

SESSION OF 2017

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2184

As Recommended by House Committee on
Appropriations

Brief*

HB 2184 would make a number of changes to the Sales Tax and Revenue (STAR) Bond Financing Act. The bill would allow STAR bond project costs to include expenses for the renovation and expansion of an historic theater. The bill would eliminate language that allows a county commission or school board to object to a proposed STAR bond district, if it is determined the STAR bond district would have an adverse effect on property tax revenues. The Secretary of Commerce would no longer be required to approve a city or county option to use all or a portion of transient guest tax revenues to be pledged for principal and interest payments on the STAR bonds. The bill would eliminate outdated language for a STAR project that involves auto racetrack facilities. The bill would extend the sunset date for the STAR Bond Financing Act from July 1, 2017, to July 1, 2022.

Background

The bill was introduced by the House Committee on Commerce, Labor, and Economic Development and referred to the House Committee on Appropriations. In the House Committee, proponents of the bill included representatives of the League of Kansas Municipalities, Wyandotte County, and the Department of Commerce. Written proponent testimony was provided by the cities of Olathe, Salina, and Wichita; the Olathe Chamber; and the Wichita Chamber of Kansas. No other testimony was provided.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

According to the fiscal note prepared by the Division of the Budget, the Department of Revenue indicated the bill would not have a direct fiscal effect on State General Fund (SGF) revenues. The SGF and the State Highway Fund do not receive any additional retail sales and compensating use tax revenue collected in STAR bond districts until after the STAR bonds are paid back.

The Department of Commerce indicated it is responsible for reviewing and approving STAR bond applications. The Department indicated the bill would extend the STAR Bond Financing Act, which has the potential to increase economic development activity in the state.

The League of Kansas Municipalities and the Kansas Association of Counties indicated the bill would have the potential to enhance economic development in local communities. However, the League of Kansas Municipalities and the Kansas Association of Counties did not have data on future STAR bond projects that would be proposed to provide an estimate of the fiscal effect on local governments. Any fiscal effect associated with the bill is not reflected in *The FY 2018 Governor's Budget Report*.