

MINUTES OF THE Senate COMMITTEE ON Local Government

The meeting was called to order by Senator Don Montgomery at
Chairperson

9:12 a.m./XX p.m. on Thursday, March 7, 1985 in room 531-N of the Capitol.

All members were present except: Senators: Bogina, Gaines, Mulich, Steineger, and Winter

Committee staff present: Mike Heim, Theresa Kiernan, Emalene Correll, Lila McClaflin

Conferees appearing before the committee: Senator James Francisco, Mulvane, Ks.
Senator Eric Yost, Wichita, Ks.
Senator Eugene Anderson, Wichita, Ks.
Kim C. Dewey, Sedgewick County Board of Commissioners
Judy Anderson, City of Wichita
Pat Storey Ranson, First Vice President, the Wichita Airport Authority
Bailis F. Bell, The Wichita Airport Authority
Ronald Ryan, Ryan Aviation, Wichita, Ks.

The Chairman called the meeting to order.

Senator Langworthy moved to accept the minutes of the March 5, 1985, meeting. Senator Allen seconded the motion. The motion carried.

The Chairman called attention to the amendments on S.B. 212, he stated, he had visited with Senator Winter, the amendments were satisfactory with Senator Winter, and there is enough interest in the bill to take action. Senator Allen moved to accept the amendments on S.B. 212. Senator Salisbury seconded the motion. The motion carried. Senator Daniels then moved to report the bill favorably for passage as amended. Senator Allen seconded the motion. The motion carried. Senator Winter will be ask to carry the bill.

The Chairman opened hearings on S.B. 242 and S. B. 256, both of these bill relate to the Wichita Airport Authority.

Senator James Francisco was called to testify as a proponent he explained the background of why the bills were introduced. He presented the committee with several hand outs which have been identified and are all a part of these minutes. The first one being dated December 21, 1984, from C. Robert Bell, Asst. County Counselor. He called attention to the last paragraph of the letter (attachment 1). (Attachment 2) has listed the names of all properties, not directly related to the airport authority, located on airport authority land. The Sedgewick County Delegation is concerned that some of these businesses and 1400 acres of farm land are escaping taxation. Senator Francisco presented a letter of February 20, 1985, address to him, from E. H. Denton, City Manager, of Wichita, Mr. Denton stated in this letter, that the Board of City of Commissioners of the City of Wichita voted unanimously to oppose S.B. 242 and 256, this letter is marked (attachment 3). A letter to Bob Knight, Mayor of Wichita, from Senator Feleciano and one to E. H. Denton from himself are marked (attachment 4 and 5). February 22, 1985, letter to Fred Weaver, Chairman, State Board of Tax Appeals, signed by Senator Fleciano and the reply from Fred Weaver, dated February 27, 1985, are (attachment 6). Fred Weaver's letter to John Dekker, Director of Law and City Attorney, dated March 4, 1985, are (attachment 7). Senator Francisco stated the objective of the legislation is to allow the county some input on this board. The delegation has made tremendous efforts to get the matter resolved on the local level but were unable to do so. He stated at this time the sponsors of S.B. 242, would like the committee not to work the bill.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Local Government,
room 531-N, Statehouse, at 9:14 a.m./~~a.m.~~^{p.m.} on Thursday, March 7, 1985.

Senator Yost, Wichita, offered an amendment to S.B. 256, which would amend the bill to five residents appointed by the city and one which would be the Chairperson of the Board of County Commissioners. He strongly recommends the county have a voice on the airport authority. Senator Yost suggested this one position would give the county a monitoring voice.

Senator Anderson, Wichita, briefly stated, he was in favor of the bill and the amendments. If the county had a member on the board, maybe they would be treated fairer.

Kim Dewey, Sedgwick County, Kansas, presented written testimony, his written testimony is (attachment 8).

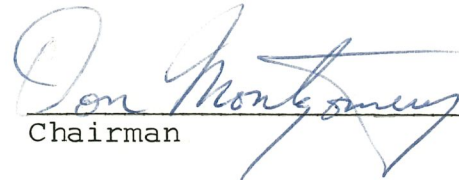
The opponents then spoke. Judy Anderson, City of Wichita, was first. She stated they were opposed to S.B. 256 and they were sorry this issue could not have been resolved at the local level.

Next was Bailis F. Bell, Wichita Airport Authority, he presented written testimony which is (attachment 9).

Pat Storey Ranson, First Vice President, The Wichita Airport Authority, presented written testimony (attachment 10). She also stated she could not speak for the board as they had not seen the amendment presented by Senator Yost. She opposed the amendment and she hoped the committee would.

Ronald Ryan, Ryan Aviation, of Wichita, appeared in opposition to S.B. 256. He stated that the Wichita Airport Authority is doing a good job. His company flies all over the world in their business and there are not many cities the size of Wichita with as fine a airport.

Hearings on S.B. 256 were continued until, Monday, March 11, 1985, at 9:00 a.m., room 531-N.


Chairman



SEDGWICK COUNTY, KANSAS

LEGAL DEPARTMENT

C. Robert Bell
Assistant County Counselor

COUNTY COURTHOUSE • SUITE 315 • WICHITA, KANSAS 67203-3790 • TELEPHONE (316) 268-7111

December 21, 1984

The Honorable James L. Francisco
217 E. English
Mulvane, Kansas 67110

Dear Senator Francisco:

In connection with activity in the Appraiser's Office, it has come to the attention of this writer that there are a substantial number of business operations in improvements owned by the Wichita Airport Authority. These include several buildings leased to Cessna Aircraft Company, as well as buildings occupied by the Airport Hilton Hotel, and such diverse companies as insurance companies and car rental companies.

None of the properties are on the tax rolls by virtue of the special provisions of K.S.A. 27-327 et seq. This writer is informed that if this property were subject to the same exemption requirements as other units of government as set forth in K.S.A. 79-201a, the value added to the tax rolls in this county would be approximately \$40,000,000. It is puzzling to the observer of legislative intentions to see an act which in one phrase, 27-327(f), restricts airport authorities to ownership of such things as are approved by the administrator of the FAA and then apparently removes any restrictions in the next phrase, ". . . including property needed to develop sources of revenue from non-aviation business at such public airport."

Sedgwick County Commissioner Don Gragg suggested that these statutes be brought to the attention of the legislative delegation since the special act was only adopted in 1978 and they might wish to consider whether it achieves a result in accordance with the general standard of uniformity and fairness that they desire.

Very truly yours,

C. Robert Bell
Assistant County Counselor

CRB/mp

(79-201a) (SIXTH)
Article 11 - Sec. 1

(Attachment 1)

3/7/85



SEDGWICK COUNTY, KANSAS
OFFICE OF THE APPRAISER

RONALD G. MILLER
County Appraiser

COUNTY COURTHOUSE • SUITE 227 • WICHITA, KANSAS 67203-3795 • TELEPHONE (316) 268-7461

MEMORANDUM

January 30, 1985

TO: Don Gragg, Chairman of the Board
FROM: Ronald G. Miller, County Appraiser
SUBJECT: Airport Authority

This is the information you requested from our office. The map has numbered buildings which correspond to the list of names. The airport authority says the names listed are tenants and not owners. They say the airport authority is the owner.

If we can be of any further help, please let us know.



Ronald G. Miller
Sedgwick County Appraiser

RGM/skp

(Attachment 2)

3/7/85



SEDGWICK COUNTY, KANSAS
OFFICE OF THE APPRAISER

RONALD G. MILLER
County Appraiser

COURT HOUSE • SUITE 227 • WICHITA KANSAS 67203-3795 • TELEPHONE (316) 268-7

November 28, 1984

Bailis Bell
Director of Airport Authority
2173 Air Cargo Road
Wichita, Kansas 67209

RE: Status of Exempt Property
at Airport

Dear Mr. Bell,

Cessna Aircraft has requested a reduction in assessed value for properties owned by them in Sedgwick County.

A review of property record cards describing Cessna properties, furnished by the County Clerk, indicates Cessna owns eight buildings situated on airport land that are being carried on the exempt rolls referencing State Board of Tax Appeals order number 787-1 dated April 7, 1971.

In researching the above order we find no mention of buildings owned by Cessna Aircraft on airport land as being exempt from taxation. Neither can we find the Hilton Inn and various other buildings located on airport land that are being treated as exempt from Real Estate taxes.

We are concerned that some buildings on airport land are owned by private firms or individuals and are escaping taxation.

Would you please notify us of any buildings, except those owned by the airport authority, that are occupied by anyone other than the authority?

Thank you for your consideration.

Very Truly Yours,

Bill G. Earnst
Bill G. Earnst
Assistant Chief Deputy Appraiser
Real Estate Division
(268-7211)

cc: Ronald G. Miller,
Sedgwick County Appraiser

C. Robert Bell,
Assistant County Counslor

BGE/tas

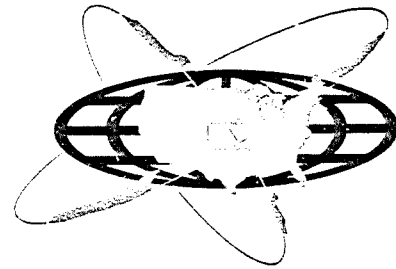
The Wichita Airport Authority

Robert G. Wilson, *President*

Milton Glickman
Pat Storey Ranson
Britt Brown
H. Edward Flentje

Bailis F. Bell
Director of Airports

December 3, 1984



Wichita Mid-Continent Airport
Colonel James Jabara Airport

Monroe L. Funk, P.E., *Director of Airport Engineering and Planning*
Dwight W. Greenlee, *Director of Airport Administration*
Duncan C. Henderson, *Director of Airport Operations*

Mr. Bill G. Earnst
Assistant Chief Deputy Appraiser
Real Estate Division
Office of the Appraiser - Suite 227
Sedgwick County Courthouse
525 N. Main
Wichita, Kansas 67203-3795

Dear Mr. Earnst:

This office has reviewed your letter of November 28, 1984 regarding the status of exempt property on Wichita Airport Authority property.

In response to your letter, it may be categorically stated that all improvements to lands owned by The Wichita Airport Authority are, by contract, owned by The Wichita Airport Authority or the U. S. Government.

Cessna does not own any buildings on Wichita Airport Authority property. Cessna leases them from The Wichita Airport Authority.

If there are any further questions, please advise.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'Bailis F. Bell', written over a horizontal line.

Bailis F. Bell
Director of Airports

BFB:cg

cc: John Dekker, Director of Law, City of Wichita



SEDGWICK COUNTY, KANSAS
OFFICE OF THE APPRAISER

RONALD G. MILLER
County Appraiser

COUNTY COURTHOUSE • SUITE 227 • WICHITA, KANSAS 67203-3795 • TELEPHONE (316) 268-7461

December 20, 1984

C. Robert Bell
Assistant County Counselor
Sedgwick County Courthouse
525 N. Main
Wichita, KS 67203

RE: Airport Authority
Tax Key Number D-24035

Dear Mr. Bell:

In response to discussions between you, Ron Miller and myself regarding certain improvements located on referenced property, we offer the following information:

We have reviewed improvements that appear, to the best of our knowledge, to be occupied by persons or firms other than the airport authority and have arrived at an estimate of fair market value for these properties of \$39,655,140.

A list of these properties is attached for your reference and are listed by either address or building number.

Due to the exemption from ad valorem taxes on these properties, Sedgwick County is losing tax revenue of approximately \$545,900 per year based on the 1984 mill levy.

If you desire additional information, please advise.

Very truly yours,

Bill G. Earnst

Bill G. Earnst
Assistant Chief Deputy Appraiser
Real Estate Division
268-7211

BGE/skp

encl.

CC: Ronald G. Miller

Mr. Leon Shurterman
Air Express International
2217 Air Cargo Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Jack Martin
Air Freight Central of Kansas, Inc.
2229 Air Cargo Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Gary Adamson
Air Midwest, Inc.
Hangar #20W
2203 Air Cargo Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Ms. Susan Palacios
Airborne Freight Corporation
2209 Air Cargo Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Richard Merkel
Airport Hilton Inn
P. O. Box 12690
Wichita, Kansas 67277

Mr. Jerry Winkler
Airport Parking Company of America
2141 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Richard Tolbert
America West Airlines
2299 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Ms. Sharon Larkins
American Airlines
2299 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Cliff Sones
American Bonanza Society
1922 Midfield Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. L. E. Welsh
American Cabs, Inc.
440 N. Kansas
Wichita, Kansas 67214

Mr. Don Dagenais
Aviation Education Center
2021 S. Eisenhower
Wichita, Kansas 67209

Mr. Bob Forshay
Avis Rent A Car Systems, Inc.
Terminal Building
2299 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Ken Fluke
Bendix Aviation, Avionics Div.
1935 Midfield Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Ms. Opal H. Stephens
Best Cabs, Inc.
230 W. 9th
Wichita, Kansas 67203

Mr. Robert Patterson
Bevan-Rabell, Inc.
Hangar #3
1880 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Dave Denver
Budget Rent A Car
1895 Midfield Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Jerry Lott
Burlington Northern Air Freight
P. O. Box 12148
Wichita, Kansas 67277

Mr. Jim Morgan
Cessna Aircraft Company
Citation Marketing Div.
P.O. Box 7706
Wichita, Kansas 67277

Bill Bracas
Cessna Aircraft Company
Wallace Division
P. O. Box 7704
Wichita, Kansas 67277

Mr. Lonnie Vaughan
Cessna Employees' Flying Club
Hangar #10
1780 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. John McCune
Cessna Finance
P. O. Box 9030
Wichita, Kansas 67277

Mr. Roger Sperry
Cessna North Central Zone
Hangar #16
1700 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Lee Heim
Circle Airfreight
Box 12189
(2225 Air Cargo Road)
Wichita, Kansas 67277

Mr. Jim Aukofer
Collins Avionics
2051 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Walter Conner
Conner Shoe Shine
Terminal Building
2299 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Leon Becker
Continental Airlines, Inc.
Terminal Building
2299 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Continental Airlines, Inc.
2215 Air Cargo Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Lt.Col. Michael Bulkeley,
Commander
DCASMA
Terminal Building - Second Floor
2299 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Dan Poole
Dobbs Houses, Inc.
Terminal Building
2299 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Dollar Rent A Car
Terminal Building
2299 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Jerry Meyers
Emery Air Freight
2207 Air Cargo Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Bill Winnett
Federal Aviation Administration
Air Traffic Control Tower
2196 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Robert Gambrill
Federal Aviation Administration
Wichita Aircraft Cert. Office
Room 100 - FAA Building
1801 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Ed Noulin
Federal Aviation Administration
Airway Facilities Sector
Room 105 - FAA Building
1801 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Ken Cook
Federal Aviation Administration
Airway Facilities Unit
Nav/Com Sector Field Office
1761 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Jim Wallace
Federal Aviation Administration
Airway Facilities Unit-Radar
2196 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Harold Luedtke
Federal Aviation Administration
Manufacturing & Insp. District Office
Room 101 - FAA Building
1801 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Howard Losey
Federal Aviation Administration
Flight Service Station
1761 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Jerald Mertens
Federal Aviation Administration
Flight Standards District Office
Room 103 - FAA Building
1801 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. John Nicely
Federal Express Corporation
2223 Air Cargo Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Charles Geer
FlightSafety International
Cessna Learning Center
P. O. Box 12304
(1951 Airport Road)
Wichita, Kansas 67277

Mr. ~~Robert Wayne~~ *Wayne Farmer*
FlightSafety International
Citation Learning Center
P. O. Box 12323
(1851 Airport Road)
Wichita, Kansas 67277

Mr. John Holm
FlightSafety International
Gates Learjet Learning Center
P. O. Box 9320
(8217 W. Harry)
Wichita, Kansas 67277

Mr. Nick Barron
Frontier Airlines, Inc.
Terminal Building
2299 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Frontier Airlines, Inc.
2213 Air Cargo Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Robert Hoppes
Fuel & Line Services, Inc.
2190 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. B. S. Stillwell
Gates Learjet Corporation
P. O. Box 7707
Wichita, Kansas 67277

Mr. Dale Norton
Gates Learjet Service Center
P. O. Box 7707
(8220 W. Harry)
Wichita, Kansas 67277

Mr. Joe Olivera
Hertz Rent A Car
P.O. Box 9570
1835 Midfield Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Ms. Kris Frank
International Flying Farmers
2120 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Charles Johnson
Koch Industries
1760 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. David Smith
Metropolitan Transit Authority
1825 S. McLean Blvd.
Wichita, Kansas 67213

Ms. Bea Stavniak
National Car Rental
Terminal Building
2299 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. L. "Red" May
Pratt & Whitney Aircraft of Canada
(U.S.) LTD.
1955 Midfield Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Tim Bonnell
Professional Insurance Management
2000 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Ms. Diana Powers
Republic Airlines
Terminal Building
2299 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Republic Airlines
2221 Air Cargo Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Al Burton
Rollins Burdick Hunter of Kansas, Inc.
P. O. Box 9210
(1995 Midfield Road)
Wichita Mid-Continent Airport
Wichita, Kansas 67277

Mr. Ron Ryan
Ryan Aviation Corporation
Hangar #19
1600 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Ray Thomas
Ryan Intl. Airways Corp.
Hgr. #17
1640 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Ms. Lucille Schulte
Tele-trip Insurance Company, Inc.
Terminal Building
2299 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. John Cherne
Trans World Airlines
Terminal Building
2299 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Trans World Airlines
2205 Air Cargo Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Bruce Clark
U. S. Customs
2227 Air Cargo Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Wilbur Baird
U. S. Postal Service
7117 West Harry
Wichita, Kansas 67276

Mr. Phillip Swain
U. S. Weather Service
2204 S. Tyler Road
Wichita, Kansas 67209

Ms. Billie Hulick
United Airlines
Terminal Building
2299 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Dave Simon
United Beechcraft, Inc.
Hangar #2
P. O. Box 9162
(1980 Airport Road)
Wichita, Kansas 67277

Mr. Randy Hardy
Van Dusen Aircraft Supply, Inc.
~~P. O. Box 12281~~
(1991 Airport Road)
Wichita, Kansas 67277

Mr. George Schneller
Wichita Air Cargo
2211 Air Cargo Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

Mr. Dick Smiley
Yingling Aircraft, Inc.
Hangar #1
2010 Airport Road
Wichita Mid-Continent Airport
Wichita, Kansas 67209

1600	Hangar #19	90 x 150	81,000
		180 x 120	129,600
		60 x 45	16,200
	Parking	120 x 135	6,480
1640	Hangar #17	240 x 90	129,600
	Parking	120 x 195	9,360
1700	Hangar #16	270 x 105	170,100
	Hangar #22, 24, 26	690 x 45	186,300
	Hangar #21, 23, 25	225 x 45	60,750
		240 x 60	86,400
		255 x 65	99,450
1760	Hangar #27	105 x 255	160,650
		75 x 22	9,900
1780	Hangar #10	90 x 240	129,600
1880	Hangar #11, 12, 14, 15	37 x 307 x 4	272,620
	Hangar #3	240 x 97	139,680
	Parking	105 x 210	8,820
	Hangar #8	30 x 300	54,000
	Hangar #9	30 x 300	54,000
	Hangar #7	30 x 300	54,000
1980	Hangar #2	300 x 60	108,000
		412 x 75	185,400
		30 x 157	28,260
	Parking	705 x 60	16,920
		285 x 45	5,130
2010	Hangar #1	405 x 90	218,700
		7 x 225	9,450
		45 x 315	85,050
	Hangar #4	60 x 285	102,600
	Parking	165 x 45	2,970
	Parking	270 x 60	6,480
2090	Service Station	15 x 30	4,950
	Service Station	45 x 30	14,850
2120	Flying Farmers	75 x 60	63,000
1991	Van Dusen	75 x 150	157,500
2051	Collins Bldg	135 x 82	154,980
1922	Bonanza	37 x 37	19,170
2098	Hilton	13 million	4,550,000
1995	Rollins	135 x 105	198,450
		7 x 30	2,940
1955	Pratt	105 x 105	154,350
1935	Bendix	75 x 75	78,750
1895	Budget	105 x 45	56,700
		45 x 60	32,400
1835	Hertz	37 x 135	59,940
2203	Hangar #20	105 x 105	66,150
		135 x 97	178,570
	Air Cargo	480 x 75	288,000
		30 x 75	18,000
	*Gates		2,562,120
1951	*Flight Safety	135 x 180	340,200

9,326,270

CESSNA

W-12	*Storage Hangar	37,500	225,000
-16	*Flight Hangar	75,353	452,120
C-1	*Div. Headquarters	16,500	231,000
2	*Sales & Service	23,769	190,150
3	*Service Hangar	137,220	823,320
4	*Boiler House	5,428	43,420
M-1	*Hangar	33,590	201,540
2	*Training & Delivery Center	15,355	184,260
			2,350,810
		Total	13,879,300 (100% Appraised)
		÷	.35 (Debasing Factor)
		100% Value	39,655,140 (Estimated Fair Market Value)

*NOT SHOWN ON MAP

The Hertz Corporation Administration/Service Facility

The Wichita Airport Authority approved an agreement with The Hertz Corporation on April 5, 1982 covering the use of a tract of land on which to construct an Administration/Service Facility. Conco, Inc. constructed the facility, containing approximately 5,084 square feet, at a cost of \$355,186.00. The facility was completed in July of 1983.



Budget Rent A Car of Kansas, Inc. Rental Car Service Center Facility

On February 16, 1981 The Wichita Airport Authority approved an agreement with Budget Rent A Car of Kansas, Inc. covering the use of a tract of land on which to construct a Rental Car Service Center Facility. The facility will contain approximately 7,000 square feet on the first level, and 2,000 square feet on the second level for future expansion. Munn Building, Inc. constructed the facility at a cost of \$400,000.00. The facility was completed in October of 1983.

Repair of Runway 1R-19L

The Wichita Airport Authority awarded a contract on April 18, 1983 to Stannard Construction Company, Inc. for the repair of Runway 1R-19L. The project was completed in July of 1983 at a cost of \$175,152.70.

Replacement of Boilers in Terminal Building

On June 6, 1983 The Wichita Airport Authority awarded the contract to Central Air Service Company, Inc.

for the demolition of five existing boilers in the Terminal Building. Three new boilers were installed to replace the existing ones for improvement to the air conditioning system. The project was completed in November of 1983 at a cost of \$101,138.00. The three new boilers were furnished by the Airport Authority at a cost of \$161,296.00.

Land Purchases

During 1983, The Wichita Airport Authority acquired an additional 9.72 acres of land for future development of the Airport.

(3) Buildings Constructed by Tenants

The Authority has authorized the construction of buildings on Authority-owned land by nineteen tenants. These tenants lease the land from The Authority for periods ranging from 20 to 30 years. One tenant has an option to renew its lease for an additional 25 years. The Authority has assisted in the financing of eleven of these buildings through the issuance of special facilities revenue bonds. These bonds do not constitute a liability of The Authority. The tenants make payments directly to a trustee for the purpose of retiring the principal and interest of the related bonds as they mature. The buildings constructed by the tenants are not recorded as assets of The Authority.

(4) Long-Term Debt

A summary of long-term debt follows:

	<u>1983</u>	<u>1982</u>
1976 General Obligation Bonds, Series 654, due in annual installments increasing from \$450,000 to \$550,000 on September 1 through 1991 plus interest of 4.5% to 5.0%	\$ 4,000,000	\$ 4,400,000
1981 General Obligation Bonds, Series 678, due in annual installments increasing from \$50,000 to \$1,300,000 on April 1 through 2001 plus interest of 9.0% to 10.1%	11,900,000	11,950,000
Accrued vacation	<u>119,570</u>	<u>—</u>
Total long-term debt	\$16,019,570	\$16,350,000
Less current installments	<u>500,000</u>	<u>450,000</u>
Long-term debt excluding current installments	<u>\$15,519,570</u>	<u>\$15,900,000</u>

The annual requirements to amortize the principal amounts of long-term debt outstanding at December 31, 1983 follow:

Year ending December 31,	<u>Principal</u>
1984	\$ 500,000
1985	619,570
1986	700,000
1987	800,000
1988	800,000
1989-93	3,850,000
1994-98	4,950,000
1999-2001	<u>3,800,000</u>
	<u>\$16,019,570</u>

Bonds of Indebtedness Schedule 6 (Unaudited)
Payable by Certain Tenants
 December 31, 1983
 The Wichita Airport Authority

Airport facilities revenue bonds:	Series	Interest Rate	Issue Date	Final Maturity Date
Payable by Air Midwest	A-1975	8.00	05-01-75	05-01-95
Payable by Yingling Aircraft	B-1975	8.00	08-01-75	08-01-95
Payable by Ryan Aviation	A-1978	6.75, 7, 7.25, 7.5, 7.75, 8, 8.25, 8.5, 8.75	12-01-78	12-01-98
Payable by Air Midwest	A-1979	8.25, 8.3, 8.4, 8.45, 8.5, 8.55, 8.6, 8.65, 8.7, 8.75, 8.8	12-01-79	12-01-99
Payable by FlightSafety International, Inc.	A-1980	8.3	05-01-80	05-01-95
Payable by Wichita Airport Hotel Associates	B-1980	8.5, 8.6, 8.7, 8.8, 8.9, 9.0, 9.1, 9.2, 9.3, 9.4, 9.5, 9.6, 10.5	06-01-80	03-01-05
Payable by Gates Learjet, Inc.	C-1980	Rate follows prime Max: 12.0 Min: 6.0 sub-series C-I 8 sub-series C-II	07-01-80	07-01-92
Payable by Don Flower Associates, Inc. and Rollins Burdick Hunter Co.	A-1981	Rate follows prime Max: 12.0 Min: 7.0	09-01-81	09-01-96
Payable by Koch Industries, Inc.	B-1981	7	09-15-81	09-01-91
Payable by Midwest Corporate Aviation	A-1983	7, 7.5, 7.75, 8, 8.25, 8.5, 8.75, 9, 9.25, 9.5, 9.75, 10	05-01-83	05-1-2003
Payable by Wichita Airport Hotel Associates	B-1983	8, 8.5, 8.75, 9, 9.25, 9.5, 9.75, 10	12-27-83	03-1-2005

BEFORE THE BOARD OF TAX APPEALS OF THE STATE OF KANSAS

IN THE MATTER OF THE APPLICATION OF
BOARD OF PARK COMMISSIONERS, CITY OF
WICHITA, FOR RELIEF FROM A TAX GRIEV-
ANCE IN SEDGWICK COUNTY, KANSAS

NO. 787-1

*Pa Set
1502-206
5/24/71
filed*

O R D E R

Now, on this 7th day of April, 1971, the above matter comes on for hearing before the Board of Tax Appeals of the State of Kansas.

The applicant, Board of Park Commissioners, City of Wichita, is represented by H. Jay Setter, Assistant City Attorney. Sedgwick County is represented by George D. McCarthy, Tax Counselor, and by Art Stoltz, Deputy Assessor.

The Board, after hearing the evidence presented, takes the matter under advisement and now, on this 20th day of April, 1971, finds that the applicant is the owner of the following described property, to-wit:

- (a) See attached Exhibit "A", Sedgwick County, Kansas;
- (b) See attached Exhibit "B", together with all personal property, moneys and credits owned by the applicant;

that the property set forth in paragraph (a) should be exempt from taxation under the provisions of Article 11, Section 1 of the State Constitution and K.S.A. 79-201 (sixth); that the tax levied thereon for the period beginning on dates of acquisition to January 1, 1971 should be abated and said property stricken from the tax rolls of Sedgwick County, Kansas; that said property be stricken from the tax rolls beginning on dates of acquisition and be exempt from taxation for all subsequent years so long as it is owned and/or used exclusively by the applicant herein.

The Board further finds that the property set forth in paragraph (b) should be exempt from taxation under the provisions of Article 11, Section 1 of the State Constitution and K.S.A. 79-201 (sixth); that the tax levied thereon for 1970 should be abated and said property stricken from the tax rolls for all subsequent years so long as it is owned and/or, used exclusively by the applicant herein.

IT IS, THEREFORE, BY THE BOARD OF TAX APPEALS OF THE STATE OF KANSAS, SO ORDERED.

The County Officials of Sedgwick County, Kansas, are hereby authorized and directed to correct their books and records accordingly.

Dated at Topeka, Kansas, this 20th day of April, 1971.

SEAL

ATTEST: **PARK BOARD -- CLERK'S FILE**
DIVISION *Airport*
FILE NO. *9-55-1971*

JOHN E. ROYSTON
ATTORNEY

GARY A. SAVAIANO
SECRETARY

CHARLES B. JOSEPH
CHAIRMAN

RALPH McCARTY
MEMBER

EUGENE E. LEE
MEMBER

WILLIAM D. ANDERSON, JR.
MEMBER

HOWARD F. LAWRENCE
MEMBER

Presented to Park Board on 5/24/71 - Received and filed.

Approved to B. J. ... 5/10/71

RECEIVED
APR 29 1971

OFFICE OF THE BOARD OF TAX APPEALS OF THE STATE OF KANSAS

I, Gary A. Savaiano, Secretary of the Board of Tax Appeals of the State of Kansas, do hereby certify that the above and foregoing is a true and correct copy of Order No. 787-1 made by said Board, as the same appears and is a matter of record in my office.



TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the official seal of the Board of Tax Appeals at Topeka, Kansas, this 23 day of April, 1971.

Gary A. Savaiano
Secretary

THE CITY OF WICHITA



OFFICE OF THE CITY MANAGER
CITY HALL -- THIRTEENTH FLOOR
455 NORTH MAIN STREET
WICHITA, KANSAS 67202
(316) 269-4351

February 20, 1985

The Honorable James L. Francisco
Kansas State Senator
State Capitol - Room 136-N
Topeka, KS 66612

Dear Senator Francisco:

On February 19, 1985, the Board of City Commissioners of the City of Wichita voted unanimously to oppose Senate Bills 242 and 256. This letter is to give you the opportunity to appear before the City Commission at 9:00 a.m., on Tuesday, February 26, 1985, to explain your position on the legislation.

Senate Bill 242 would require the approval of the County Commission before any bonds could be issued to expand or improve airport facilities. Senate Bill 256 would require the expansion of the Airport Authority from the current five members appointed by the City Commission to an eleven member board with six appointed by the City Commission and five appointed by the County Commission.

The two bills were introduced without the knowledge or consultation of the City of Wichita or the Wichita Airport Authority. Yet the bills call for a fundamental change in the operations and plans for future growth at this vital city facility. The legislation was not requested nor is included in either the City or County legislative programs for 1985.

(Attachment 3)

3/7/85

WICHITA

The Honorable James Francisco
February 20, 1985

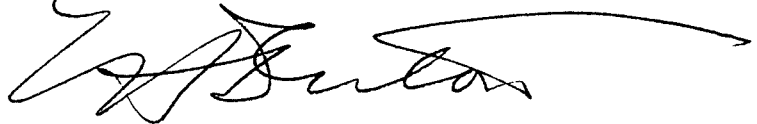
The City Commission questioned the origination of these proposals. Answers to the following questions are respectfully requested:

- 1) Who requested these bills?
- 2) Why was neither the City Commission nor the Wichita Airport Authority consulted about this legislation?

It is my understanding that schedule conflicts may prevent your attendance at the City Commission meeting. If so, it is therefore respectfully requested that you respond in writing to these questions as soon as possible.

It is my hope that we can work together with the Sedgwick County Commission and the Sedgwick County Legislative Delegation keeping the lines of communication and cooperation open for the mutual benefit of the community and a united voice in the Topeka Capitol.

Sincerely,



E. H. Denton
City Manager

EHD:cmp

cc: The Honorable Board of City Commissioners
The Honorable Board of County Commissioners
Senator Eugene "Gene" Anderson
Senator Paul Feleciano
Senator Eric Yost
Bailis Bell, Director of Airports
Judy Anderson, Intergovernmental Affairs Officer

STATE OF KANSAS



TOPEKA

SENATE CHAMBER

February 22, 1985

SENATOR
PAUL TELECICANO JR.
SENATE ASSISTANT MINORITY LEADER
STATE SENATOR DISTRICT 11
SEDGWICK COUNTY
415 BARBARA
WICHITA, KANSAS 67217

COMMITTEE ASSIGNMENTS
MEMBER WAYS AND MEANS
LABOR INDUSTRY AND SMALL
BUSINESS
ENERGY AND NATURAL RESOURCES
JUDICIARY
INTERSTATE COOPERATION

Bob Knight, Mayor
City Hall
455 N. Main
Wichita, Kansas 67202

Dear Mayor Knight:

I wish to provide a detailed response to City Manager Gene Denton's letter to Senator Francisco of February 20th, since a copy was sent Federal Expressed to me. On December 21, 1984, all members of the Sedgwick County Legislative Delegation received a letter from Assistant County Counselor, Robert Bell, calling our attention to the fact that significant amounts of real property leased out by the Airport Authority to a wide variety of private businesses was being carried on the exempt rolls. The letter questioned the legislative intent in allowing businesses not directly connected with the operation of the airport, to enjoy complete exemption from any ad valorem tax liabilities. The letter indicated that Commissioner Don Gregg had suggested that he make the delegation aware of this situation.

This situation came to light when Cessna Aircraft filed the protest of assessments on a number of the properties. A review of the property record cards in the County Clerk's office indicated that Cessna owned eight buildings on aircraft land which were carried on the exempt rolls referencing State Board of Tax Appeals Order 787-1 dated April 7, 1971. Correspondence ensued between the Appraiser's office and Mr. Bailis Bell on November 28, 1984, concerning whether or not Cessna indeed owned the property. The Appraiser's office also inquired as to the tax exempt status of these properties as well as all properties such as the Airport Hilton Inn, since they were not referenced in the 1971 Tax Appeal's order. Mr. Bell replied on December 3, 1984, that Cessna leased all properties from the Airport Authority. However, he gave no reply to the query concerning the status of the properties not appearing in the Tax Appeals Board order. This prompted the referral

(Attachment 4)

3/7/85

Mayor Bob Knight
February 22, 1985
Page Two

of the matter to the County Counselor and the subsequent letter to the legislative delegation. There was no further contact with the County until the session started. After the session began, several members of the delegation discussed the situation with Don Gregg and the County's Lobbyist, Kim Dewey. The delegation requested more detailed information on the exempt property. Commissioner Gregg requested the Appraiser to supply me with his information. The Appraiser met with Mr. Bailis Bell on January 29, 1985, to absolutely confirm the records of the Appraiser's office in regard to the property owned by the Airport Authority on airport land. This and other relevant information was provided to Commissioner Gregg on January 30, 1985, and Kim Dewey provided it to several members of the delegation, including myself.

The Wichita Eagle and Beacon reported statements by Senator Francisco and me regarding our concerns that businesses unrelated to airport operations were being totally relieved of local property tax liability. The article included responses to our statements from the City Manager and Mr. Bell. Up to this point, no legislation had been drafted, although Senator Francisco had put in a request for a bill in order not to miss the request deadline of January 28, 1985.

County Commissioner Bob Brown, Mr. Bailis Bell and City Manager Gene Denton came to Topeka on February 6, 1985, and discussed the situation with many members of the delegation, including myself. At least five Senators, including myself, were visited by former City Lobbyist Mary Ellen Conlee and Ron Ryan accompanied by Judy Anderson February 14th and 15th who discussed the legislation. By this time, SB242 and 256 had been introduced.

It had been our original inclination to introduce legislation to prohibit tax exemption for any leased property at a municipal airport not used in the operation of the airport. Since this had statewide impact, concern was expressed by several of our colleagues from other parts of the state. I believe that some of us also concluded that such a drastic move might have serious adverse effects on Mid-Continent Airport and the taxpayers of Sedgwick County. I felt, however, that there should at least be some discussion as to whether there should be restraint on future lease agreements and that perhaps some in lieu of tax payments could be included in future agreements. As you know, the Board of County Commissioners has full responsibility to maintain the integrity of the property tax base and to attempt to equalize the local tax burden, therefore, it's reasonable to provide them some input into negotiations and insure that these concerns receive proper consideration in future activity at the airport.

Mayor Bob Knight
February 22, 1985
Page Three

In summary, to answer your two questions.

1. The legislation was introduced after the situation was called to our attention by various county officials.
2. In my view, the City of Wichita was consulted through contact with Commissioner Bob Brown, Mr. Bailis Bell, Judy Anderson, City Manager Gene Denton, and others. Furthermore, the City was aware that concerns were being expressed by the County concerning this situation as early as November 28, 1984, referenced Mr. Bailis Bell's letter of December 3, 1984, a copy of which was sent to Director of Law John Dekker. If the Commission was not kept fully informed of the developing situation by your staff, it can hardly be blamed on the Sedgwick County Senate Delegation. In my view, it is not encumbant upon any member of the State Senate to appear before the Commission of the City of Wichita to explain anything. Rather, I feel it is the City Commission, County, and the Airport Authority which needs to openly discuss the effects upon the local tax base of the operation of the airport.

I am confident that all of the parties involved can work together on this issue and come to an acceptable solution for the mutual benefit of the community.

I would encourage you to appear before the members of the Sedgwick County Delegation, per our discussion of February 22, 1985, and set forth the position of the Wichita City Commission.

Respectfully yours,



Paul Feleciano, Jr., Senator
Assistant Minority Leader

PF:sag

cc: Sedgwick County Delegation

STATE OF KANSAS

JAMES L. FRANCISCO
SENATE DISTRICT TWENTY SIX
SEDGWICK AND SUMNER COUNTIES
217 E. ENGLISH
MULVANE KANSAS 67110



TOPEKA

SENATE CHAMBER

February 22, 1985

COMMITTEE ASSIGNMENTS
MEMBER TRANSPORTATION AND UTILITIES
GOVERNMENTAL ORGANIZATION
JOINT COMMISSION ON STATE BUILDING
CONSTRUCTION
LEGISLATIVE AND CONGRESSIONAL
APPORTIONMENT
PUBLIC HEALTH AND WELFARE
NATIONAL CONFERENCE OF STATE
LEGISLATURES

Mr. E. H. Denton
City Manager
City Hall - Thirteenth Floor
455 North Main Street
Wichita, Kansas 67202

Dear City Manager Denton:

Thank you for your letter dated February 20 concerning the Board of City Commissioners of the City of Wichita interest on Senate Bills 242 and 256. These bills would require the approval of the County Commission before any bonds could be issued to expand or improve airport facilities and would expand the airport authority from the current five members appointed by the City Commission to an eleven member board with six appointed by the City Commission and five appointed by the County Commission.

In your enclosed letter you stated the City Commission questioned the origination of these proposals. You respectfully requested that I furnish the Commission the answer to two questions:

- 1) Who requested these bills?
- 2) Why was neither the City Commission nor the Wichita Airport Authority consulted about this legislation?

(Attachment 5)

3/7/85

Mr. E. H. Denton
Page # 2
February 22, 1985

In response to your first question as to who requested these bills, let me say that the bills were requested by myself. I requested the bills because of information I received on the subject dated December 21, 1984. Enclosed please find a copy of that letter. Sedgwick County Commissioner, Don Gragg, suggested that the legislative delegation have this matter brought to their attention so that they could take action if they felt that it was needed. Based upon information in the letter from Robert Bell and conversations with some of the representatives of the members of the Board of County Commissioners, I requested that legislation be drafted for introduction.

In response to your second question as to why neither the City Commission nor the Wichita Airport Authority were consulted about this legislation, it is my understanding that members of the Legal Department of the Board of County Commissioners and others were, during this time, in conversation with John Dekker, Director of Law, and Ballis Bell the director of Wichita Mid-Continent Airport to seek information and copies of the various lease agreements at the Mid-Continent Airport. I was told by Kim Dewey, the Sedgwick County liason, that the City of Wichita had told the Board of County Commissioners that to obtain copies of the lease agreements and other information on the Wichita Mid-Continent Airport would cost the County in excess of \$3,000.

Although state law authorizes and permits the levy of taxes and the issuance of bonds by cities and counties for the development and operation of airports, I have a concern of whether or not the State Legislature or past Supreme Court decisions intended to allow for the exemption of buildings built which were not to be "used exclusively" for airport business.

I know that a recent Supreme Court ruling in Colorado ruled on this same matter that those buildings would have to be considered an operational base of the airport in order to qualify for the tax exemption.

I appreciate the invitation to appear before the City Commission at 9 o'clock A.M. on Tuesday, February 26. I will be unable to attend because it would require me not voting on the Senate floor.

The two above-mentioned Senate bills were scheduled before the Senate Local Government Committee on Thursday, February 28. I have asked Senator Don Montgomery, Chairman of the Committee, to reschedule the hearings for a week from Thursday. Therefore, the Committee will hold hearings on Senate Bill 242 and 256 on Thursday, March 7. I would like to extend to you and/or the City Commission

Mr. E. H. Denton
Page # 3
February 22, 1985

an invitation to appear before the entire Sedgwick County Delegation to give you a chance to share your knowledge and position on these matters. I am also extending the same invitation to the Board of County Commissioners to appear on the agenda.

Last, but not least, allow me to state that I never had any intention of not working in a harmonious relationship with you and the other members of the City Commission. I do pledge an effort of cooperation.

Sincerely,

JAMES L. FRANCISCO
Senate, District Twenty-Six

JLF/pw

Enclosure



1985

SENATE CHAMBER

February 22, 1985

COMMITTEE ASSIGNMENTS

MEMBER: WAYS AND MEANS
LABOR, INDUSTRY AND SMALL BUSINESS
ENERGY AND NATURAL RESOURCES
JUDICIARY
INTERSTATE COOPERATION

SENATOR
PAUL FELECICIANO, JR.
STATE OFFICE BUILDING
TOPEKA, KANSAS
EDWARD P. ...
WICHITA, KANSAS

Fred L. Weaver, Chairman
State Board of Tax Appeals
1030-S, State Office Building
Topeka, Kansas 66612

Dear Fred:

At our meeting Wednesday concerning other issues, I raised several questions about the Wichita Airport Authority and their ad valorem tax situation. This letter is a formal request for specific information.

It is my understanding that a number of commercial businesses, and other non-airport authority operations, are located on this property. Can you inform me if:

1. The Board exempted, and or all, of their real and personal property;
2. Would the law, as the Board of Tax Appeals interprets it today exempt the same.

I know this will involve some research, but I appreciate your assistance.

Respectfully yours,

Paul Feleciano, Jr., Senator
Assistant Minority Leader

PF:sag

(Attachment 6)

3/7/85

JOHN CARLIN • Governor

THE STATE OF KANSAS



BOARD OF TAX APPEALS

1030-S, STATE OFFICE BUILDING

Telephone 296-2388 AC-913

TOPEKA, KANSAS 66612

Fred L. Weaver, *Chairman*
Dallas E. Crable, *Member*
John P. Bennett, *Member*
Robert C. Henry, *Member*
Keith Farrar, *Member*

February 27, 1985

The Honorable Senator Paul Feleciano, Jr.
Assistant Minority Floor Leader
126-S, State House
Topeka, Kansas 66612

Dear Paul:

This letter is in response to your inquiry relating to the Wichita Airport Authority.

A preliminary search of our exemption records indicate that the Board of Tax Appeals has granted ad valorem tax exemptions only on the land. We have found no record of exemptions on any of the improvements (i.e., buildings, etc.), despite the fact that taxes are apparently not being paid on these improvements.

We have also had conversations with county officials and they have no record of Board ordered exemptions, or even airport authority applications for exemption. The Airport Authority is aware of the law that requires all property owners to file for exemption with the Board of Tax Appeals, because they have recently applied for additional exemptions on recently acquired land. The County has also indicated that some personal property taxes are being collected. As to your second question, the Board would have to look at each exemption request on an individual, case-by-case basis to determine if the applicant complies with a statutory or constitutional exemption. However, all property is taxable (with a few minor exceptions) until granted an exemption from the Board of Tax Appeals.

As more information becomes available, I will make it available to you.

Respectfully,

BOARD OF TAX APPEALS

A handwritten signature in cursive script that reads "Fred L. Weaver".

Fred L. Weaver
Chairman

FLW:LAT:rw
see: K.S.A. 79-213

JOHN CARLIN • Governor

THE STATE



OF KANSAS

BOARD OF TAX APPEALS

1030-S, STATE OFFICE BUILDING

Telephone 296-2388 AC-913

TOPEKA, KANSAS 66612

Fred L. Weaver, *Chairman*

Dallas E. Crable, *Member*

John P. Bennett, *Member*

Robert C. Henry, *Member*

Keith Farrar, *Member*

March 4, 1985

John Dekker
Director of Law & City Atty.
City Hall- 13th Floor
455 North Main
Wichita, Kansas 67202

Dear Mr. Dekker:

I received your correspondence dated February 28, 1985, concerning the Wichita Airport Authority.

You stated that in your opinion all of the airport property should be tax exempt. However, all property is taxable until granted an exemption by the Board of Tax Appeals. This is not a regulation of the Board, it is the law.

"Any property owner requesting an exemption from the payment of ad valorem property taxes assessed, or to be assessed, against their property shall be required to file an initial request for exemption, on forms approved by the board of tax appeals and provided by the county appraiser." K.S.A. 79-213 (emphasis added)

K.S.A. 79-213 goes on to explain the balance of the procedures necessary to be granted an exemption. This statute applies to everyone requesting exemption except 79-213(n) grants a limited exception to this, but not one that applies to your situation. It would be beneficial to you to read this statute.

You also stated, "Your tax orders do not limit the exemption to just the land. Tax exemption is by legal description, which in my experience includes appurtenances thereto." Both statements are incorrect. Exemptions granted

(Attachment 7)

3/7/85

Page Two
John Dekker
March 4, 1985

by this Board are specific. If improvements are also to be exempt, the order will so note. Additionally, your second statement is a correct statement of property law but not tax law. You are trying to apply real estate law to a tax issue. There are a long line of cases supporting the Board's position, contrary to your theory. Most importantly, taxation is the rule and exemption is the exception. Exemptions will only be granted for specifically identified property which clearly falls within a statutory or constitutional exemption.

Other statutes that you need to be made aware of are K.S.A. 79-210, which requires owners of exempt property to file an annual claim with the county, with direction to the county appraiser to list and value all property for which no claim has been made, and K.S.A. 79-214 which requires all owners of exempt property to notify the county within 30 days after any property exempted ceases to be used exclusively for an exempt purpose. Because neither yourself nor the county can exempt property, any new use of the property or any new improvements must be filed on and a determination as to exemptibility made by this Board.

This law has been followed by thousands of applicants, many with considerably more property than the airport authority. For instance, the State Department of Transportation files hundreds of exemption requests for highway right-of-way. Churches file on each new building or addition. Every school applies for each new building. Indeed, they file on each driver's education car.

As an example, if a church purchases property with the intention of building a church their request will be denied until the church is built. The exemption is for property regularly and exclusively used for an exempt purpose. Future uses are denied. If they build a new building, they will have to apply for exemption, even if, the improvement is built on exempt land. If they purchase a new Sunday School bus, they must apply for an exemption, even if it is merely a replacement vehicle.

Please let me emphasize again, you are mistaken if you think this is a Board regulation, this procedure is mandated by statute. All owners of property are required to comply with the statutory scheme and the airport authority is no exception.

Page Three
John Dekker
March 4, 1985

Finally, and most importantly, let me assure you that I am not making a judgment as to the exemptibility of the Wichita Airport Authority, and I will not prior to a hearing on the same. I can tell you that all property is taxable until exempted by the Board of Tax Appeals. Certain of your property has been exempted, subject to the limitations cited within the Order. The county is in error for not placing all of your property, not otherwise exempted by this Board, on the tax rolls.

If you wish your property to be considered for ad valorem exemption you must apply like all other property owners.

Let me know if you have any further questions.

Respectfully,



Fred L. Weaver
Chairman

FLW/ks
cc: Honorable Senator Paul Feleciano
C. Robert Bell
Ron Miller
Vic Miller



SEDGWICK COUNTY, KANSAS

BOARD OF COUNTY COMMISSIONERS

DONALD E. GRAGG
CHAIRMAN
FIRST DISTRICT

BUD HENTZEN
CHAIRMAN PRO-TEM
THIRD DISTRICT

TOM SCOTT
COMMISSIONER
SECOND DISTRICT

COUNTY COURTHOUSE • SUITE 320 • WICHITA, KANSAS 67203-3759 • TELEPHONE (316) 268-7411

Senate Local Government Committee
March 7, 1985
Senate Bills 242 and 256

Testimony of Kim C. Dewey
Sedgwick County, Kansas

On behalf of the Board of Sedgwick County Commissioners, I would like to thank the members of the Committee for their indulgence in considering a matter generally of local concern to Sedgwick County.

Mid Continent Airport in Wichita is governed by the Wichita Airport Authority, created pursuant to K.S.A. 3-162. Under the provisions of this statute, the Wichita City Commission appoints the five Authority members for four-year terms. Practically all administrative policy authority is vested in this Board. Prior to the organization of the Authority in 1975, the Wichita Board of Park Commissioners owned and operated the Airport. The Board of Sedgwick County Commissioners long disputed the tax-exempt status of certain types of facilities located on Airport property. The Board of Park Commissioners, and subsequently the Authority, have financed the construction of numerous buildings separate from the Airport terminal and tower which are leased to private business, many of which are not directly connected with the Airport operation. These businesses include the Hilton Hotel Corporation and the Hertz Corporation, which leases an administrative/service facility.

(attachment 8)

3/7/85

The County has long been concerned about the equity of these businesses receiving total exemption from ad valorem tax liability. In 1968, the County was sued by the Board of Park Commissioners when we tried to place some of these facilities on the tax rolls. The Supreme Court ruled in 1970 that the buildings were exempt by virtue of provisions of K.S.A. 79-201(6). The general language is today contained in K.S.A. 79-201(a)(second), and it states that,

"All property used exclusively by the State or any municipality or political subdivision of the State which is used for any governmental or proprietary function and for which bonds may be used or taxes levied to finance the same, shall be considered to be "used exclusively" by the State, municipality or political subdivision for the purposes of this act."

Subsequent to this decision, the Board of Park Commissioners applied for and received an exemption order from the State Board of Tax Appeals, 787-1, April 7, 1971, exempting the land and certain facilities from the tax rolls.

From this time up until the time the Board of Park Commissioners deeded over the land and facilities of the Airport to the Airport Authority, and then, up to the present, numerous additional facilities were constructed and leased by various tenants with financing provided by the Airport. Although actual title to these facilities remains with the Airport, neither the Board of Park Commissioners or the Airport Authority ever applied for exemption orders for the facilities constructed since 1971.

The County contends that this should be done, and the situation recently came to light again last fall when Cessna Aircraft Company filed a protest of assessments. A review of the property records cards of the County Clerk revealed that a number of "Cessna properties" were being carried on the exempt rolls, reference the 1971 Tax Appeals Board order. Researching the order, the

Appraiser could find no reference to the property in question in the order. This was questioned in writing to the Airport Authority, who simply responded that all property on Airport land was owned by the Authority.

Commissioner Don Gragg suggested that the County Counselor inquire of members of the Sedgwick County Legislative Delegation whether or not it was the original intent of the Legislature to provide such broad, unaccountable authority to exempt property from taxation vested in a non-elected appointed Board. A bill request was submitted by Senator Francisco to address the situation. The original draft was an amendment to K.S.A. 79-201(a), which provided an exception to the second section which exempts all property of political or taxing subdivisions. The exception concerned municipal airport property leased to private businesses, and not utilized in the operation of the airport.

Much concern was expressed with the Statewide impact of this legislation. As an alternative, it was suggested that a bill be introduced to add County appointments to the Airport Authority Board. In this way, the County could at least insure that in lieu of tax payments would be required of those tenants leasing property from the Airport. This would affect only Mid Continent Airport, and not disrupt or disturb the operational practices of other airports in the State of Kansas.

Senate Bill 256 adds six appointments to the Wichita Airport Authority expanding the Board to eleven members. Senate Bill 242 would give the County approval authority over the issuance of the Special Facility Revenue Bonds which have been used to finance the construction of many of the facilities in dispute. We ask your favorable consideration of this legislation to allow the Board of Sedgwick County Commissioners to address this concern within their own authority rather than through the courts or the Board of Tax Appeals.

Testimony of
The Wichita Airport Authority
before the
Local Government Committee
of the Kansas Senate
Opposing Senate Bill 242 and Senate Bill 256

Presented by:

Bailis F. Bell
Director of Airports
The Wichita Airport Authority
City of Wichita, Kansas

(attachment 9)

3/7/85

Chairman Montgomery and Committee Members:

My name is Bailis F. Bell, Director of Airports for The Wichita Airport Authority.

I appreciate this opportunity to appear before you today in opposition to Senate Bill 242 and Senate Bill 256.

The issue before you today is that of governance of The Wichita Airport Authority.

This issue has been spurred by Sedgwick County's thoughts of imposing ad valorem taxes on Wichita Airport Authority owned rental properties - properties which are exempt from ad valorem taxation pursuant to K.S.A. 79-201.

Discussion of modifying K.S.A. 79-201 to remove ad valorem taxation exemptions from all municipally-owned airport rental properties has caused great concern among legislators and communities throughout the State of Kansas. We are here today because it was judged by proponents that support does not exist for such legislation.

Before proceeding I would like to give you some background information regarding The Wichita Airport Authority.

The Wichita Airport Authority was created by State Statute in 1975 and implemented by Charter Ordinance of the City of Wichita in that same year. For 47 years prior to 1975, Wichita's Municipal Airport was operated by the City of Wichita's Board of Park Commissioners.

The reasoning behind the establishment by the City of Wichita and the State of Kansas of The Wichita Airport Authority was a perceived public need to concentrate citizen and community input and efforts into Wichita's publicly operated airport.

That foresight has paid off for the community and Kansas. The Wichita Airport Authority now operates two airports - Wichita Mid-Continent and Colonel James Jabara - which host eight commercial airlines and 71 tenants which directly or indirectly support the aviation transportation industry.

Mid-Continent Airport will soon become the state's only commercial jetport, departing 30,000 seats per week to a multitude of domestic locations. Approximately 3500 people work within Wichita Airport Authority leaseholds.

The Wichita Airport Authority board is comprised of five Wichita residents appointed by the Mayor, who volunteer their time to assure that Wichita's city-owned airports are operated in the best public interest. One of the stated goals of The Wichita Airport Authority is to operate Wichita's publicly-owned airports without the use of local tax dollars. This goal has been accomplished since 1954, and hopefully will continue through the user pay method of financing.

This brings us back to the issues at hand. The state statute granting ad valorem tax exemption serves the purpose of allowing growth and development of Wichita Airport Authority properties without the use of local tax dollars. The tax exemption serves the function of allowing tenant financed facilities to be used to generate funds to support airport operations and construction.

Here's how the system works. Tenants wishing to construct new facilities or improve old facilities are charged with the responsibility of financing and constructing those facilities. Ownership of the facilities at all times is vested in The Wichita Airport Authority, thus qualifying for the ad valorem tax exemption. Once the facilities are amortized (usually in 20 years), The Wichita Airport Authority continues to charge rentals on the facilities at fair market value. Land rentals are charged during the entire term of all lease agreements.

This process is consistent with the user-pay concept and serves the purpose of developing revenues to support airport operations and construction.

It is the stated intention of proponents of Senate Bills 242 and 256 to attempt to interrupt this process through governance of The Wichita Airport Authority and a corresponding move to seek in-lieu-of tax payments.

It has also been stated by proponents of these bills that the revenues derived from the continued rental of amortized facilities is relatively insignificant, and to alter the leasing policies of The Wichita Airport Authority would have no major effect on Wichita Airport Authority revenues. 1985 revenues from the leasing of amortized facilities and airport land are expected to be \$525,000, which may be considered by some to be relatively insignificant compared to the \$8.5 Million Dollar annual revenues of The Wichita Airport Authority. The Wichita Airport Authority contends that there is no such thing as an insignificant revenue, considering the demands for funds placed upon The Wichita Airport Authority to continue to support what has become the only growing mode of public transportation.

It is anticipated during the next seven years that The Wichita Airport Authority will require approximately \$60 Million Dollars to reconstruct pavement and facilities and respond to growth demands in non-revenue producing areas on Wichita's publicly-owned airports. A large portion of the \$60 Million Dollar requirement is eligible for Federal funding from a user tax supported trust fund; however, it is judged that the resources of that Federal trust fund will not be adequate to meet the requirements of The Wichita Airport Authority.

A large portion of the facilities which are eyed by proponents of these bills have been constructed in the past 15 years and are not amortized. Land rental and some concession fees are the only revenues derived from those tenant financed facilities.

The bulk of post amortization rental revenues will not commence for another ten years.

It is the wish of The Wichita Airport Authority to maintain the user-pay concept and to attempt to generate as many revenues from its facilities as possible to meet the financial demands of operating and maintaining Wichita's publicly-owned airports.

Disruption of The Wichita Airport Authority's leasing policies through the alteration of the governance of the Airport Authority is not felt to be in the best public interest. Therefore, at the regular meeting of February 4, 1985, The Wichita Airport Authority adopted a Resolution opposing Senate Bills 242 and 256. It is hoped that this Committee will concur with The Wichita Airport Authority in this matter.

Thank you.

TESTIMONY OF
THE WICHITA AIRPORT AUTHORITY
BEFORE THE
LOCAL GOVERNMENT COMMITTEE
OF THE KANSAS SENATE
OPPOSING SENATE BILL 242 AND SENATE BILL 256

PRESENTED BY:

PAT RANSON
FIRST VICE PRESIDENT
THE WICHITA AIRPORT AUTHORITY
CITY OF WICHITA, KANSAS

(Attachment 10)

3/7/85

CHAIRMAN MONTGOMERY AND COMMITTEE MEMBERS:

I'M PAT RANSON, FIRST VICE PRESIDENT OF THE WICHITA AIRPORT AUTHORITY. DR. EDWARD FENTJE, OUR PRESIDENT, WAS UNABLE TO BE HERE TODAY ALONG WITH AUTHORITY MEMBERS MR. BRITT BROWN AND MR. MILT GLICKMAN. MR. ROBERT WILSON, OUR PAST PRESIDENT AND CURRENT MEMBER, IS PRESENT. THE WICHITA AIRPORT AUTHORITY WISHES TO THANK YOU FOR ALLOWING US TO APPEAR BEFORE YOU TODAY TO OPPOSE SENATE BILLS 256 AND 242.

THE WICHITA AIRPORT AUTHORITY CONSISTS OF 5 MEMBERS WHO TECHNICALLY ARE APPOINTED BY THE MAYOR OF WICHITA; HOWEVER, IN REALITY AND IN A DEMOCRATIC FASHION, EACH CITY COMMISSIONER RECOMMENDS A NOMINEE FOR APPOINTMENT. EACH MEMBER OF THE AUTHORITY IS APPOINTED TO A 4-YEAR TERM THAT IS NORMALLY CONCURRENT WITH THE TERM OF THE COMMISSIONER WHO APPOINTED HIM OR HER. THIS PROCESS ROTATES THE TERMS SO THERE SHOULD NEVER BE A COMPLETE TURNOVER OF AUTHORITY MEMBERS.

EACH MEMBER IS REQUIRED TO TAKE THE OATH TO SUPPORT THE CONSTITUTION OF THE UNITED STATES AND THE STATE OF KANSAS - GIVE BOND OF \$25,000 TO THE CITY OF WICHITA AND FILE A CONFLICT OF INTEREST DISCLOSURE STATEMENT. THE AUTHORITY OPERATES UNDER THE KANSAS OPEN MEETING LAW.

THE PURPOSE OF THE WICHITA AIRPORT AUTHORITY IS TO OPERATE, DEVELOP AND MAINTAIN WICHITA MID-CONTINENT AIRPORT AND JABARA AIRPORT, BOTH OF WHICH ARE IN THE CITY OF WICHITA, TO ACCOMMODATE AIR CARRIER AND GENERAL AVIATION AIRCRAFT, TO PROVIDE FOR THE SAFE AND EFFICIENT HANDLING OF PASSENGERS AND CARGO AND TO PROMOTE AVIATION. OUR MAJOR CONCERN IS THAT "THE TRAVELING PUBLIC" HAS A SAFE, EFFICIENT AND COMFORTABLE ENVIRONMENT IN WHICH TO GO ABOUT ITS BUSINESS.

WE CANNOT ISSUE GENERAL OBLIGATION BONDS OR LEVY TAXES. WE DO HAVE THE AUTHORITY TO APPOINT OUR DIRECTOR AND GENERALLY DETERMINE POLICY TO BE CARRIED OUT BY THE PROFESSIONAL STAFF. WE OPERATE IN A QUASI-AUTONOMOUS MANNER WITH CITY COMMISSION APPROVAL REQUIRED FOR BUDGETS, CAPITAL IMPROVEMENT PROGRAMS AND SPECIAL FACILITY REVENUE BOND ISSUES.

WE BELIEVE THAT WICHITA MID-CONTINENT AND JABARA AIRPORTS SERVE THE COMMUNITY AND SURROUNDING AREA WELL, AND THAT WE ARE AN INTEGRAL PART OF THE ECONOMIC WELL BEING OF THE CITY, COUNTY AND STATE. THERE SEEMS TO BE NO VALID REASON AT THE PRESENT TIME TO CHANGE THE SYSTEM OF SELECTING MEMBERS TO THE AUTHORITY OR INCREASING ITS SIZE AS IS THE INTENT OF SB 256.

WE MEET TWICE A MONTH AND HAVE ADDITIONAL SPECIAL MEETINGS AND FUNCTIONS. WE SPEND HOURS READING MATERIAL AND PREPARING TO DEAL WITH THE ISSUES THAT COME BEFORE US. WE TAKE OUR RESPONSIBILITIES SERIOUSLY.

OUR MEETINGS ARE OPEN TO THE PUBLIC AND ANY PERSON OR GROUP IS WELCOME TO APPEAR TO COMMENT ON OUR OPERATION, SUGGEST IMPROVEMENTS OR JUST LEARN MORE ABOUT THE AIRPORT. IN MANY CASES WE EXTEND INVITATIONS TO THOSE WHOM WE FEEL HAVE A SPECIFIC INTEREST IN OUR PROCEEDINGS. IT IS UNFORTUNATE THAT THIS MATTER COULD NOT BE RESOLVED AT THE LOCAL LEVEL BEFORE BRINGING IT BEFORE THIS BODY. IT IS OUR SINCERE HOPE THAT THIS CAN STILL OCCUR. AT THE FIRST MEETING OF THE WICHITA AIRPORT AUTHORITY AFTER BECOMING AWARE OF THESE BILLS, WE, THE AUTHORITY, INVITED THE SEDGWICK COUNTY COMMISSION TO ATTEND OUR NEXT REGULAR MEETING, WHICH THEY WERE UNABLE TO DO. IT IS MY UNDERSTANDING THAT THEY HAVE AGREED TO ATTEND OUR MEETING OF MARCH 18. THIS WILL GIVE US BOTH THE OPPORTUNITY TO BETTER UNDERSTAND ONE ANOTHER'S NEEDS AND PURPOSES.

OUR PURPOSE IS TO SERVE THE PUBLIC BY RUNNING A QUALITY, SELF-SUFFICIENT AIRPORT AT THE LEAST POSSIBLE COST TO THE TAXPAYER. SINCE THIS HAS WORKED WELL TO DATE, WHY CHANGE IT?

IN REGARD TO S. B. 242, I WISH TO SPEAK ONLY BRIEFLY.

THE WICHITA AIRPORT AUTHORITY ALSO UNANIMOUSLY OPPOSES THIS BILL THAT WOULD ALTER THE STATE STATUTE K.S.A. 3-154 THAT AUTHORIZES THE WICHITA AIRPORT AUTHORITY, ALONG WITH OTHER MUNICIPALITIES THAT ARE AUTHORIZED TO OPERATE AIRPORTS, THE RIGHT TO ISSUE SPECIAL FACILITY REVENUE BONDS.

SPECIAL FACILITY REVENUE BONDS ARE ANOTHER FORM OF INDUSTRIAL REVENUE BONDS. THE COUNTY HAS NO AUTHORITY AT PRESENT TO APPROVE OR DENY THE ISSUANCE OF INDUSTRIAL REVENUE BONDS ISSUED BY THE CITY WITHIN THE CITY LIMITS OR A 3 MILE CIRCUMFERENCE. THE PASSAGE OF S. B. 242 WOULD CHANGE THIS CONCEPT OF MUNICIPAL JURISDICTION IN THE ISSUANCE OF REVENUE BONDS.

THE PURPOSE OF INDUSTRIAL REVENUE BONDS AND SPECIAL FACILITY REVENUE BONDS HAS BEEN TO ATTRACT BUSINESSES AND TO PROMOTE THE ECONOMIC WELL BEING OF OUR COMMUNITIES AND THEIR AIRPORTS. IN MOST CASES THIS HAS WORKED WELL. TO TAMPER WITH THIS CONCEPT COULD HINDER FUTURE OPPORTUNITIES FOR BUSINESS DEVELOPMENT, AND IN THE CASE OF THE AIRPORTS, COULD EVEN UNDERMINE THE AIRPORT AUTHORITY'S EFFORTS TO ATTRACT NEW AIRLINE SERVICE AND AVIATION-RELATED BUSINESSES. WE SEE NO REASON TO CHANGE THE PRESENT STATUTE AND WE ASK THAT YOU OPPOSE S. B. 242.

AGAIN, THANK YOU.