

MINUTES OF THE HOUSE COMMITTEE ON NEW ECONOMY.

The meeting was called to order by Chairperson William Mason at 3:30 p.m. on February 6, 2001 in Room 522-S of the Capitol.

All members were present except: Representative Ray Cox - E

Committee staff present: Bob Nugent, Revisor of Statutes
Renae Jefferies, Revisor of Statutes
April Holman, Legislative Research Department
Lynne Holt, Legislative Research Department
Rose Marie Glatt, Secretary

Conferees appearing before the committee: Representative Doug Patterson
Allen Bell, Director of Economic Development - Wichita
Sandy Jacquot, League of Kansas Municipalities
Kathy Peters, Attorney, McDowell, Rice, Smith & Garr
for City of Roland Park

Others attending: See Attached List

The Chairman opened the hearing on **HB 2005**. April Holman gave a briefing on the Recommendations of the Joint Committee on Economic Development. Copies of an excerpt of the complete publication, on file in the Legislative Research Department, were distributed, (Attachment 1). She reviewed the refinement of the tax increment financing statutes giving the background, committee activities, conclusions and recommendations.

Bob Nugent reviewed the bill introduced by the Joint Committee. The bill does not contain many substitute changes to the law and is primarily a reorganization of the tax increment financing procedures. He stated that there are additional technical corrections and procedural changes that cities and bond councils desire to make to the bill, so there may be requests for amendments coming forward. He explained the changes made in the interim:

Section 1 omits the word *blighted*, replacing it with *eligible areas within and without a city thereby*, taking away the stigma of declaring an area of a city/county as blighted. There are a couple of inconsistencies where *blighted* terminology is still used so the committee may choose to change that language.

Section 2 combines all the definitions used in the TIF statutes. He explained (t) "substantial change" had been altered at the committees request to reflect a question of intent rather than a question of scale.

Section 3 concerns the provisions that deal with establishing the redevelopment district. They have been streamlined and condensed into the section.

Section 4 deals with environmental re-mediation; the changes put all environmental issues in one section.

Section 5 creates a separate historical section.

Section 6 is the Nascar Section that relates to major tourism areas

Section 7 concerns itself with the ability to deal with Enterprise Zones as an area to locate a TIF project.

Section 8 is the Topeka amendment that concerns itself with reviving a dead project (Capitol Plaza Project). It may be repealed.

Section 9 now contains all the provisions and procedures that deal with setting up the redevelopment project, not the district but the project itself.

Section 10 relates to things that can be done in a redevelopment project.

Section 11 repeals the ability of the city to undertake an OZ type of project.

Sections 14-20 are conformity, statutory cross-references that have been changed due to the reorganization of the bill.

Representative Patterson spoke in support of the bill and the efforts being made to improve it.

Allen Bell, Director of Economic Development Director, City of Wichita, distributed reports on two TIF Redevelopment Projects regarding identified groundwater contamination sites in Wichita, and explained the

current status of the projects (Attachment 2). He outlined changes Wichita would like to see in **HB 2005**: (1) increase the time frame from 20-30 years, (2) reinstate statewide mill levies as part of the tax increment financing calculation, (3) eliminate the prohibition on the use of tax increment financing revenues to finance improvements to privately owned/leased property and (4) eliminate the prohibition against the use of condemnation in conservation areas.

Sandy Jacquot, Director of Law/Legal Counsel, League of Kansas Municipalities, spoke in support of simplification and streamlining of the TIF statutes, stating that they would support substitute language in place of the current bill to accomplish these goals, (Attachment 3).

Kathy Peters, Attorney, McDowell, Rice, Smith & Garr, (no written testimony provided) expressed areas of concern that they would like to change: definitions of redevelopment project plan and redevelopment district plan and comprehensive plan and the time lines of various projects within a district.

Discussion followed regarding the advantageous and disadvantages of a corrected version of the bill verses a substitute bill. It was agreed that due to time constraints they should go forward with the original bill with corrections. The Chairman closed the hearing on **HB 2005** and added that it would be continued on February 13.

Representative Kuether moved, seconded by Representative Compton that the minutes from the January 25 and 30th meetings be approved. The motion carried.

The next meeting is February 8.

The Chairman adjourned the meeting at 4:50 p.m.