

STAR Bond Update
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Room 112 N

Thank you for allowing us to provide an update regarding the STAR Bond program. Overall, the program is booming, and the agency is excited for the success of the current districts and the opportunities new districts could bring to the state.

The Sales Tax and Revenue (STAR) Bond Act (KSA 12-17, 160) was established in 1999. STAR Bonds are a financing tool that allows Kansas municipalities to issue bonds to finance the development of major commercial, entertainment and tourism projects. The bonds are paid off through the sales tax revenue generated by the attraction and surrounding development. The intent is to increase regional and out of state tourism; increase economic activity in the state; and improve the quality of life.

Specifically, STAR Bonds provide Kansas municipalities the opportunity to issue bonds to finance the development of major commercial, entertainment and tourism areas and attractions, drawing visitors from across the region and out of state. The new sales taxes generated by the tourist or entertainment attraction go toward paying down the bonds that were issued to help finance the project. STAR Bond attractions and amenities also improve the quality of life in our state. Currently, there are 17 projects at various stages of completion and repayment throughout the state.

In 2021, the Kansas Legislature renewed and significantly strengthened the STAR Bond program, including making it more accessible for rural development projects by allowing STAR Bond proceeds for vertical building and rehabilitation of buildings as well as “pay as you go” financing. The five-year renewal of the STAR Bond program also reformed and expanded it into a more transparent and effective tool by:

- Commerce conducting the third-party feasibility study rather than the developer
- Implementing mandatory visitor tracking
- Requiring a Return on Investment (ROI) and cannibalization study
- Commerce Secretary approving land acquisition or transfers
- Increasing the overall threshold of projects in urban areas to \$75 million in capital investment and annual sales
- Adding headquarters as an eligible attraction
- Requiring a summary of community support

In 2023, budget provisions to update the STAR Bond program were signed into law to include:

- Creating a funding mechanism to hold established STAR Bond districts that have grocery stores harmless as food sales tax is eliminated
- Permitting historical theaters to be included in a district as well as using bonds for vertical improvements
- Allowing for amusement park rides to be an eligible expense
- Increasing the maximum amount of financing for rural development projects with the issuance of special revenue bonds per project to \$25 million (from \$10 million)

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During the 2024 special session, the STAR Bond tool was expanded to recruit professional sports teams. These modifications were necessary to better support the size of major professional sports complex projects. Details of the new expansion to recruit professional sports teams are:

Project Qualifications

To qualify for this specific STAR Bond program, the project must include \$1 billion in capital investment to construct a national football league or major league baseball stadium that seats no less than 30,000.

Project Financing

For these specific projects, the STAR Bond program was expanded to create additional flexibility with project financing. This includes allowing up to 70% of the total costs for the stadium complex project to be funded through bonds, as well as an increase in the term of a district to 30 years. Lastly, the Kansas Development Finance Authority (KDFA) may issue the bonds rather than the city or county.

With regards to the collection of sales tax in the new district established for an agreement with a major professional sports franchise, the sales tax generated from the sales of alcohol liquor may be utilized to pay off the bonds. This sales tax is not included in the repayment of the traditional STAR Bond projects.

Guardrail Provisions

The STAR Bonds projects are in no way a general obligation of the state or local governments. This feature remains the same with the expansion. These new agreements in no way obligate or indebt the state. The bonds, including the interest, will be repaid solely from the revenue sources provided by the new sales tax generated. Additional guardrails for the new expansion of the STAR Bonds program include a limitation of only two stadium agreements, and these modifications have a one-year sunset with the ability to extend it for another year with the approval from the Legislative Coordinating Council (LCC). The LCC must approve any agreement before it is finalized by the Secretary.

Current Projects

Since 1999, STAR Bonds have been a critical tool for economic development in the state. It is a unique program that creates tourism and entertainment attractions. The current 17 projects have spurred economic activity in each of the regions, created jobs and increased tourism. Recent grand opening ceremonies were held this year at two STAR Bond districts including at Homefield in Wyandotte County and at BluHawk in Overland Park. Below is a current list of STAR Bond districts. The Village West district has been the most successful project to date. Village West now provides over \$40 million in sales tax to the state general fund every year; has created several billion dollars of private investment; and created tens of thousands of jobs. Village West's record of improving both the economy and the general welfare of Wyandotte County and the state as a whole is beyond dispute.

Potential Projects

During 2024, the agency assisted in 11 visitation and feasibility studies for potential STAR Bond projects. These projects are all based on tourism-related attractions and will improve the quality of life in Kansas. They have an aggregate potential capital investment of several billion dollars and are located across the state. Below are some additional details regarding potential STAR Bond projects. It is important to note that none of these projects have an approved plan so aspects of these projects could change, or many have already changed depending on a variety of factors.

Great Bend

Great Bend has established a STAR bond district, and we are currently working on completing a feasibility study for this project. This project would potentially include improvements to the SRCA dragstrip with increased seating, livestock arena, banquet hall with four multi-purpose courts for sporting events, amphitheater and improvements to existing rodeo ground improvements.

Park City

Park City has established a STAR bond district, and we are currently working on completing a feasibility study. This project could include an aquarium and other museum and entertainment venues, restaurants, hotels, athletic complexes and residential uses.

Colby

Colby has established a STAR bond district. The project is a major entertainment complex that includes a multi-purpose arena and equestrian center with multifunctional space for hosting non-equestrian events. It would also include an indoor amusement center feature and includes plans for a Wind, Weather, Tornado exhibit, RV park, and farming pavilion and agricultural center.

Hutchinson

Hutchinson has established a STAR bond district. The project is planning on making improvements to the Cosmosphere, Landmark Apartments and Memorial Hall. The improvements to the Cosmosphere would include new classroom spaces and exhibit areas.

Garden City

Garden City is seeking to add additional property to an existing STAR bond district. This project would include outdoor baseball and softball fields that can be configured for multi-sport use, battling cages, an open pavilion farmers markets, a playground, an entertainment plaza and a splash pad.

Other

With Bonner Springs, Olathe and the American Royal, the developer teams are working with the respective cities to finalize aspects of their projects. There are an additional 7 potential projects that have not yet established districts, but we are working with those teams to engage in visitation studies and guide those projects through the process.

Sub Bill for SB 197

Sub Bill for SB 197 passed the Senate on February 19th 32 to 8. The bill extends the sunset by two years, eliminates the power of eminent domain, increases transparency through additional reporting and expands eligible project costs to include vacant malls. Commerce is supportive of the extension of the STAR Bonds program. We also would like to make a permanent fix in the statute to hold those established districts that have a grocery store harmless since the state's food sales tax has been eliminated.

STAR Bonds play an important role in growing the Kansas economy. It is a unique program that creates tourism and entertainment attractions. We look forward to supporting our current projects and working to establish new ones.

Current Established STAR Bond Districts

City	Project Name	Status
Atchison	Amelia Earhart Museum	Operational
Derby	Field Station: Dinosaurs	Phase 1: Operational Phase 2: Under Construction
Dodge City	Boot Hill Museum	Operational
Garden City	Sports of the World Complex	Under Construction
Goddard	Champion Aquatic Center, Ball Field, Softball and Baseball	Operational
Hutchinson	Salt Mine Museum	Operational
Kansas City	U.S. Soccer Training Center	Operational
Kansas City	Children's Mercy Park	Operational
Kansas City	Kansas Speedway	Operational
Kansas City	Homefield	Operational
Manhattan	Flint Hills Discovery Center Museum, Museum of Art and Light	Phase 1: Operational Phase 2: Operational
Overland Park	PrairieFire Museum	Operational
Overland Park	BluHawk Arena & Fieldhouse	Operational
Salina	Fieldhouse and Antique Car Museum	Operational
Topeka	Heartland Park Racetrack	Operational
Wichita	Riverwalk, Riverbank Improvements, Baseball Stadium	Phase 1: Operational Phase 2: Under Construction
Wichita	K-96 and Greenwich Sports Complex	Operational

STAR Bond District Numbers

City of Atchison (Amelia Earhart Hangar Museum):

- 20,242 people visited the attraction this year representing 864 US zip codes and 24 countries.
- **Bond Details**
 - Bonds Issued: \$2,370,000
 - Bonds Outstanding: \$84,500
 - Sales Tax Revenues: \$602,957

City of Derby (Field Station: Dinosaurs and Sports Zone)

- 32,465 visitors went to this attraction.
- **Bond Details**
 - Bonds Issued: 1.) 2017 - \$20,465,000; 2.) 2020 - \$14,375,000; 3.) 2022 - \$35,285,000
 - Bonds Outstanding: 1.) **2017 - PAID OFF (zero balance); 2.) 2020 - PAID OFF (zero balance); 3.) 2022 - \$29,980,000**
 - Sales Tax Revenues: \$7,534,905

City of Dodge City (Boot Hill Museum)

- Museum hosted 71,878 visitors
- **Bond Details**
 - Bonds Issued: 1.) 2015 - \$13,150,000; 2.) 2018 - \$15,690,000
 - Bonds Outstanding: 1.) 2015 - \$5,000,000; 2.) 2018 - \$12,235,000
 - Sales Tax Revenues: 1.) 2015 - \$2,155,880; 2.) 2018 - \$1,301,739

City of Garden City (Sports of the World Complex)

- Construction is underway and the project will include indoor soccer fields, indoor basketball courts, indoor trampoline park, indoor baseball cages, outdoor sand volleyball courts, outdoor pickleball courts and outdoor cornhole courts
- **Bond Details**
 - Bonds Issued: \$29,540,000
 - Bonds Outstanding: \$4,040,000
 - Sales Tax Revenues: \$6,666,420

City of Goddard (Olympic Park Project)

- Visitor numbers to come
- **Bond Details**
 - Bonds Issued: 1.) 2014 - \$30,000,000; 2.) 2019 - \$25,880,000; 3.) 2021 - \$11,065,000
 - Bonds Outstanding: 1.) 2014 - PAID OFF (zero balance); 2.) 2019 - \$8,535,000; 3.) 2021 - \$11,065,000
 - Sales Tax Revenues: \$4,255,869

Hutchinson

- Numbers not being collected.
- **Bonds have been PAID OFF**

City of Kansas City (US Soccer Training Center)

- Visitor numbers to come
- **Bond Details**
 - Bonds Issued: \$65,229,559
 - Bonds Outstanding: \$98,042,215
 - Sales Tax Revenues: \$9,434,771

City of Kansas City (Children's Mercy Park)

- One game drew over 72,000
- **Bond Details**
 - Bonds Issued: \$150,289,488
 - Bonds Outstanding: PAID OFF (zero balance)
 - Sales Tax Revenues: PAID OFF

City of Kansas City (Kansas Speedway)

- Visitor numbers to come
- **Bond Details**
 - Bonds Issued: \$24,300,413
 - Bonds Outstanding: \$9,020,000
 - Sales Tax Revenues: \$1,146,738

City of Kansas City (Homefield)

- Fields opened in April 2024; Big Shots Golf, Atlas 9 immersive museum to open in 2025 (no visitor numbers yet)
- **Bond Details**
 - Bonds Issued: \$145,275,000
 - Bonds Outstanding: \$141,085,000
 - Sales Tax Revenues: \$6,954,765

City of Manhattan (Flint Hills Discovery Center & Museum of Art and Light)

- Museum opened in November 2024 (no visitor numbers yet)
- **Bond Details**
 - Bonds Issued: 1.) 2009 - \$65,229,559; 2.) 2022 - \$24,975,000
 - Bonds Outstanding: **1.) 2009 - PAID OFF (zero balance); 2.) 2022 - \$3,490,000**
 - Sales Tax Revenues: \$5,183,457

City of Overland Park (Prairiefire)

- Museum hosted 499,579 visitors
- **Bond Details**
 - Bonds Issued: \$64,990,000
 - Bonds Outstanding: \$58,267,178
 - Sales Tax Revenues: \$3,695,554

City of Overland Park (BluHawk)

- No visitor numbers yet because the multi-sport complex opened at the end of October 2024
- **Bond Details**
 - Bonds Issued: \$53,540,000
 - Bonds Outstanding: \$50,550,000
 - Sales Tax Revenues: \$5,418,778

City of Salina (Salina Fieldhouse & Antique Car Museum)

- Facility experienced an increase in regular programming such as leagues, tournaments, special events, rental, after school functions, drop-in and summer camp with an overall increase of 29% (visitor numbers to come)
- **Bond Details**
 - Bonds Issued: \$18,250,000
 - Bonds Outstanding: \$13,080,000
 - Sales Tax Revenues: \$2,484,102

City of Topeka

- No visitor numbers
- **Bond Details**
 - Bonds Issued: \$10,405,000
 - Bonds Outstanding: \$490,438
 - Sales Tax Revenues: \$972,813

City of Wichita (River District)

- District experienced overall attendance of 2,241,638 annual visitors
- **Bond Details**
 - Bonds Issued: 1.) 2015 - \$13,150,000; 2.) 2018 - \$42,140,000
 - Bonds Outstanding: 1.) 2016 - **PAID OFF (zero balance)**; 2.) 2018 - \$32,285,000
 - Sales Tax Revenues: \$3,656,385

City of Wichita (K-96 Greenwich)

- Project experienced 5,240,029 annual visitors
- **Bond Details**
 - Bonds Issued: 1.) 2013 - \$36,325,000*; 2.) 2017 - \$71,305,000
 - Bonds Outstanding: 1.) 2013 - \$0*; 2.) 2017 - \$5,605,000
 - Sales Tax Revenues: \$12,402,55