

Guidance to STAR Bond Applicants

The following guidance is offered to applicants seeking to utilize STAR Bond financing as a strategic economic development tool. In order to be considered a major commercial entertainment and tourism area, a proposed project must be capable of being characterized as a statewide and regional destination, and include a high quality innovative entertainment and tourism attraction, containing unique features which will increase tourism, generate significant positive and diverse economic and fiscal impacts and be capable of sustainable development over time. Public benefits must exceed public costs. As a general rule, STAR Bond financing should constitute less than fifty percent of total project costs. Additionally, retail tenants of projects financed by STAR Bonds must comply with all Kansas laws, including the Kansas “affiliate nexus” law, and collect sales tax on remote sales to Kansas residents.

The following criteria will be evaluated when considering the tourism potential of a proposed project, although the Secretary retains discretion to make exceptions as he may deem appropriate:

1. Visitation:
 - a. Out-of-state visitation from multiple states should represent a significant portion of total annual visitation to be considered a major, unique, destination attraction. For purposes of this subsection 20% shall be considered a significant portion.
 - b. A significant portion of total annual visitation should be drawn from greater than 100 miles distant from the attraction community. For purposes of this subsection 30% shall be considered a significant portion.

- c. Total annual visitation should compare very favorably to existing attractions in the state, as well as to comparable attractions and markets elsewhere

2. Economic impact:

- a. Direct expenditures: visitor spending that directly supports the jobs and incomes of people and firms that deal directly with visitors.
- b. Indirect expenditures: changes in sales, incomes or jobs in regional sectors that supply goods and services in support of “direct expenditure” entities.
- c. Induced expenditures: increased sales within the region from the household spending of the income earned in the “direct” and “indirect” sectors.
- d. Environmental effects: changes in regional quality-of-life indicators as a result of tourism development that impact other sectors.
- e. Enabling effects: increasing the ability to attract compatible industries based upon all of the above.
- f. Direct job creation: the total number of jobs (distinguished as Full-Time or Part-Time) supported by the target attraction.

3. The unique quality of the project, relative to:

- a. The national destination attraction market, and/or
- b. A defined regional (multi-state) market area, and/or
- c. The Kansas destination attraction market, and/or

- d. The ability of the proposed attraction to leverage or utilize the nature, culture or heritage that is unique to Kansas, and/or
 - e. The ability of the proposed attraction to capture for Kansas a valuable, national market brand identity (i.e. sports organization, consumer product brand, entertainment brand, etc.)
- 4. The ability of the project (all things being equal) to capture sufficient market share to:
 - a. Remain profitable past the term of repayment
 - b. Maintain status as a significant market and travel decision driver
- 5. Integration and collaboration with other resources and/or businesses, as determined by:
 - a. Creation of overnight stays, and/or
 - b. Collaboration/competition with other available retail and destination experiences, and/or
 - c. The ability of the proposed attraction to leverage and utilize the nature, culture or heritage that is unique to Kansas, and/or
 - d. Short and long-term marketing plans, with emphasis upon cluster, niche and cooperative marketing.
- 6. Quality of service and experience provided, as measured against national consumer standards for the specific target market.
- 7. Project accountability:
 - a. Any and all of the above should be accountable and verifiable according to best industry or comparative practices.

- b. Methodologies should be transparent and detailed.
- c. Third-party verification, wherever possible, is recommended.