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March 6 2018

The Honorable Julia Lynn, Chairperson  
The Honorable Gene Suellentrop, Vice Chairperson  
And Members of the Senate Commerce Committee  
Statehouse, Room 548-S  
Topeka, Kansas

**Re: SB 434**

Ladies and Gentlemen:

Gilmore & Bell acts as bond counsel to many political subdivisions in the State. We have acted as bond counsel on almost all of the STAR Bonds issued in the State, including by Wichita, Manhattan, Dodge City, Hutchinson, Goddard and the Unified Government of Wyandotte County/Kansas City, Kansas. We are also working with several cities that are actively working on STAR Bond projects, including Olathe, Atchison and Salina.

We wanted to raise certain technical issues with the committee regarding SB 434 for your consideration.

**Section 1:**

Page 5 subsection (20)(J) is a new prohibited cost that could not be funded with STAR Bonds. Given the intent of the Act is to promote tourism in the State it would seem that paying for the road to the tourism component is a necessary cost of the tourist project.

Page 7 subsection (gg) of the bill provides certain visitor standards that must be met. It's unclear whether this is based on projections or actual visitors. Is this for every year or cumulative? How does a city feasibly determine if the visitors are from more than 100 miles away?

Page 8 Section 2 subsection (e)(2) these proposed amendments would appear to be completely in contravention to the purpose of the STAR Bond Act, which was to use State and local sales tax to fund projects. However, if you prohibit large retailers from locating in the STAR bond district, it's unlikely there will be sufficient revenues to fund the tourism attraction.

In addition, the 25 mile prohibition of any similar retailer is likely to prohibit the use of STAR bonds by most smaller communities since the 25 mile radius would mean that you could not locate a Sprint mobile phone store in the STAR bond district if there was an AT&T mobile phone store in the community already.

Page 10 subsection 3(F) has certain limitations on the State sales tax to be contributed. However, it does not take into account other sources of revenue that may be contributed by the City to repay the STAR Bonds, such as transient guest tax or community improvement district sales taxes. It seems that including those local revenues to determine if the 2% threshold is met would be equitable.

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**We again encourage the Committee to grandfather any existing STAR bond district created prior to January 1, 2018 from this new legislation.**

As STAR bond counsel to many cities we are in the position that we are required to interpret the Act. Our comments are intended to clarify certain technical issues with the bill so that the policy choices of the Legislature can be properly implemented.

Thank you for your consideration

Sincerely,

A handwritten signature in black ink, appearing to read 'G.A. Anderson', written in a cursive style.

Gary A. Anderson