



Written Testimony in Opposition to SB432

To: Senate Commerce Committee
From: Tom Robinett, Vice President of Public Policy and Advocacy
Overland Park Chamber of Commerce
Date: Tuesday, March 6, 2018

Chair Lynn and Members of the Committee:

Thank you for the opportunity to submit written testimony on behalf of the more than 800 business members of the Overland Park Chamber of Commerce. The Chamber and its members believe that strong state economic development tools are vital for local business recruitment and retention. The Chamber strongly encourages lawmakers to support, protect and enhance proven economic development and workforce development programs that are critical tools used to stimulate employment and leverage private investment that provide stability and predictability and require accountability, including, without limitation the appropriate use of STAR bond financing.

The Chamber supports the efforts within SB432 to ensure that appropriate development, financial and other data needed to analyze, both at the initial application point as well as thereafter monitoring the performance of approved projects.

However, the Chamber is concerned about, and cannot support, other aspects of SB432 that it believes may (a) needlessly complicate and slow down the STAR bond application and approval process, and (b) unduly restrict the development and business operations of a STAR bond district.

First among the several concerns identified by the Chamber is the establishment of the 3-member commission to provide the initial review of a STAR bond application. Not only does this proposal add another layer of bureaucracy to the process, thus increasing the time required for obtaining a decision on the viability of a new project, it puzzlingly allows the commission to unilaterally reject an application, but approval by the commission only means that the application must then be presented to the Department of Commerce (Commerce) for its review, which review will either ratify or override the commission's earlier approval. In the Chamber's opinion, this review is best performed by professionals within Commerce. Further, if the proposed commission is established, we cannot understand why its decision to reject an

application is final, while its approval must also be considered by Commerce, and either pass muster or be rejected.

As organized under SB432, a member of the commission may not participate in the deliberation about or vote on an application under consideration if the project that is the subject of that application is located within the city or county in which that member resides. While we respect the desire for impartiality, since there are only three members comprising the commission, the result of such a situation is a loss of representation as well as a reduction in potentially valuable local knowledge contributing to the commission's analysis.

The Chamber opposes the proposal that a city or county may not submit an application for a new STAR bond district if a STAR bond project has failed within that city or county within the previous five years. Such a prohibition incorrectly attempts to establish an automatic and relevant correlation between the success or failure of STAR bond projects within an entire city or county, particularly a populous county with multiple thriving cities such as Johnson County. An application for approval of a proposed project should be considered on the specific characteristics and merits of that project (particularly when the new project involves a different developer, different uses, etc.), independent of other projects, whether or not located within a specific geographic area.

Similarly, SB432 would prohibit a city or county from submitting a STAR bond application if any portion of the proposed new district, or any property located within one-fourth mile of the proposed district was part of a TIF district that failed. Such an absolute prohibition again fails to take into account, and even allow consideration of, the possibility that the environment and/or characteristics and key elements of the new proposal are different from that which was unsuccessful. Further exacerbating this proposal is the fact that it appears to impose the prohibition with no sunset relative to this particular part of the city or county, thus eliminating the use of a valuable economic development tool *in perpetuity*.

Lastly, the bill contains a new aspect that must be included in the feasibility study to be submitted as part of the application process for a new STAR bond project. This requires that the study include evidence of comparable project viability with respect to three then currently operating projects in the United States that are similar in type and scope as the proposal. While it is understandable to request evidence that supports the projected success of the proposed project, the language of the bill fails to allow for the possibility of a proposal for what might be a unique tourism concept. In the 1950's, were there other theme parks of a similar type and scope for Walt Disney to identify when seeking approval of his idea for Disneyland? Maybe and maybe not, but at least the requirements pertaining to the contents of the feasibility study should not simply reject possibility that a submission might include an exciting, worthwhile new idea and allow for it to at least be evaluated.

For the reasons stated above, we respectfully urge you to oppose SB432 in its current form.