

Proponent Testimony for HB 2211
Rachel Willis, Director of Legislative Affairs, Kansas Department of Commerce
February 26, 3:30 P.M.
Room 346 S

Thank you for allowing us to testify in support of HB 2211. This bill provides funding to replace lost food sales tax revenue for STAR bond districts established prior to December 31, 2022. This bill will keep those established STAR bond districts who have stores that sell groceries harmless since the elimination of food sales tax.

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.

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 (see the chart on the last page of the testimony). These 17 projects have spurred economic activity in each of the regions, created jobs and increased tourism. 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. In fact, the Village West project returns nearly as much state sales tax to the state general fund than the amount of state sales tax "foregone" by the state and applied to debt service for all other STAR Bond projects across the state.

As Commerce works with developers and communities across the state to establish new districts, it's important the state demonstrates to the business community stability and consistency. HB 2211 reassures the business community that even though our state policies may change, we will uphold the business agreements that were previously made and ensure that the established districts are not negatively impacted by the elimination of food sales tax. HB 2211 compensate STAR Bond districts established before December 31, 2022, to offset the losses these districts are experiencing due to the elimination of food sales tax. Beginning July 15, 2025, the

Department of Revenue will certify the amount of food and food ingredients sales tax at the 6.5% rate the districts would have generated each month and compensate the district per the calculation. The bill also provides this funding from January 2024 until the district's bonds are paid off.

Overall, feasibility studies and bond payments were calculated on the total sales tax generated which included food sales tax. These districts and bondholders should be held harmless. By not providing this funding, future bonds may be less desirable. We ask that the legislature support HB 2211.

Current 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