

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 1:30 p.m. on April 28, 2004 in Room 313-S of the Capitol.

All members were present.

Committee staff present:

Kathie Sparks, Legislative Research Department  
Rena Jefferies, Office of Revisor of Statutes  
Helen Pedigo, Office of Revisor of Statutes  
Fulva Seufert, Secretary

Conferees appearing before the committee:

Secretary Wagon, Department of Revenue  
Matt Jordan, Department of Commerce  
Steve Weatherford, K DFA

Others attending:

See Attached List.

Chairman Wilk announced that this was a continuation of yesterday's meeting concerning **SB 395**. The Chair recognized Secretary Joan Wagon, Department of Revenue, who explained the amendments to **SB 395 - Payment Sources of Tax Revenue Bonds**.

Secretary Wagon stated that the bill should not include "fixtures" which refers to anything affixed to the building. She said the word "furnishings" is preferred because it is broader than furniture. She explained that the first six pages of the bill have been stricken because they are tax related. (Attachment 1)

The Chair recognized Mr. Matt Jordan, Department of Commerce, who explained the Statement of Policy and Legislative Intention Regarding K.S.A. 12-1770 et seq. (The "STAR Bonds Act"). Mr. Jordan said that this addressed the general issue of construction of buildings and reaffirms current law. In effect, he said, it simply clarifies that a developer would not be able to own and operate a facility constructed with STAR Bonds. (Attachment 2)

The Chairman instructed the secretary to include this entire statement in the minutes.

TO: Kansas House of Representatives Economic Development Committee  
FROM: Kansas Department of Commerce  
SUBJECT: Statement of Policy and Legislative Intention Regarding K.S.A. 12-1770 et seq (the "STAR Bonds Act")

STAR Bonds financing as outlined in K.S.A. 12-1770 et seq ("the STAR Bonds Act") is a powerful economic development tool that can significantly assist a city in revitalizing a blighted area within its boundaries or developing new attractions that will stimulate the economics of the city, the region in which the city is located and the state as a whole.

The STAR Bonds Act calls for a thorough analysis and potentially expensive application process on the part of any city that would seek to use this financing tool. It is also clear in requiring the opportunity for substantial public scrutiny and input during this process. This statement of policy and legislative intention will have the effect of providing needed direction to any city that would consider seeking STAR Bonds financing.

Through this statement of policy and legislative intention, the Committee affirms that the STAR Bonds Act states STAR Bonds financing may be used to pay the costs of constructing a building or structure that is included in a redevelopment district provided the building or structure is not owned by a leased to a developer.

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The STAR Bonds Act goes on to define a developer as “any person, firm, corporation, partnership or limited liability company, other than a city.” Consistent with this the use of STAR Bonds financing for the construction of a building or structure within the redevelopment district is allowed when the building or structure will be owned and operated by the city.

The Chair recognized Ms. Helen Pedigo, Revisor of Statutes, gave an explanation of **SB 385** balloon. The following amendments were proposed:

- The basic premise of **SB 395** to redirect sales tax revenue attributed to the redevelopment district when a special bond project was in place prior to January 1, 2003
- STAR Bonds shall not finance personal property including, but not limited to, fixtures, furniture or equipment
- Redevelopment districts may be established wholly outside the city boundaries with approval of the county commission
- Department of Revenue balloon regarding additional sales tax levied after a redevelopment district and project are established; and
- Authority to adopt rules and regulations would be granted to the Secretary of Commerce.

Stricken from the bill are provisions that allow the Department of Revenue to release sales, use and excise tax license certificate information, publish reports showing state or local tax revenue distributions by city, county or number and type of business, and provide cities and counties reports on their local sales and use tax collections and receive local retailers' sales tax collected and remitted by retailers located within such city or county.

Also stricken from the bill is a provision regarding local bonds repaid from local sales tax, allowing the bonding jurisdiction to continue to receive those sales taxes that they were receiving prior to January 1, 2003. (Attachment 3)

Chairman Wilk entertained a motion for the adoption of the balloon.

Representative Krehbiel made a motion to amend SB 395 by adopting the balloon, and Representative Gordon seconded. Motion passed.

The Chair announced the Committee was back on the amended bill.

The Chair recognized Representative Carlin who said she had an amendment relating to eminent domain. She said she wanted all references to eminent domain removed and to prohibit the use of eminent domain as it relates to STAR Bonds. (Attachment 4)

Representative Carlin made a motion to remove eminent domain from SB 395, and Representative Burroughs seconded. After much discussion, Representatives Boyer, O'Malley and Krehbiel all said they opposed the amendment. Representative Winn commented that she supported it. The vote was taken and the motion failed. Representative Carlin asked to be recorded as a “yes” vote.

The Chair recognized Mr. Steve Weatherford, KDFFA, who explained that a comma needed to be inserted after tourism area on page 18, line 19.

Representative Kuether made a motion to insert the comma, and Representative Novascone seconded. Motion passed.

Mr. Weatherford also called the Committee's attention to several technical amendments.

Representative Novascone made a motion for the staff to make all necessary technical amendments, and Representative Burroughs seconded. Motion passed.

The Chair directed the Committee's attention back to the amended bill, and asked if there was further discussion. The Committee directed its attention to the Resolution presented by Mr. Matt Jordan.

Representative Kuether made a motion to adopt the resolution and for it to be recorded in the minutes.

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Representative Gordon seconded. During discussion, Representative O'Malley said that he had concerns about doing this before the arena area is decided. Representatives Kuether and Gordon agreed to withdraw the motion and take up the resolution after the approval of the bill.

The Committee recessed to go to Session, and returned after Session adjourned.

Representative Novascone made a motion to make it statewide and to not single out Wichita for requiring approval of voters. Representative Brunk seconded. Motion passed. (Attachment 5)

The Chairman announced that the Committee was back on the amended bill. Representative Huntington inquired if all definitions are in the same area. The Chair said a substitute bill would probably be in order to shorten and clean up the bill. He said it was his intent to have staff take the adopted amendments and prepare a substitute bill. He also said he hoped the bill could be kicked out of Committee tomorrow.

The next meeting will be at 9:30 a.m. Thursday, April 29, 2004, in Room 241-N.

Meeting adjourned.