

**CONFERENCE COMMITTEE REPORT BRIEF  
SENATE BILL NO. 467**

As Agreed to April 5, 2024

**Brief\***

SB 467 would expand and make changes to membership on the Council on Travel and Tourism (Council), make changes to the Department of Commerce's matching grant program for the promotion of tourism, create and provide transfers to the STAR Bonds Food Sales Tax Revenue Replacement Fund, expand the STAR Bond program to include historic theaters, increase the maximum finance limit for rural redevelopment projects, allow for legislative approval of a port authority by enactment of a bill, and authorize the establishment of a port authority by the Unified Government of Wyandotte County and Kansas City, Kansas.

The bill would take effect upon publication in the *Kansas Register*.

***Food Sales Tax Replacement Revenue***

The bill would create the STAR Bonds Food Sales Tax Revenue Replacement Fund (Fund) and provide for transfers to the Fund from the State General Fund (SGF) beginning on May 1, 2024.

The transfers would be determined by the Director of Taxation certifying, for each STAR Bond project district established prior to December 31, 2022, the amount of sales tax that would have been generated on the sales of food and food ingredients if the tax rate on such sales had been 6.5 percent. The certification would occur for each month, commencing on January 2024, and would be required to be made on or before 60 days following the end of each month. The Secretary of Revenue would be required to send a copy of each certification to the Director of the Kansas Legislative Research Department.

The State Treasurer would be directed to pay the amount attributable to each STAR Bond project district to the appropriate finance, debt service, or reserve fund associated with the district.

Transfers and payments to each district would cease upon the satisfaction of all principal and interest attributable to bonds issued prior to December 31, 2022.

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\*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. Conference committee report briefs may be accessed on the Internet at <http://www.kslegislature.org/kldr>

For STAR Bond project districts established after December 31, 2022, the base year revenue for the district would be defined to not include revenue resulting from state sales and use tax on the sale of food and food ingredients.

### ***Historic Theaters***

The bill would expand the permissible uses for STAR Bonds to include historic theaters. Permissible project costs for historic theaters would include costs connected to construction or renovation of historic theaters, along with any personal property for the historic theater, as established in statute.

### ***Rural Redevelopment Project Cost Financing Increase***

The bill would increase the maximum amount of financing for rural redevelopment projects under the STAR Bond Program without the issuance of special revenue bonds from \$10.0 million per project to \$25.0 million per project.

### ***Council on Travel and Tourism***

The bill would expand membership on the Council and add representatives from the following organizations:

- The National Independent Venue Association;
- The Kansas Museums Association; and
- The Kansas Sampler Foundation.

The bill would require the representative of the National Independent Venue Association to be a Kansas resident.

The bill would also change the Council membership from the House of Representatives to the chairperson, vice-chairperson, and ranking minority member of the House Committee on Commerce, Labor and Economic Development. [Note: Currently, the Council includes the chairperson, vice-chairperson, and ranking minority member of the House Committee on Agriculture.]

### ***Matching Grant Program for the Promotion of Tourism***

The bill would reduce the minimum amount of state tourism promotion matching grant moneys required to be dispersed to public or nonprofit entities from 75.0 percent to 50.0 percent.

The bill would also remove the restriction against more than 20.0 percent of the amount of moneys granted to for-profit or public nonprofit entities being awarded to one entity.

## ***Port Authority***

The bill would allow for the Legislature to approve the creation of a port authority by the enactment of a bill. [*Note:* Currently port authorities can only receive legislative approval by the passage of a concurrent resolution.]

The bill would authorize the Unified Government of Wyandotte County and Kansas City, Kansas, to establish a port authority pursuant to law.

## **Conference Committee Action**

The Conference Committee agreed to the provisions of SB 467 as passed by the Senate.

The Conference Committee also agreed to insert the following contents regarding STAR Bonds (HB 2387, as amended by the House Committee on Commerce, Labor and Economic Development) and port authorities:

- Food Sales Tax Revenue Replacement Fund and required transfers;
- Use of Star Bonds for construction and renovation of historic theaters and personal property belonging to historic theaters;
- Increase to the maximum finance limit for rural redevelopment projects;
- Allow for legislative approval of port authorities by enactment of a bill;
- Approve the creation of a port authority by the Unified Government of Wyandotte County and Kansas City, Kansas; and
- Technical and conforming amendments.

## **Background**

The Conference Committee report includes the contents of SB 467 and HB 2387. Background information for each bill follows, as well as the background on SCR 1620, regarding port authorities. [*Note:* SCR 1620 would have authorized the creation of a port authority by the Unified Government of Wyandotte County and Kansas City, Kansas.]

## ***SB 467***

The bill was introduced by the Senate Committee on Commerce at the request of the Department of Commerce.

### *Senate Committee on Commerce*

In the Senate Committee hearing, **proponent** testimony was provided by representatives of the Department of Commerce and the Travel Industry Association of Kansas. The proponents

generally stated the additional members would allow for better feedback and would represent the change of the Office of Tourism being moved under the Department of Commerce. The proponents also stated the grant funding change would better align with the applications the Department is receiving.

No additional testimony was provided.

#### *House Committee on Commerce, Labor and Economic Development*

The House Committee did not hold a hearing on SB 467 because the contents of the bill are substantially similar to those of HB 2611, which the House Committee recommended for passage during the 2024 Legislative Session.

The House Committee amended SB 467 to go into effect upon publication in the *Kansas Register*. [Note: The Conference Committee retained this provision.]

#### **HB 2387**

The bill was introduced by the House Committee on Commerce, Labor and Economic Development at the request of a representative of the Department of Commerce.

#### *House Committee on Commerce, Labor and Economic Development*

In the House Committee hearing, **proponent** testimony was provided by representatives of the Department of Commerce, City of Derby, Huffles & Associates Public Relations, and League of Kansas Municipalities. The proponents generally stated the bill would ensure STAR bondholders are held harmless from food sales tax rate reductions, expand the allowable uses of STAR Bonds to make the program applicable to more projects, and make the annual report of the program more useful by allowing it to contain full calendar year information for the preceding year.

Written-only proponent testimony was provided by a representative of the City of Wichita.

Written-only opponent testimony was provided by a representative of Americans for Prosperity–Kansas.

No other testimony was provided.

The House Committee amended the bill to make technical changes to the replacement of revenue associated with food sales tax rate reductions, modify the use of STAR Bond proceeds on amusement parks, and increase the amount of financing that may be utilized without the issuance of special obligation bonds. [Note: The Conference Committee retained some, but not all, of these provisions.]

#### **SCR 1620**

The concurrent resolution was introduced by Senator Haley.

## Senate Committee on Commerce

In the Senate Committee hearing, **proponent** testimony was provided by Senator Haley, who stated Wyandotte County previously had a port authority, and the creation of a port authority would be helpful because of an increasing number of projects in development and in progress along the Kansas River and Missouri River.

Written-only proponent testimony was provided by a representative of the Unified Government of Wyandotte County and Kansas City, Kansas.

No other testimony was provided.

The Senate Committee recommended the resolution be placed on the Consent Calendar.

## Fiscal Information

### **SB 467**

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department of Commerce states the bill would require an additional \$600 for mileage reimbursements for the three new members. The Department says these costs would be covered by existing resources.

Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2025 Governor's Budget Report*.

### **HB 2387**

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced in 2023, the Department of Revenue indicates enactment of the bill would increase the transfer amount from the SGF to the STAR Bonds Food Sales Tax Revenue Replacement Fund by \$1.4 million in FY 2024 and would provide for transfers of \$11.6 million in FY 2025 and \$15.4 million in FY 2026. The fiscal effect associated with the bill is partially reflected in *The FY 2024 Governor's Budget Report*, which includes transfers to the fund in a greater amount attributable to the proposed acceleration of food sales tax rate reductions.

State government; council on travel and tourism; membership; tourism development and promotion matching grant program; department of commerce; star bonds; food sales tax revenue replacement; historic theaters; port authority; Wyandotte County; Kansas City, Kansas

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