

Approved: September 5, 2024

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Renee Erickson at 2:30 pm on Monday, June 17, 2024, in room 346-S of the Capitol.

Senators

Senator Renee Erickson – Chair
Senator Brenda Dietrich
Senator Usha Reddi
Senator John Doll
Senator Kristen O’Shea
Senator J.R. Claeys
Senator Tim Shallenburger
Senator Ty Masterson
Senator Mary Ware

Representative

Rep Sean Tarwater – Vice Chair
Rep Jesse Borjon
Rep Jason Probst
Rep Tory Marie Blew
Rep Will Carpenter
Rep Pam Curtis
Rep Michael Dodson
Rep Kyle Hoffman
Rep Tom Kessler
Rep Adam Smith
Rep Dan Osman
Rep Patrick Penn
Rep Mari-Lynn Poskin
Rep Stephanie Clayton
Rep Bill Sutton
Rep Kristey Williams
Rep Laura Williams

Committee staff present:

Charles Reimer, Office of Revisor of Statutes
Connie Burns, Kansas Legislative Committee Assistant
Kyle Hamilton, Office of Revisor of Statutes
Matthew Willis, Legislative Research Department
Jason Long, Office of Revisor of Statutes
Dylan Dear, Legislative Research Department
Mike Ditch, Kansas Legislative Research Department
Nicole Fielder, Kansas Legislative Research Department

Conferees appearing before the Committee:

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MINUTES of the Committee on Commerce at 2:30 pm on Monday, June 17, 2024, in room 346-S of the Capitol.

Dan Murray, on behalf of Scoop and Score
Korb Maxwell, Polsinelli Law Firm, representing the KC Chiefs
David Frantze, Stinson, LLP
Eric Stafford, VP of Government Affairs, Kansas Chamber
Tom Burroughs, Board of Commissions, Unified Government of Wyandotte County
Michael Austin, Legislative Director, Americans for Prosperity-Kansas (AFP)
Dave Trabert, CEO, Kansas Policy Institute
Will Lawrence, Chief of Staff, Governor's Office
Bob North, Chief Counsel, Kansas Department of Commerce

Informational hearing:

Chair Senator Renee Erickson called meeting to order at 2:50 pm.

Vice Chair Representative Sean Tarwater asked for a moment of silence for the passing of Representative Les Mason.

Chair Erickson went over the purpose of the meeting is an informational hearing on the bill draft relating to STAR Bonds and creating a new type of project for major professional sports projects. The Joint Committee will not be taking formal action at this time. The Joint Committee's task is to thoroughly vet the contents of the draft bill.

Jason Long, Senior Assistant Revisor of Statutes, provided an overview of the bill draft. What the bill does is it include projects for "major professional sports complex" in the existing STAR Bonds substructure and creates an alternative approval path with some additional changes for STAR Bonds issued with respect to the development of a "major professional sports complex" Kansas.

Draft Bill provided to the Committee. ([Attachment 6](#))

The Revisor stood for questions.

A bill brief was provided. ([Attachment 7](#))

Proponents:

Dan Murray, on behalf of Scoop and Score, a non-profit formed to engage in public policy advocacy, research and education, including grassroots lobbying in support of economically prosperous and responsible legislation. ([Attachment 1](#)) STAR Bonds are a significant tool in Kansas' economic development, were designed to help develop large scale commercial, entertainment and tourism projects. STAR Bonds are specific obligation bonds paid only from the incremental growth in sales tax

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and use tax within the STAR bonds area.

Also included in Mr. Murray's testimony is polling information showing that a clear majority of Kansas support the legislature taking action to keep the Chiefs and Royals in our area. A list of more than 9,000 Kansans who have signed a petition pledging their support, and a document that clarifies some of the misinformation being spread about STAR Bonds and their use in Kansas.

Korb W. Maxwell, Polsinelli Law Firm, provided proponent testimony in favor of the bill draft. [\(Attachment 2\)](#) Mr. Maxwell on behalf of Clark Hunt, the Hunt Family, Mark Donovan, and the entire Chiefs organization, thanked the Chair and members of the Committee for their willingness to consider and hold hearings on professional sports STAR Bonds, and for being actively engaged in bringing one of the largest commercial projects in state history.

By strengthening the powerful economic development tool in the State of Kansas, which has made possible the biggest tourism destinations in our state today, including the Kansas Speedway, Children's Mercy Park, and Legend's/Village West.

David Frantz, partner with law firm Stinson, LLP and serve as counsel for the Kansas City Royals Baseball Club, LLC, appeared in support of the important legislation on behalf of the Kansas City Royals. [\(Attachment 3\)](#) This legislation would allow the State of Kansas to enter into agreements with one or more professional sports franchises to construct a professional sports complex - including an MLB ballpark. The failure of the vote on April 2 has forced the Royals to explore other alternatives to finance and build a new stadium.

Eric Stafford, VP of Government Affairs, Kansas Chamber, provided testimony in support to approve modifications to the STAR Bonds program to attract the Kansas City Chiefs and possibly the Royals to Kansas. [\(Attachment 4\)](#)

Capturing sales tax from the designated district through consumer spending choices is probably the best and most fair method of financing arrangements. Consumers choose to spend their money in the district which pays for a portion of the investment.

Tom Burroughs, Board of Commissioners, Unified Government of Wyandotte County/Kansas City, Kansas, provided testimony in support for the proposed STAR Bond Policy. [\(Attachment 5\)](#)

Wyandotte County would not only welcome but encourage the opportunity to keep the "Kansas City" in the Chiefs and Royals. They have land available, historical success with STAR Bonds and the willingness to partner with the leadership of these iconic sports franchises.

Staff provided Distribution of Traditional Lottery Proceeds [\(Attachment 8\)](#)

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The Committee asked questions of the proponents.

Proponents Written Only:

Julie Roller Weeks, Director, Visit Abilene, Travel Industry Association of Kansas (TIAK) ([Attachment 9](#))

Tim McKee, CEO, Olathe Chamber of Commerce ([Attachment 10](#))

Andrew Nave, Greater Wichita Area Partnership ([Attachment 11](#))

Ann Smith-Tate, President & CEO, Shawnee Chamber of Commerce and Executive Dir., Shawnee Economic Development Council ([Attachment 12](#))

Jason P. Watkins, on behalf of the Wichita Regional Chamber of Commerce ([Attachment 13](#))

Jason P. Watkins, Executive Director, Kansas Beer Wholesalers Association ([Attachment 14](#))

David Johnson, County Administrator Unified Government of Wyandotte County/Kansas City ([Attachment 15](#))

Kevin Walker, Executive Vice President, Overland Park Chamber of Commerce ([Attachment 16](#))

Former Gover Jeff Colyer, M.D. ([Attachment 17](#))

METL, A coalition of local Chamber of Commerce, Manhattan, Emporia, Topeka, Lawrence ([Attachment 18](#))

Juliet Abdel, MS, IOM, President, SVP Government Affairs, Greater Topeka Chamber ([Attachment 19](#))

Kansas City Kansas Chamber of Commerce ([Attachment 20](#))

Bonnie Lowe, IOM, President and CEO, on behalf of the Chamber of Lawrence and Economic Development Corporation of Lawrence and Douglas County ([Attachment 21](#))

Opponents:

Michael Austin, Legislative Director, Americans for Prosperity-Kansas, provided testimony in opposition to the Chiefs and Royals STAR Bond bill. ([Attachment 22](#))

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- STAR Bonds shifts tax burdens to the most vulnerable Kansans across the state, while making it harder to make the state's tax climate uncompetitive
- The STAR Bonds bill is a failure of transparency and comprehensive public consideration
- STAR Bonds have coincided with Kansas falling farther behind the National Average than before STAR Bonds
- STAR Bonds fail to address the lack of a true cost/benefit analysis
- If a STAR Bond district includes more than the football/baseball stadium, it will divert economic activity and damage small business activity outside of the STAR Bond district

STAR Bonds hurts both entrepreneurship, and government finances, and for these reasons ask the Committee to reject Chiefs/Royals STAR Bond.

Dave Trabert, CEO, Kansas Policy Institute, appeared in opposition to the draft bill. ([Attachment 23](#)) Mr. Trabert opposes the use of STAR Bonds to finance new stadiums for the Chiefs and the Royals.

- Stadium subsidies have a poor track record,
- Research shows that STAR Bond projects merely shift economic activity
- there is a very significant cost to Kansas businesses in unseen economic consequences
- the stadium project will shift significant sales tax revenue to pay of debt.
- Business subsidies have not and will not resolve a five-decade period of economic stagnation
- Stadium owners, developers, and local government benefit from STAR Bond projects, but not taxpayers

If the legislature see fits to make STAR Bonds more lucrative to the recipients, would encourage adding a strict time line for entering an agreement for the STAR Bond project.

Lanell Girffith, provided written testimony in opposition to the bill. ([Attachment 24](#))

The opponents addressed questions and concerns from the Committee.

The Committee asked Bob North, Chief Counsel, Kansas Department of Commerce, about certain STAR Bond Projects that got behind. Mr. North stated that in 2020 due to COVID-19, as a result the project had a slow start, but has started to produce and if growth continues is going to end up being successful.

Neutral:

Will Lawrence, Chief of Staff, Governor Laura Kelly, provided Neutral testimony. ([Attachment 25](#)) Mr. Lawrence stated that the Governor and her administration remain neutral on the underlying policy

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proposed in the legislation. At this time the Governor's office does not believe that anything contained in this legislation would cause Governor Kelly to veto the bill. As the bill progresses through the legislative process the governor's office will do its best to provide feedback on any amendments that pass to determine if the Governor's position on the legislation changes. Thus, the only questions that the Governor's office can answer are related to those potential changes to STAR Bonds.

Informational:

Former Senator Chris Steinger provided written transformational testimony. ([Attachment 26](#))

Additional information provided:

2023 STAR Bonds Annual Report ([Attachment 27](#))

STAR Bonds Kansas Commerce Transparency Data Base ([Attachment 28](#))

The meeting was adjourned at 5:30 pm.