

February 14, 2020

The Honorable Sean Tarwater, Chairperson
House Committee on Commerce, Labor and Economic Development
Statehouse, Room 151D-S
Topeka, Kansas 66612

Dear Representative Tarwater:

SUBJECT: Fiscal Note for HB 2529 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2529 is respectfully submitted to your committee.

HB 2529 would add “major business facility” and “major medical facility” to the list of definitions associated with the STAR Bond Financing Act. “Rural development project” would be added to the list of project costs. The bill would increase the minimum capital investment required from \$50.0 million to \$75.0 million and projected gross annual sales from \$50.0 million to \$75.0 million.

The bill would alter the procedure for a city or county proposing to undertake a STAR bond project by requiring that a feasibility study be conducted by one or more economic consultants selected and approved by the Secretary of Commerce and the costs would be paid by the developer or the city or county. The Secretary would have control and oversight authority over the scope, conduct, and methodology of the study. In addition, the Secretary could establish a list of pre-approved economic consultants and approved study parameters and methods. HB 2529 would also increase the amount of information required to be included in the feasibility study as outlined in the bill.

The bill would specify that for STAR bond project districts established after July 1, 2020, with existing sales tax revenue at the time the district was established, the pledge would not exceed 90.0 percent of the tax increment revenue received from any other state sales taxes. Under current law, the provisions regarding the STAR bond projects will expire on July 1, 2020. HB 2529 would extend the provisions to July 1, 2025.

The Department of Commerce estimates additional expenditures of \$21,060 from the State General Fund for staff time in FY 2021 to implement the provisions of the bill. Any fiscal effect associated with HB 2529 is not reflected in *The FY 2021 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "L. L. Campbell". The signature is fluid and cursive, with a large initial "L" and a smaller "L" followed by "Campbell".

Larry L. Campbell
Director of the Budget

cc: Sherry Rentfro, Department of Commerce
Lynn Robinson, Department of Revenue
Trey Cocking, League of Municipalities
Jay Hall, Association of Counties