

# **KANSAS**

## **C O M M E R C E**

**[www.kansascommerce.gov](http://www.kansascommerce.gov)**

**STAR Bonds  
& Rural Projects**

**KANSAS**  
**COMMERCE**

# WELCOME

## RURAL STAR Bond Projects Webinar

- STAR Bond Overview
- STAR Bond Act
- Program Requirements
- Historic Theatres
- Application Process
- Bond Issuance vs Pay as you go
- Questions





# What are STAR Bonds?

- **Sales Tax and Revenue Bonds** – A tool to assist cities and counties finance tourism and entertainment projects
  - New idea for development
  - Regional draw that improves local quality of life
  - Attract new visitors, new spending and other growth



# The STAR Bond Act: Avenue 1

**K.S.A. 12-17,162(y): (2) for areas with a population less than 50,000, the secretary finds the project:**

- (a) is an eligible area as defined in subsection (f); and**
- (b) would be of regional or statewide importance**





## Eligible Area

**“Eligible area” means a historic theater, major tourism area, major motorsports complex, auto race track facility, river walk canal facility, major multi-sport athletic complex, major business facility or a major commercial entertainment and tourism area as determined by the secretary**



# The STAR Bond Act: Avenue 2

“Rural redevelopment project” means a project that is in an area with a population less than 50,000, that is of

- 1.) regional importance
- 2.) with capital investment of at least \$3,000,000
- 3.) that will enhance the quality of life in the community and region



# Historic Theatre

- A building constructed prior to 1940
- Has purpose of staging entertainment
  - Includes motion pictures, vaudeville and opera shows
- Operated by a nonprofit corporation
- Space is designated by state historic preservation officer as eligible for historic place register OR
- Member of the Kansas historic theatre association





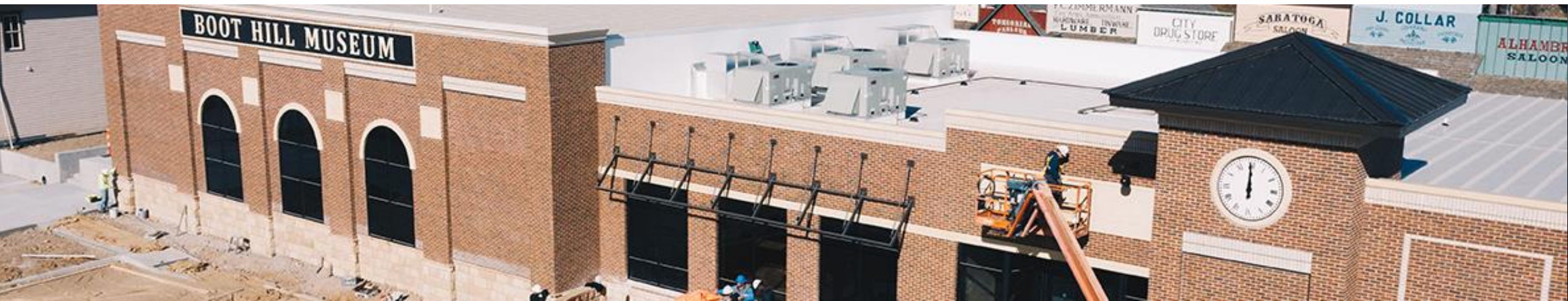
# How do STAR Bond projects originate?

- Current projects
- What are issues or projects that are important to the City?
- Developer internal considerations
- Statutory requirements
- Need for a revenue generator

# Rural Project Development

## What are developers looking for?

- Need for a revenue generator



# Process

- **Present project to Commerce**
- **Preliminary Visitation Study**
- **Public Hearings**
- **Local ordinance approval of district**
- **Project Plan**



# Process

- **Development Agreement**
  - **Public/Private ratio**
  - **Land sale restriction**
  - **Total bond amount**
  - **Standard provisions**
    - **Construction obligation**
    - **Reimbursement right**
    - **Milestones**
    - **Insurance**
    - **indemnity**
- **Ordinance approval of project plan**
  - **Prior education of Staff and Governing body**
  - **First Public Pitch**
  - **Receive public feedback**
- **Secretary approval**
- **Bonds priced**

## Bond Issuance

## Pay As You Go

<b>Statutory maximum amount = not more than 50% of the total costs of the project, including the STAR Project</b>	<b>Statutory maximum amount = \$25m until 6/30/2024; \$10m thereafter</b>
<b>Practical maximum amount will depend on Commerce approval, projected STAR Revenue cashflow and underwriting requirements</b>	<b>Practical maximum amount will depend on Commerce approval and actual STAR Revenue cashflows</b>
<b>Bonds provide funding up front for the STAR Project</b>	<b>Developer or other sources required to provide funding up front for the STAR Project</b>
<b>STAR Revenues used to repay the Bonds</b>	<b>STAR Revenues used to reimburse eligible expenses</b>

# Program Requirements

- Annual Report
- Audits





# Questions?

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