



**Senate Committee on Commerce
Hearing on Senate Bill 434
Hearing Date – March 8, 2018**

**Written Testimony in opposition to SB 434 on behalf of the City of Manhattan
By Jared Wasinger, Assistant to the City Manager**

Good morning Chair Lynn, Vice Chair Suellentrop and Honorable Members of the Senate Committee on Commerce. My name is Jared Wasinger and I am the Assistant to the City Manager for Manhattan.

The City of Manhattan opposes SB 434 as written, which amends the STAR Bond Financing Act by limiting financing to tourist attractions, limiting state revenue contribution, and limiting benefits for certain businesses. The City of Manhattan is a beneficiary of the State's STAR bond program for the city's successful Downtown Redevelopment Project which centered on the construction of the Flint Hills Discovery Center. Proposed changes to the STAR Bond Financing Act will substantially limit new STAR bond projects, causing the State to miss out on numerous opportunities for significant economic development.

- The City of Manhattan opposes any changes in state law that would restrict the flexibility of cities to use financing tools such as STAR bonds to promote economic development in their communities and the State of Kansas.
- Restricting the expansion of a STAR bond district unless it has another attraction feature should only involve those that are also seeking additional years of financing. If an original STAR bond district has financing capacity before it expires, meaning the debt is satisfied earlier than the 20 year life of the original district, then the Secretary of Commerce should be able to determine if the expansion makes economic sense for the State of Kansas. Please consider revising to allow the Secretary to have discretion over approved STAR bond districts and additional opportunities for the State.
- Limiting the types of businesses that generate the actual State sales tax within a specified STAR bond district will be detrimental to the use of the tool. If the State desires to limit the use of STAR bonds, perhaps it could start with limiting the amount of land acquisition available for the developer. All other expenditures are public infrastructure related. Retail in the project area is the lifeblood of the STAR bond program, one cannot survive without it. Communities will struggle to attract retailers to their respective STAR bond project areas given these restrictions, which will severely limit the use of STAR bonds. The competition provision could all but eliminate the use of STAR bonds in Kansas.



- The City of Manhattan opposes the rate structure suggested to reduce the State's participation to 60% or 85%. The Secretary of Commerce should retain the authority to negotiate participation and funding ratios. Limiting the state's sales & use tax participation in STAR bond projects based on the amount of local funding contributed to the plan will further inhibit a program that has been very successful for the State.

For all reasons above the City of Manhattan opposes SB 434. Thanks for your time and consideration.