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Twenty Years of STAR Bond Investment in Kansas Reaps Big Rewards, a Few Flops.

More than half a billion dollars has been wagered by local and state government officials in Kansas on taxpayer-financed economic development projects under a program that relies upon adherence to the state's motto — to the stars through difficulties.

The sale of State Tax Revenue bonds — also known as STAR bonds — grant municipal governments an opportunity to finance major commercial, entertainment and tourism areas and repay the debt with state and local sales tax revenue generated by the developments. There have been failures and successes since implemented two decades ago.

For scope of achievement on the STAR bond landscape, look no further than the Kansas Speedway and the Village West shopping complex outside Kansas City, Kan. It's a flashy show-me example of the inducement as a platform for business growth and job development.

Bonds used to finance Village West were paid off in 2016 — five years early. The retail and entertainment hub created 5,700 jobs at more than 100 businesses.

"It was a very successful tool," said Pat Pettey, who has watched evolution of the state's No. 1 tourist attraction as a member of state and municipal government. "For us, at the beginning, given where we were at that time, it was great for attracting businesses."

Just as easily, the promise of a STAR bond development can burn out prematurely. In Overland Park, the Museum at Prairiefire, part of a retail development, gobbled up one-third of $65 million in STAR bond investment capital. The museum, which has a dinosaur as the star attraction, operated at a $2 million loss in 2015 and 2016 — and floundered in red ink during 2017.

Another bump on the STAR bond highway was the Heartland Park Topeka motorsports complex that was foreclosed in 2015, unsuccessfully sought new STAR bond financing and has reopened under new management.

The tragic death in 2016 of a 10-year-old boy on a giant water slide at the Schlitterbahn park in Kansas City, Kan., cast doubt about future of that STAR bond investment. Closure of the slide generated uncertainty as to whether Schlitterbahn could survive. STAR bond tax revenue was expected to repay bond debt.

Mike Taylor, spokesman for the Unified Government of Wyandotte County, said it was possible STAR bonds could be issued to support new attractions at the Schlitterbahn.

Undeterred, communities across the state are optimistically plowing ahead with plans for developments crafted to revitalize downtown areas and create destination-scale projects that attract one-third of visitors from more than 100 miles away.

"STAR bonds are proven to be an effective economic development tool beneficial to the state of

Kansas," said state Rep. J.R. Claeys, a Salina Republican.

Salina officials are digging into the STAR bond portfolio to bring about a hotel, car museum and rehabilitation of an historic theater in the downtown.

Knocking on the door is the $165 million complex in Wyandotte County for the American Royal agricultural events center. It will be transferred from Kansas City, Mo., with about $80 million from STAR bonds.

"This is about creating a bright future for the American Royal … and hanging a sign in the state of Kansas that Kansas is open to agriculture," said Korb Maxwell, an attorney with the American Royal.

In Derby, state and local officials applied STAR bond financing to an $18 million dinosaur park. Garden City is developing the Sports of the World Complex for soccer, skating, rugby and hockey on the east side of the city. It will pull down $24 million in STAR bonds.

"This is a great project for our region and will go a long way toward meeting some of our community enhancement goals," said Lona DuVall, president of the Finney County economic development corporation.

A STAR bond development in Dodge City will invest $13 million in Boot Hill Museum and Heritage Center and the Long Branch Lagoon Water Park.

Atchison set out to work with STAR bonds for an aviation museum and to update the city's farmers market.

"These aren't projects that the private market is going to do," said Trey Cocking, deputy director of the Kansas League of Municipalities.

Looking back, the Kansas Department of Commerce authorized $165 million in STAR bonds for the Kansas City Wizards stadium, $150 million for a Cerner Corp. office campus and $65 million for a U.S. soccer training facility.

In 2006 to 2009, the city of Manhattan received $50 million in STAR bonds to develop the Flint Hills Discovery Center, which brings to life the culture, heritage and natural surroundings of the tall grass prairie in Kansas. Other projects tied to the incentive were the Salt Mine Museum in Hutchinson and the Waterwalk in Wichita.

In 2017, the Legislature and Gov. Sam Brownback agreed to extend availability of the bond mechanism through 2022.

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