



Written Testimony in Opposition to SB434

To: Senate Commerce Committee
From: Tom Robinett, Vice President of Public Policy and Advocacy
Overland Park Chamber of Commerce
Date: Thursday, March 8, 2018

Chair Lynn and Members of the Committee:

Thank you for the opportunity to submit written testimony on behalf of the more than 800 business members of the Overland Park Chamber of Commerce. The Chamber and its members believe that strong state economic development tools are vital for local business recruitment and retention. The Chamber strongly encourages lawmakers to support, protect and enhance proven economic development and workforce development programs that are critical tools used to stimulate employment and leverage private investment that provide stability and predictability and require accountability, including, without limitation the appropriate use of STAR bond financing.

The Chamber supports the efforts within SB434 to better define the STAR bond process and requirements. However, we believe that certain of the proposed changes need further clarification and/or are overly restrictive and require either revision or elimination; therefore, the Chamber cannot support SB434 in its current form. Those provision that we find objectionable are described below.

First, for purposes of a STAR bond project, defining “tourist” and what constitutes a “tourist attraction” is helpful in determining whether a proposed project fits within the concept of STAR bond financing. Part of the bill’s definition of “tourist” is a person traveling “to participate in a regional sports competition.” The Chamber understands the desire to provide some definition as to what would constitute an acceptable sports competition for the same to be considered to be a tourist attraction for purposes of being considered for inclusion in a STAR bond project; however the concept of “regional” competition needs further clarification (e.g., may an acceptable region be intrastate or must it draw competitors from one of more states other than Kansas) and is, in any event, too narrow in scope in that as written it does not identify national and

international competitions. Also omitted from the definition are people who travel to attend a convention or other organized meeting. These activities bring “outside” visitors to our state, and these attendees spend money on important aspects of our economy such as lodging, dining, recreation and other activities typically considered to be tourism activities.

Second, under SB434 the costs of constructing an ingress or egress access road for the tourist attraction component are no longer included as permissible project costs for purposes of STAR bond financing. We wonder about the rationale behind this change in current law. Absent compelling reasoning for this change, it is the Chamber’s position that such costs for dedicated road infrastructure are consistent with other included costs and necessary to the success of the project; thus, they should be retained as permitted costs.

Third, after the approval of the STAR bond district, SB434 would prohibit any additional real property from being added to the district unless the addition is associated with a new STAR bond project to develop a new tourist attraction that is separate and distinct from that attraction developed or being developed in the original district. Again, the Chamber understands the desire to retain the size and integrity of approved STAR bond districts; however, this language constitutes an absolute prohibition and does not recognize or allow for the possibility that there may be a situation in which some expansion of the district, or a simple redrawing of its previously approved boundaries, would be appropriate for the project and is not counter to the context and intent of underlying STAR bond district. Language should be added to SB434 to permit Commerce to make an exception should it be warranted to accommodate those unusual and unique cases.

Fourth, SB434 provides that no business may be located in a STAR bond district if that business:

- Is known as a warehouse club, superstore, or supercenter that is primarily engaged in retailing a general line of groceries in combination with a general line of merchandise (such as apparel, furniture, and appliances);
- Is primarily engaged in retailing one or more general lines of new merchandise such as apparel, furniture, and appliances and is more than 75,000 square feet in size; or

- Is a department store that has separate departments for general lines of new merchandise (such as apparel, jewelry, home furnishings, toys) and that may sell groceries; and
- Retail a line of the same or similar merchandise (as determined by Commerce) as an established business located within 25 miles of the proposed new business.

The Chamber understands the desire to address cannibalizing other operating businesses by providing a “consistent and level playing field” for Kansas businesses, whether or not located within a STAR bond district. However, as proposed, these restrictions seem to be a bit of an overreaction, using a cannon rather than a rifle shot to address the situation. For example, the 25-mile radius seems excessive in scope generally, and it would even limit the operation of Kansas businesses by recognizing stores in states bordering Kansas, probably not a valid example of cannibalism of Kansas businesses.

Finally, the Chamber wants to call attention to the provisions of SB434 that would cap the state sales tax rate to be allocated to a STAR bond project based on the corresponding amount of the city and county sales tax pledged to the project. This seems to be a sound concept to the Chamber. We simply mention it now and will defer to others more closely involved to address the specifics and relative percentages contained in the proposal.

For the reasons stated above, we respectfully urge you to oppose SB434 in its current form.

Thank you for your consideration.