

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE

The meeting was called to order by Chairperson Lana Gordon at 1:30 P.M. on April 26, 2005 in Room 526-S of the Capitol.

All members were present except:

Carl Krehbiel- excused
Judy Loganbill- excused
Todd Novascone- excused

Committee staff present:

Kathie Sparks, Kansas Legislative Research Department
Susan Kannarr, Kansas Legislative Research Department
Renaë Jefferies, Revisor of Statutes
Helen Pedigo, Revisor of Statutes
Carlene Maag, Committee Secretary

Conferees appearing before the committee:

Bob Marcusse, Kansas City Area Development
Jeff Boerger, President, Kansas Speedway
Nolen Ellison
Senator Barbara Sharp
Domingo Soto
Steve Goceljak

Others attending:

See attached list.

Chairperson Gordon welcomed the Committee Members back and opened the hearing on **SB 304**.

SB 304 - K DFA authorized to issue bonds to finance hall of fame, museum or tourist destination of national significance

Bob Marcusse representing the Kansas City Area Development Council spoke as a proponent for **SB 304**. This bill is important to economic development in Western Kansas, eastern Kansas, and to all the Kansas City area.

NASCAR invited four cities to respond to its Hall of Fame project proposal. These four cities included, Atlanta, Charlotte, Daytona and Kansas City. Two other regions, Richmond and Detroit have entered the competition. NASCAR has requested that each competing area address six parameters including: Location, Funding, (capital and operational), Corporate Entity/Management Structure, Marketing, Design Development Team and Experience. A complete list of the bid organizing committee is included later in this summary. (Attachment 1)

NASCAR is the second largest sport in America, is rapidly growing and is the only major sport without a Hall of Fame. It is believed 750 thousand people will want to pass through the proposed Hall of Fame. It is estimated the economic impact will be between 50 and 65 million dollars per year.

Jeff Boerger, President of the Kansas Speedway also spoke as a proponent for **SB 304**. Mr. Boerger believes this project could boost the tourism of the State of Kansas to a level it has not seen to date. 90 thousand people travel daily through the intersection of the proposed site of the Hall of Fame (I-70 and I-435). It is believed the location being offered is going to be above and beyond what the other communities are offering. As people drive up I-70 and I-435, there will be a major impact visually when they see the Hall of Fame. Mr. Boerger presented the Committee Members a drawing of the proposed Hall of Fame.

Written testimony from William W. Sneed, Legislative Counsel, Kansas Speedway Corporation pertaining to **SB304** was given to the Committee Members. (Attachment 2)

Nolen Ellison represented his personal concerns, The Citizens Task Force on Tax and Fiscal Policy for

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Wyandotte County and The Tax Payers League of Wyandotte County presented testimony as an opponent for **SB 304**. The groups represented by Mr. Ellison are not against a proposed NASCAR Museum in Wyandotte County. However, they are against such a publicly subsidized facility in Wyandotte County if taxpayers are again asked to bare an unfair portion of the price of progress.

SB 304 would create more public debt to finance the privately operated NASCAR Hall of Fame. The public debts created by this private development are obligations of the taxpayers of Wyandotte County and the State of Kansas, but the profits from the operations are private revenues. Wyandotte County can no longer afford to publicly subsidize public-private projects that do not add revenue to the coffers of local government.

On behalf of Wyandotte County Taxpayers, I am requesting that you do not advance this economic development legislation in the form of **SB 304** that authorizes additional uses of public funds for private activities that cannot, in the current situation, be adequately monitored, managed or reviewed by local governments and citizen taxpayers. (Attachment 3)

Mr. Ellison also presented the Committee Members information from the Wyandotte County Citizens Task Force on Tax and Fiscal Policy. (Attachment 4)

Chairperson Gordon recognized Senator Bonnie Sharp who gave testimony as an opponent of **SB 304**. The proposed language gives the Department of Commerce a great deal of authority.

In one of the bullet points from the Department of Commerce, Kansas Department of Finance Authority (KDFFA) states that the Hall of Fame would be a prize for the area. The debt could come from a variety of streams of revenue. The bonding authority would likely be one of several tools employed to generate the funding which could cost as much as \$100 million. There might not be a liability to the state, but the burden could be shifted to the property owners in Wyandotte County. People in Wyandotte County must be considered if the burden of payment is shifted to them. **SB 304** seems simple, but lacks specific details. (Attachment 5)

Domingo Soto a resident of Wyandotte County spoke as an opponent to **SB 304**. Our county cannot afford another massive tax giveaway to promote the tourism of the State of Kansas. Wyandotte County is the smallest geographic county in the State and has one of the highest tax rates. This legislation proposed to build a NASCAR Hall of Fame would allow another private corporation to build a for profit structure that taxpayers would subsidize. At a minimum, please consider amending **SB 304** to not allow any property tax abatements when they receive STAR bond proceeds.

I strongly support the location of the NASCAR Hall of Fame in Wyandotte County with appropriate levels of incentives and without any property tax abatements. (Attachment 6)

Steve Goceljak a resident of Wyandotte County gave oral testimony as an opponent to **SB 304**. Mr. Goceljak supports the NASCAR Hall of Fame, but thinks the facility needs to pay their fair share of taxes. He asked that the committee, as a minimum, amend the proposed legislation not to allow any property tax abatements on the NASCAR Hall of Fame.

Staff gave a brief overview of **SB 304**.

After an informative question and answer session Chairperson Gordon closed the hearing on **SB 304**.

Representative Hill moved to pass SB 304 favorable for passage. Representative O'Malley seconded the move.

Chairperson Gordon made a substitute motion to amend SB304 as shown in the attached balloon.(Attachment 7) The motion was seconded by Representative Holmes. A vote was taken, substitute motion failed.

Representative Huntington made a substitute motion to amend SB 304 "page 2, section c" to strike lines 22

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and 23 and in line 27 at the end of the sentence add the following sentence. “ The authority may additionally issue bonds for the purpose of financing a hall of fame, museum or tourist designation of national significance as determined by the Secretary of Commerce.” Representative Carlson seconded the motion. A vote was taken, motion passed.

Representative Kuether made a motion to pass out **SB304** favorable as mended. Representative O’Malley seconded the motion. A vote was taken, motion passed.

The meeting adjourned at 4:55 p.m.