

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE

The meeting was called to order by Chairperson Lana Gordon at 3:30 P.M. on March 15, 2005 in Room 526-S of the Capitol.

All members were present.

Committee staff present:

Kathie Sparks, Kansas Legislative Research Department
Susan Kannarr, Kansas Legislative Research Department
Renaë Jefferies, Revisor of Statutes
Helen Pedigo, Revisor of Statutes
Carlene Maag, Committee Secretary

Conferees appearing before the committee:

Barbara Hinton, Legislative Post Audit

Others attending:

See attached list.

A motion was made by Representative Treaster and seconded by Representative Novascone to approve the minutes of the March 8, 2005 meeting. The minutes were approved.

HB 2012 - Sales tax and revenue bonds; clarification of language

Chairperson Gordon ask Staff to give a brief review of **HB 2012**. This bill, which pertains to STAR bond legislation, had been heard earlier in the session. The Post Audit Report suggested changes needed to be made to the bill. Staff has drafted amendments to the bill.

HB 2012 is a bill that was recommended by the Interim Committee as a recommendation for clarification of the Tax Increment Financing Statutes. The bill amends the feasibility study requirement and also reorganizes the existing statutes for ease of use by cities. (Attachment 1) Copies of previous testimony was handed to the committee. (Attachments 2, and 3)

Staffed presented amendments as drafted to the Committee.

Page 4 of **HB 2012** refers to the feasibility study. An oversight that was not included in the original bill is:

- (H) the expected return on state and local investment that the project is anticipated to produce;
- (I) the projected payback in tax dollars for the local community; and
- (J) an explanation of whether the project wi9l provide unfair competition to existing businesses in the community

Some of the concerns listed in the Post Audit report were:

- Page 4, line 30 with the phrase “but not limited to”. Staff has suggested striking that language.
- Line 32, concern of payment of relocation assistance not only to the people from who ground was taken thru eminent domain but also was used in terms of bringing their employees into that area. Staff suggested on line 32 adding the phrase “for persons dispossessed of their land pursuant to K.S.A. 12-1773, and amendments thereto.

In relation to KSA 12-1777, “C”, Staff tried to make it clear that only those people being moved out, are eligible for relocation assistance.

Page 5 of the bill, from line 10 after “however, the redevelopment project costs,” thru line 16 could be taken out and have a statement that says, redevelopment project cost shall not include, cost incurred in connection with construction of buildings or structures to be owned or leased by a developer. Items from the Post Audit Report that could be added here are:

- Fees and commissions paid to real estate agents, financial advisors and consultants who are

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- employed by and represent the businesses considering location in a development
- Salaries for local government employees who work on redevelopment projects if the local government does not incur any out-of-pocket costs
- Moving expenses for employees of the businesses locating within the redevelopment district
- Property taxes for businesses that locate into the redevelopment district
- Lobbying cost

Page 12 of the bill deals with the Kansas Speedway. In an attempt to draw an end to that project, put a date certain on that project.

Another amendment given to Staff for consideration has to do with redevelopment projects that are not necessary a new project.

Sections 10 and 11 would be new to the bill.(Attachment 4)

Barbara Hinton from Legislative Post Audit presented comments concerning **HB 2012**.(Attachment 5)

Due to lack of time, testimony from Eric Sartorius, representing the City of Overland Park,(Attachments 6 and 7) and Dorothea Riley, Bond Counsel to the City of Lenexa (Attachment 8) was not heard.

After a lengthy discussion, it was decided there were a lot of amendments to consider.

Representative Roth made a motion to move that representatives from the Department Commerce, Department of Revenue, Legislative Post Audit and Staff from the Office of Revisor of Statutes meet before the next meeting, to discuss all amendments being considered. The motion was seconded by Representative Holmes. A vote was taken, motion passed. This information would then be brought to the next meeting for further discussion and possible passage by the committee.

The meeting adjourned at 5:15 p.m. The next meeting is scheduled for March 17, 2005.