



To: House Commerce Committee
From: Kevin Walker, Senior Vice President of Public Policy and Advocacy
Overland Park Chamber of Commerce
Date: 17 February 2020

Chairman Tarwater and Members of the Committee:

On behalf of the more than 800 business members of the Overland Park Chamber of Commerce I appreciate the opportunity to submit testimony in support of HB 2529.

Sales Tax and Revenue Bonds, commonly referred to as STAR Bonds, are a powerful economic development tool that have been used on high-impact projects across the state. We believe tools like this are essential in today's ultra-competitive economic development environment.

The bill before you extends the sunset provision for the STAR Bonds program. Without action this powerful incentive will cease to exist on July 1, 2020.

HB 2529 also proposes programmatic changes that seek to further refine how the bonds can be used. We believe these changes merit consideration. The Kansas Department of Commerce, Legislative Post Audit and several legislative committees have begun the process of carefully evaluating our economic development tools. We believe these reviews are critical to Kansas being able to offer the most effective incentives possible. Taxpayers must have confidence that our incentive programs are good for economic development while providing a reasonable return-on-investment for all taxpayers.

We are concerned, however, that a thorough review of the STAR Bonds program could take some time. We believe it is important to extend the sunset provision – even if further evaluation cannot be completed in time to stay ahead of legislative deadlines.

Building a prospect pipeline takes time and shutting down programs before a full analysis can be completed would be counterproductive. This could have a negative impact on our pipeline and set back ongoing recruitment efforts that would take years to re-establish.

In a perfect world, perhaps incentives would not be necessary. However, until such time that other states decide to forgo incentives, we believe Kansas needs to be sufficiently equipped to compete for every opportunity that makes economic sense.

The Overland Park Chamber believes the STAR Bond program warrants careful consideration and urges this committee to approve HB 2529 so that economic development efforts can continue as Post Audit and others continue their exhaustive reviews.