

STAR bonds by former Senator Chris Steineger

I was State Senator representing WyCo 1997-2013 and served on both Commerce; Tax; and Post Audit committees when STAR bonds were born. The original concept of STAR bonds as a “user/consumption” tax is still a good idea today. Those that use, pay; Those that don’t use, don’t pay”. The origin of the idea came from Gary Anderson, an investment banker and JoCo Commissioner.

The possibility of a Kansas Speedway was broached very late in the 1997 session. My memory is foggy but we may have had in informational hearing only. Certainly, no action was taken, and no legislation passed, until the following session.

The Kansas Speedway owners (France family of Daytona Beach, FL) had original chosen Gardner, KS as their sight but were rejected due to public opposition to increased traffic. They found the intersection of I-70 and I-435, liked all the egress, and the cheap land there. Combining this with STAR bonds and the UGs willingness to use the then very liberal eminent domain laws, and the Speedway became a reality. An amendment was added in the House to add on “the 400 acres” to the north for a second STAR bond site, which now is the Legends shopping center, Cabelas, and Great Wolf Lodge.

Legislative Post Audit reviewed those original STAR bonds and found many excessive fees and other expenditures not envisioned by the original legislation, and this led to the first STAR bond reform legislation a few years later – an attempt to clarify and restrict what bonds funds could be used for.

STAR bonds for such a large project need further clarification, and focus. The LPA staff have found many STAR bond failures which can be chalked up to:

- 1.) Overly optimistic, over-hyped forecasts, projections for success and revenues
- 2.) Excessive spending of the bond monies.

RECOMMENDATIONS:

- 1.)the site chosen in WyCo is not ideal – its rocky, has no sewers, and not enough egress from I-70 or I-435. KDOT would have to fund significant highway improvements.
- 2.)be strict and focus expenditures on infrastructure, not fees, finances, and soft costs
- 3.)prohibit public ownership of the stadium. Keep it privately owned and managed.

4.)make the team owners expend their own funds (skin in the game)- Team owner funds matching to some degree, the STAR bond funds, will incentivize the team owner to keep the project within budget.

5.)its likely that Kansas is being used as a foil against Missouri. Whatever incentives Kansas offers first, will be trumped by Missouri later.

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