language was so ambiguous that the City asked for and received an Attorney General's opinion on the issue. The City believes that some changes to SB 316 will clarify the ambiguity on the issue of eligible costs.

The City requests that SB 316 contain language to allow that STAR bond proceeds be used to finance any costs, including privately-owned buildings and structures, necessary for a project except for certain prohibited uses that are contained in current law (for example, personal property, bond issuance fees, consultant fees, etc.) so long as at least 50% of the project is not being financed with STAR bonds.

The City and our Bond Counsel would be happy to work with the Committee to develop amendment language to address these issues.

Thank you for the opportunity to present our view on this very important economic development tool.