

Chairman Tarwater, Chairperson Erickson, and Members of the Committees,

We appreciate this opportunity to provide testimony explaining why we oppose the use of STAR bonds to finance new stadiums for the Chiefs and the Royals.

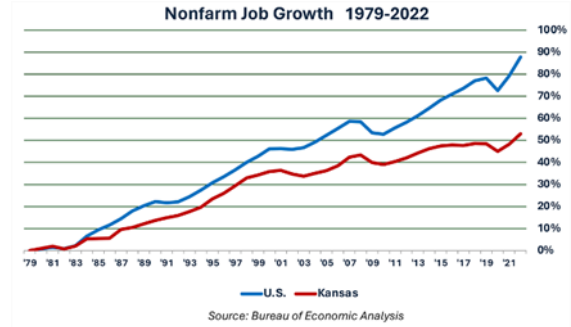
Some of our most significant concerns follow, in no particular order:

1. **Stadium subsidies have a poor track record.** The left-leaning [Brookings Institution](#) found no examples of a new, subsidized sports facility increasing higher local tax revenues or having a significant, positive effect on local employment. A separate study from the [Journal of Urban Affairs](#) found no effect of subsidized basketball stadiums on regional personal income. Between 1995 and 2015, [29 of the NFL's 31 stadiums](#) received a total of \$7 billion in public subsidies, only to have practically non-existent income or job growth in the long run.
2. **Research shows that STAR bond projects merely shift economic activity.** An analysis of [STAR Bonds in Wichita](#) conducted by Dr. Arthur Hall on behalf of Kansas Policy Institute concluded the subsidies “had no measurable effect on the persistent decline of business and job growth in downtown Wichita.” Gains in one part of the city were offset by losses elsewhere.
3. **The Scoop and Score lobbying campaign is telling Kansans the project will deliver \$993 million in annual economic output, but they won’t show their math.** We asked Scoop and Score to provide that information, but [they did not respond](#). That lack of transparency may indicate that, like many other rosy projections that accompany requests for subsidies, the assumptions behind the claim are overly generous.

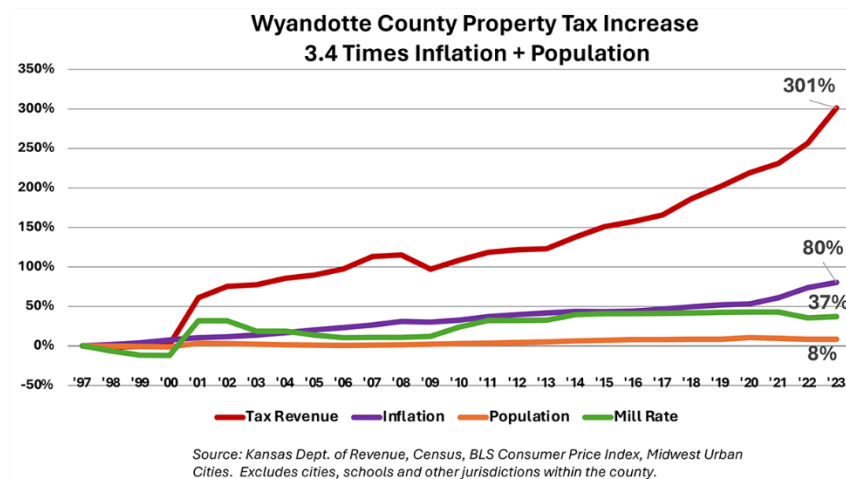
It is rare to non-existent for such projections to account for the unseen consequences of economic activity that would otherwise occur absent the project (see Point 2 above), and some return-on-investment assumptions are so overblown as to be absurd.

4. **There is a very significant cost to Kansas businesses in unseen economic consequences.** People have a fixed amount of money to spend, so everything spent at retail and dining establishments in the stadium area would be spent elsewhere without the stadium. Accordingly, the stadium project negatively impacts businesses outside the stadium area.
5. **The stadium project will shift significant sales tax revenue to pay off debt.** With only a few home games in football, most of the sales tax revenue to pay off STAR bond debt will come from year-round retail and dining in other establishments. A large portion of that sales tax revenue would occur elsewhere without a stadium district and flow to the state general fund. And with General Fund spending skyrocketing now (56% since Governor Kelly took office), the stadium deal could prevent future tax relief or lead to a tax increase.

6. **Business subsidies have not and will not resolve a five-decade period of economic stagnation.** Kansas is in its fifth straight decade of economic stagnation, falling farther behind national average increases in job growth, population, and economic activity (GDP). High taxes and subsidies for a few businesses have proven ineffective at breaking economic stagnation, and continuing down the same path will dig the hole deeper.



7. **Stadium owners, developers, and local government benefit from STAR bond projects, but not taxpayers.** Despite multiple subsidized projects surrounding the Kansas Speedway, Wyandotte County officials increased property taxes by 301% since 1997. That is 3.4 times as much as the combined increases in population and inflation.



If the Legislature sees fit to make STAR bonds more lucrative to the recipients, we encourage adding a strict time limit for entering an agreement for the STAR bond project.

We also would like to see floor votes on a constitutional amendment, before the STAR bond vote, to limit assessed valuation increases to no more than 4% annually.

Last year, the Senate passed SCR 1611 by a vote of 28-11, which would have limited the annual increase in valuations to 4%. The House didn't act on it.

The tax relief agreement reached between the governor and legislative leaders nearly cuts property tax in half from the previous version of SB 37, so even if the governor signs the bill, a lot of work is still needed on property tax relief.

Many elected officials claim to be 'holding the line' on property tax – referring only to the mill rate – while imposing significant tax increases due to skyrocketing valuations. We recently documented

an Overland Park council member saying the city held taxes steady; the mill rate declined by 0.3%, but the city still imposed a 10.5% tax increase.

Consider these egregious hikes in residential valuations (not counting new construction) over the last two years: Butler County 31%, Cowley 30%, Douglas 25%, Finney 26%, Johnson 25%, Leavenworth 29%, Linn 44%, Lyon 25%, Miami 37%, Wyandotte 41%. Many rural counties had increases above 30%.

Many local officials hid behind outsized valuation increases to sock voters with large tax increases. The adjacent table lists 28 counties with two-year tax hikes of more than 15%, including several with increases greater than 30%.

Legislators passed the Truth in Taxation Act in 2021, forcing local officials to vote to exceed the revenue-neutral rate and create a record of their increases.

Truth in Taxation has helped stem the property tax increase in some counties, but dishonesty persists in many places. An amendment to restrict valuation increases is the next logical step to make elected officials be honest about the tax increases they impose.

Finally, if there's time to consider giving multi-billion dollar subsidies to a professional sports stadium project, there should be time to vote on a constitutional amendment for taxpayers.

2-Year Property Tax Increase 2022 and 2023			
County	Increase	County	Increase
Allen	16.9%	Kearny	35.8%
Anderson	17.2%	Kingman	15.4%
Butler	16.2%	Leavenworth	22.8%
Douglas	20.4%	Lyon	20.2%
Elk	16.6%	Miami	19.4%
Ellis	34.3%	Morton	30.5%
Finney	17.7%	Nemaha	15.9%
Gove	19.7%	Ness	18.9%
Grant	20.5%	Pratt	21.3%
Greenwood	15.5%	Russell	18.2%
Harvey	19.8%	Sedgwick	15.5%
Haskell	16.2%	Shawnee	15.8%
Jefferson	20.0%	Stevens	38.9%
Johnson	15.6%	Wyandotte	27.0%

Source: Kansas Department of Revenue