

Approved February 23, 1989
Date

MINUTES OF THE SEBATE COMMITTEE ON LOCAL GOVERNMENT

The meeting was called to order by Sen. Don Montgomery at
Chairperson

9:00 a.m./~~p.m.~~ on February 22, 1989 in room 531-N of the Capitol.

All members were present except:

Committee staff present:

Mike Heim, Legislative Research
Emalene Correll, Legislative Research
Theresa Kiernan, Revisor of Statutes
Shirely Higgins, Committee Secretary

Conferees appearing before the committee:

Timothy Rogers, Salina Airport Authority
Rep. Jayne Aylward
Keith Farrar, Board of Tax Appeals
George Boyd, Kansas Department of Transportation
Sen. Nancy Parrish
Bud Cornish, Topeka Public Library
Jim Marvin, Director of the Topeka Public Library
Phil Wolf, Bond Counsel for Topeka Public Library

The hearing began on SB 165 concerning airport authorities. Timothy Rogers, Salina Airport Authority, testified in support of the bill. (See Attachment I). He also called the committee's attention to hand outs of copies of letters from the Saline County Commissioners, Salina Area Chamber of Commerce, and Beechcraft in support of the bill. (See Attachments II through IV).

Sen. Daniels had a question with regard to line 30 of the bill as to if the airport has its own water and sewer without charges from the city. Mr. Rogers said the airport does pay the City of Salina for these services. He added that a memorandum of understanding explaining that the bill does not exempt the airport from these charges would be sent to local governments. Sen. Daniels commented that she would hope that line 30 would not lead to misunderstanding in the future since it is not specific. The Chairman noted that the letter from the State Board of Tax Appeals addresses Sen. Daniel's concern in the last paragraph. (See Attachment V).

Sen. Gaines had questions regarding \$65,000 paid by the airport authority to resolve a dispute and the generated revenue from agricultural land grants to the airport. Sen. Lee had questions as to the need for the bill to which Mr. Rogers responded that the trend is changing so that ownership alone is not enough for future exemption; exemptions have been granted, but the airport has no assurance that this will continue.

Sen. Daniels had a question for staff as to if this bill includes only Salina when exempting "any other political or taxing subdivision". Staff noted that Herington is organized under this statute, but they are separate entities, and staff could not be definite in terms of tax statutes regarding exemption for them.

Rep. Jayne Aylward (Salina) testified in support of SB 165. She feels that property taxes are insignificant when one looks at the income generated from the airport authority.

Keith Farrar, Board of Tax Appeals, gave testimony to clarify the tax exemption situation in regard to the Salina Airport Authority. (See Attachment V).

George Boyd, Kansas Department of Transportation, testified in support of the bill. (See Attachment VI). He added that the DOT is concerned about giving aviation as much help as possible. With this, the hearing on SB 165 was concluded.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON LOCAL GOVERNMENT,

room 531-N, Statehouse, at 9:00 a.m. ~~4:00~~ on February 22, 1989.

The hearing began on SB 185 concerning the powers and duties of the board of directors of libraries. Sen. Nancy Parrish testified in support of the bill on behalf of the Shawnee County delegation. She explained that it gives authority to the Topeka library to issue public obligation bonds and to purchase or dispose of property without the authority of the City of Topeka.

Sen. Steineger asked who appoints the library board and what the legal status of libraries is. Sen. Parrish said the members of the board are appointed by the mayor of Topeka. Bud Cornish, Topeka Public Library, explained that the library levies its own taxes. The function of the city is to appoint a Board of Trustees; the rest is all in Kansas statutes for its operation. Staff said it is not clear in the statutes that it is a separate entity.

Sen. Daniels asked if there is a lid on the library tax. Phil Wolf, bond counsel for the library, said under the existing authority, expenditures would be within the tax lid; the bond authority would be outside the lid. Sen. Daniels then asked if the library receives any funds from any other agencies. Jim Marvin, Director of the Topeka Public Library, said funds are received from the Northeast Public Library System and from state aid.

Mr. Cornish distributed copies of a balloon of the bill and explained the amendments offered. (See Attachment VII).

Sen. Burke made a motion to adopt the proposed amendments to SB 185, Sen. Lee seconded, and the motion carried.

Sen. Daniels wanted to clarify if the bill provides that there will be no public hearing before the disposal of property by the library. Mr. Cornish said this would be the case, but the bill does require a vote of the people for bonding authority. He added that although the disposal of property would not require the approval of the governing body of the city, the board is appointed by the city. This concluded the hearing on SB 185.

The minutes of February 21 were approved.

Sen. Burke informed the committee that he would like the committee to reconsider his request for the introduction of a bill for Johnson County changing the water board membership to seven members due to the fact that he has found that there is disagreement on the board.

Sen. Steineger made a motion to reconsider action on Sen. Burke's request for the introduction of a bill for Johnson County, Sen. Burke seconded, and the motion carried.

Sen. Burke made a motion that the bill not be introduced, Sen. Steineger seconded, and the motion carried.

The meeting was adjourned.

SENATE BILL NO. 165

Testimony Before the Senate
Local Government Committee

Presented By:

Timothy F. Rogers
Executive Director
Salina Airport Authority

February 22, 1989

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Attachment I

SENATE BILL No. 165

By Senator Vidricksen

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15
16 AN ACT concerning airport authorities; amending K.S.A. 27-319 and
17 repealing the existing section.

18 *Be it enacted by the Legislature of the State of Kansas:*

19 Section 1. K.S.A. 27-319 is hereby amended to read as follows:
20 27-319. (a) The governing body of any city to which this act applies
21 is hereby authorized to establish and create, by adoption of an ap-
22 propriate ordinance citing this act, an authority as herein provided
23 to acquire, own, maintain, operate, improve, develop, lease and
24 dispose of property in furtherance of the provisions of this act. An
25 authority created hereunder shall have all of the powers, and only
26 the powers, prescribed by this act. Such authority shall be a body
27 corporate and politic constituting a public corporation and a tax-
28 supported institution, agency and organization; ~~and shall have the~~
29 ~~same immunities and exemptions.~~ *Such authority shall be exempt*
30 *from the payment of costs, damages, charges, taxes and fees as are*
31 *granted to the city levied by any other political or taxing subdivision*
32 *of the state.* Such authority shall be managed and controlled by a
33 board of directors consisting of five (5) directors to be appointed by
34 the governing body of the city. The original board of directors of
35 the authority shall be appointed at the time of the creation of the
36 authority ~~and one of said.~~ *One of such* directors shall be appointed
37 for a term of three (3) years, two for a term of two (2) years and
38 two for a term of one (1) year, with the term of office of each such
39 director to commence on the date of ~~his or her~~ appointment ~~and.~~
40 Each of ~~said the~~ directors shall serve until the expiration of ~~his or~~
41 ~~her such person's~~ term and until ~~his or her~~ a successor is appointed.
42 The governing body of the city shall appoint successors to the original
43 and succeeding directors as the respective term of each expires, each

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44 of whom shall serve for a term of three ~~(3)~~ years and until ~~his or~~
45 ~~her~~ a successor is appointed. No director shall serve as a director
46 for more than eight ~~(8)~~ consecutive years. Vacancies shall be filled
47 for unexpired terms. Any director may be removed by a majority
48 vote of the governing body of the city from office for reasonable
49 cause. The directors shall not be compensated for services rendered
50 as such directors but shall be reimbursed in carrying out their duties
51 as such directors.

52 (b) Upon the creation of an authority hereunder, the governing
53 body of the city shall transfer all property and any funds belonging
54 to the city or to which the city may ~~hereafter~~ be entitled, which
55 are to be used for or are necessary for the operation of a public
56 airport, to the authority created hereunder.

57 Sec. 2. K.S.A. 27-319 is hereby repealed.

58 Sec. 3. This act shall take effect and be in force from and after
59 its publication in the statute book.
60

The Salina Airport Authority was created by the City of Salina pursuant to enabling legislation KSA 27-315 through 27-326, enacted by the Kansas Legislature in 1965. The Salina Airport Authority was created to accept as surplus property portions of the former Schilling U.S. Air Force Base for the operation of a municipal airport and an industrial center.

KSA 27-315 through 27-326 only apply to the Salina Airport Authority. Other airport authorities in the State have been created pursuant to separate enabling statutes due to different circumstances surrounding each case. For example, the Wichita Airport Authority was created in order to transfer the operation of the Wichita Mid-Continent Airport from a board of park commissioners to an airport authority board. The Metropolitan Topeka Airport Authority was created by a city and a county. Both authorities required separate enabling statutes due to the specific needs of the local governments.

A look at the enabling legislation for the Salina Airport Authority (SAA) will demonstrate that the Legislature intended that the Airport Authority would operate as a separate political subdivision of the State. Significant provisions of the Surplus Property and Public Airport Authority act are as follows:

- 27-316 Provides for the creation of a separate authority because "of the unique problems which exist relative thereto" and that "the creation of an authority separate and distinct from cities and counties is necessary."
- 27-318 Under the definition of public airport, the act states that the definition of public airport ".....shall include property determined necessary for the operation, development, improvement, and maintenance of a public airport, including property needed to develop sources of revenue from nonaviation businesses of such public airport." (emphasis added)
- 27-319 Provides that an airport authority shall be a body corporate and politic constituting a public corporation and a tax-supported institution, agency and organization, and shall have the same immunities and exemptions from the payment of costs, damages, charges, taxes and fees as are granted to the City.
- 27-322 Provides that with the consent of the governing body of the city, the authority may annually levy a tax not to exceed three mills. In addition to the three mill tax levy, the authority may levy a one mill tax without the consent of the governing body of the city.

27-323 Details the conditions under which the authority can issue general obligation bonds, revenue bonds, industrial revenue bonds, and no-fund warrants.

The Salina Airport Authority was intended to operate as an independent and separate political subdivision of the State. Since it began operation, the authority has been self-sufficient and hasn't relied on taxpayers' dollars for operating revenue. Attached as an exhibit is a copy of the authority's 1989 budget report.

Since 1969 the Salina Airport Authority has applied and received tax exemptions from the Kansas Board of Tax Appeals for both real and personal property owned by the authority. The most recent exemption was given in March, 1986.

In December, 1984, the Salina Airport Authority applied for tax exemption for two industrial buildings and land which it purchased in order to locate a new manufacturer. The buildings and all but 16.8 acres of land have since been sold to two new industries.

During July, 1986, the Board of Tax Appeals denied the Salina Airport Authority's application. The Board of Tax Appeals in effect ruled in its decision that it could find no special exemption statute for Salina Airport Authority property. The Board of Tax Appeals has voted in previous decisions that it has found specific exemption for the property of the Metropolitan Topeka Airport Authority. Due to recent Board of Tax Appeals and court rulings, it is important to now clarify the SAA's tax exemption and provide the SAA with the same exemption language that the MTAA has.

Should the SAA be required to pay property taxes, the whole funding formula for the authority would change. In order to meet the additional financial burden, it is reasonable to expect the SAA to levy both the three mills and the one mill it is authorized. This would put the SAA in direct competition with the City, County and school district for tax payers dollars. The SAA would prefer to maintain its ability to fund its operations through the development of the industrial center.

It is important to note that there is currently no dispute over the two buildings and land purchased by the SAA in 1984. All litigation has since ended and all past due taxes have been paid. The SAA is not currently involved in a property tax related litigation nor is liable for any past due taxes.

The Metropolitan Topeka Airport Authority was created in 1978, pursuant to KSA 27-327 through 27-337, in order to accept the former Forbes U.S. Air Force Base and operate it as a municipal airport and industrial center. The MTAA's tax exemption is spelled out clearly in KSA 27-330 which states:

(a) An authority created pursuant to the provisions of this act shall be a political and taxing subdivision separate and distinct from any other municipality, and shall be exempt from the payment of costs, damages, charges, taxes and fees levied by any other political or taxing subdivision of this state. (emphasis added)

By asking that Senate Bill No. 165 be introduced, the Salina Airport Authority is requesting that the Kansas Legislature clarify the tax exempt status of the authority by amending KSA 27-319 so it will contain the same clear statement of tax exemption as contained in the MTAA's enabling statute.

The Airport Authority has discussed Senate Bill No. 165 with the Salina City Commission, the Saline County Commission, U.S.D. 305, and the Salina Area Chamber of Commerce. At this time, each entity has indicated no opposition to Senate Bill No. 165. Again, please note that S.B. No. 165 only affects the City of Salina and Saline County. This is indeed a local government issue with no opposition from either the City, County and local school district, or Chamber of Commerce.

In summary, the Salina Airport Authority has operated for the past 24 years with the benefit of property tax exemptions and without resorting to the use of mill levy funds for operations. The SAA has been able to develop and maintain an excellent municipal airport. The authority has also developed an industrial center which has succeeded in its role of replacing jobs and payroll lost due to the closing of Schilling A.F.B. Over the past 24 years the SAA has actually been able to enhance the City's and County's tax base by selling over 100 acres of property to industry. The SAA has recently completed water, sewer, and street improvements to an additional 77 acres intended for sale.

Retaining the property tax exemptions granted to the SAA over the past 24 years is vital to the continued growth of the existing industrial center tenants and vital to the development of new jobs and payroll for Salina and Saline County.

The SAA respectfully requests that the Senate Local Government Committee vote for approval of S.B. 165. Your support is vital to the continued economic development of the Salina Municipal Airport and the Salina Airport Industrial Center.

**SALINA MUNICIPAL AIRPORT - SALINA AIRPORT INDUSTRIAL CENTER
Manufacturers, Organizations and Agencies**

Love Box Co.
Kansas Highway Patrol
Tony's Pizza
Kansas Vocational Rehabilitation Center
Kansas College of Technology
Hertz Car Rental
Pony Express Courier
Moore's Midway Aviation
Salina Vortex
Kansas Army National Guard
The Landes Co.
Salina Vending
Jarvis Construction
Jar-Co, Inc.
Western Uniform and Towel
Richardson Transfer and Storage
Allied Mobile Power Wash
Diversified Sign
Luminous Neon Sign
Mr. G's
Occupational Center of Central Kansas
Beech Aircraft
Salina Waste Systems
ADM Milling
Xetec
S & K Motors
M & K Development
United International
Scientific Engineering
Federal Express
Blue Beacon International
Flower Aviation
Port-A-Port Hangars
Kansas Kansas Trucking
Blick's Agri-Farm Center
Salina Area Vocational Technical School
Smoky Hill, Inc.
Triplett Storage
Lee Company
Jim Palmer Trucking
Holiday Mansion
Klepper Oil Co.
Lynn's Trailer Services, Inc.
Dynamold
Halsey-Tevis, Inc.
Ord's Auto & Truck Repair
A & B Machine
Vidrickson Distributing Co.
McIntire Welding
Rickel Manufacturing

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Harbin Construction
Superior Plumbing
Triangle Trucking
Wheat State Carriers
Federal Aviation Administration
Salina Snack Sales
Quivera Hunting Club
Saline County Bird Dog Association
Belcher Co.
Mid-States Armature
KASA Industrial Controls
AVIS Car Rental

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SALINA MUNICIPAL AIRPORT - SALINA AIRPORT INDUSTRIAL CENTER

Economic Impact (1987 Figures)

Total Number of Employees	2,919
Total Number of Students	1,351
Percent of Employees living in City	81%
Total Annual Payroll	\$46,170,209
Estimated Business Volume in 1987	\$133,535,339
Local Volume as a Percent of Total	47%
Estimated Annual Local Purchases for goods and services	\$17,211,378

SALINA AIRPORT AUTHORITY
1989 BUDGET REPORT

JANUARY 30, 1989

Prepared by:
Timothy F. Rogers, Executive Director
Salina Airport Authority

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SALINA AIRPORT AUTHORITY
 1988 BUDGET REPORT
 January 30, 1989

	ACTUAL (NOTE 2) 12-31-88	BUDGET 12-31-89
	-----	-----
REVENUE		
Building Rents	\$880,223	\$839,487
Ramp Rents	10,119	14,658
Land Rents	29,535	30,296
Agricultural Land Rents	62,918	50,000
Hangar Rents	31,656	34,920
Tank Farm Rent	1,125	2,250
Other Rents	0	250
Fixed Base Operator	96,133	110,417
Landing Fees	28,702	29,980
Commissions-Car Rentals	7,331	7,274
Commissions-Other	1,642	2,500
	-----	-----
TOTAL REVENUE	\$1,149,384	\$1,122,032
	-----	-----
OPERATING EXPENSES		
ADMINISTRATIVE EXPENSES		
Office Salaries	\$105,762	\$113,500
Office Supplies	3,492	4,000
Postage	2,909	4,500
Travel and Meetings	13,792	12,500
Agricultural Land Expenses	8,254	5,000
Legal and Accounting	36,251	37,500
Insurance	71,707	75,000
Engineering	36,915	30,000
FICA tax	20,975	22,575
Kansas Unemployment Tax	11,659	10,000
Employees Retirement	7,377	8,750
Telephone	6,019	6,500
Industrial Development	20,000	40,000
Airport Promotion	23,549	30,000
Property Tax	65,378	1,000
Other Administrative Expenses	22,731	15,000
	-----	-----
TOTAL ADMINISTRATIVE EXPENSES	\$456,770	\$415,825
	-----	-----
MAINTENANCE EXPENSES		
Maintenance Salaries	\$180,700	\$194,328
Building Maintenance	28,714	40,000
Airfield Maintenance	26,728	30,500
Grounds Maintenance	3,810	11,500
Equipment Gas, Oil, & Repairs	24,743	30,000
Utilities	42,945	50,000
Snow Removal	0	5,000
Fire Department Expense	7,204	8,500
Other Maintenance Expense	11,502	17,500
	-----	-----
TOTAL MAINTENANCE EXPENSE	\$326,346	\$387,328
	-----	-----
TOTAL OPERATING EXPENSES	\$783,116	\$803,153
	-----	-----

(Continued)

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SALINA AIRPORT AUTHORITY
 1988 BUDGET REPORT
 January 30, 1989

	ACTUAL	BUDGET
	12-31-88	12-31-89
	-----	-----
INCOME FROM OPERATIONS	\$366,268	\$318,879
OTHER INCOME		
Proceeds from AIP (Note 1)	\$980,986	\$555,902
Interest	125,484	80,000
Mill Levy	0	0
Other (excluding sale of fixed assets)	125	0
TOTAL OTHER INCOME	----- \$1,106,595	----- \$635,902
OTHER EXPENSES		
Bond Interest	\$92,307	\$94,500
Bond Issue Costs	650	0
Other	11	0
TOTAL OTHER EXPENSES	----- \$92,968	----- \$94,500
NET INCOME EXCLUDING DEPRECIATION	----- \$1,379,895 =====	----- \$860,281 =====
OTHER RECEIPTS		
Collection of Notes Receivable	\$27,396	\$44,458
Bldg. Revenue Bonds, Sch. 1	0	0
Proceeds from sale of fixed assets	407,000	0
TOTAL OTHER RECEIPTS	----- \$434,396 =====	----- \$44,458 =====
CAPITAL DISBURSEMENTS		
Bond Principal Payments	\$145,000	\$110,000
Buildings & Land, Sch. 2	886,649	803,601
Equipment, Sch. 4	9,617	106,899
Airport Improvement (AIP), Sch. 3	1,034,741	697,668
TOTAL CAPITAL DISBURSEMENTS	----- \$2,076,007 =====	----- \$1,718,168 =====

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SALINA AIRPORT AUTHORITY
1988 BUDGET REPORT
January 30, 1989

STATEMENT OF CHANGES IN CASH

	ACTUAL	BUDGET
	12-31-88	12-31-89
	-----	-----
BEGINNING CASH BALANCE	\$1,465,483	\$1,460,117
Revenue	1,149,384	1,122,032
Other Income	1,106,595	635,032
Other Receipts	434,396	44,458
Decrease (Increase) Acct. Rec.	40,750	0
Increase (Decrease) Deferred Rent	0	0
	-----	-----
CASH AVAILABLE THROUGH YEAR	\$4,196,608	\$3,261,639
Operating Expenses (Excluding Depn.)	(783,116)	(803,153)
Other Expenses	(92,968)	(94,500)
Capital Disbursements	(2,076,007)	(1,718,168)
Increase (Decrease) Acct. Payable	155,523	(170,000)
Increase (Decrease) Other Current Liab.	60,741	(60,000)
Bond Reserve Requirement	(664)	(79,336)
	-----	-----
ENDING CASH BALANCE	\$1,460,117	\$336,482
	=====	=====
CASH-RESTRICTED FOR ECONOMIC DEVELOPMENT	\$865,779	\$136,482
CASH-OPERATING REQUIREMENT	594,338	200,000
	-----	-----
ENDING CASH BALANCE	\$1,460,117	\$336,482
	=====	=====

SCHEDULE 1

BUILDING REVENUE BOND ISSUE

	ACTUAL	BUDGET
	12-31-88	12-31-89
	-----	-----
NO ACTIVITY	\$0	\$0
	-----	-----
TOTAL	\$0	\$0
	=====	=====

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SCHEDULE 2

CAPITAL EXPENDITURE - BUILDINGS & LAND

	ACTUAL	BUDGET
	12-31-88	12-31-89
	-----	-----
Terminal Building Improvements	\$43,242	\$7,500
SAA Industrial Bldg. Removal	6,500	0
Industrial Center Plan	2,788	0
Building 673	5,784	14,216
Building 509	25,637	0
Airport Industrial Subdivision	466,285	20,000
MMA/FAA/KHP Construction	223,073	85,000
Incubator	23,115	276,885
Building 217 Improvements	66,825	0
Painting Tanks	23,400	0
SAA Industrial Paving	0	50,000
Roofing Building #959	0	50,000
Water Well Road Overpass	0	300,000
	-----	-----
TOTAL	\$886,649	\$803,601
	=====	=====

SCHEDULE 3

AIRPORT IMPROVEMENT PROJECTS

(Note 1)

		ACTUAL	BUDGET
		12-31-88	12-31-89
		-----	-----
Five Year Plan	AIP-05	\$5,370	\$0
Runway Crash Fire Rescue Bldg.	AIP-08	0	0
Runway Lighting	AIP-07	2,030	0
Taxiway Paving	AIP-08	12,556	0
Runway Paving	AIP-09	1,012,678	0
Lighting	AIP-10	2,107	617,668
Engineering	AIP-11	0	80,000
		-----	-----
		\$1,034,741	\$697,668
		=====	=====

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SALINA AIRPORT AUTHORITY
 1988 BUDGET REPORT
 January 30, 1989

SCHEDULE 4

CAPITAL EXPENDITURE - EQUIPMENT PURCHASES

	ACTUAL	BUDGET
	12-31-88	12-31-89
	-----	-----
Portable Welder	\$1,491	\$0
Communication Equipment	3,056	3,500
Office Equipment	2,796	0
Shop Equipment	850	2,500
Restaurant Equipment	1,424	0
Runway, Ramp Sweeper	0	77,149
Crack Sealing Equipment	0	20,000
ARFF Equipmnet	0	3,750
	-----	-----
	\$9,617	\$106,899
	=====	=====

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SALINA AIRPORT AUTHORITY
 1988 BUDGET REPORT
 January 30, 1989

Note 1

The Federal Aviation Administration (F.A.A.) will reimburse the Salina Airport Authority for 90% of the cost of these (Schedule 3) capital improvement projects.

	ACTUAL	BUDGET
	12-31-88	12-31-89
	-----	-----
Proceeds for AIP from F.A.A. at 90% of Projected Cost	\$980,986 =====	\$555,902 =====

Note 2

The amounts for the year ending December 31, 1988 are extracted from compiled financial statements for the year ending December 31, 1988. See Accountant's report dated January 23, 1988.

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SALINE COUNTY

Board Meetings — Monday, Tuesday, Wednesday
Meeting Room 209 — Office Room 211 — 300 W. Ash

Salina, Kansas 67401-2396

Phone (913) 827-1961

Phone (913) 823-3746

February 21, 1989

COMMISSIONERS:
Pennington Geis
First District

Roy W. Allen
Second District

Dennis E. Carlson
Third District

Senator Don Montgomery
Chairman of the Local Government Committee
Room 128 South
State Capitol
Topeka, KS 66612

RE: Senate Bill No. 165

Dear Senator Montgomery & Members of the Local Government Committee:

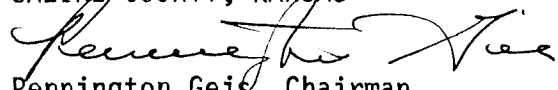
The Saline County Commission is in support of Senate Bill No. 165.

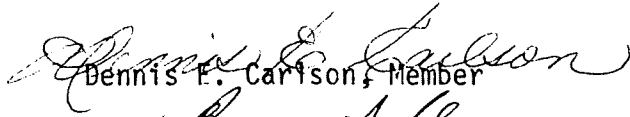
The Airport Authority in Salina has been a key factor in the positive economic growth of this County. Their ability in the past to operate the airport and to bring in new industry without levying taxes has been directly related to their exemption from paying property taxes.

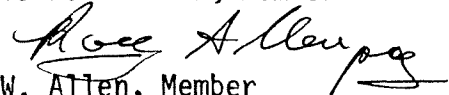
Members of the Airport Authority are fiscally conservative business people who are concerned both with developing industrial properties and with maintaining an equitable tax base in Saline County. We will be negotiating with the Airport Authority an agreement on the details of protecting the future tax base. We believe it is preferable to specify these agreements in a separate document as opposed to specifying them in the state legislation.

We ask your favorable action on Senate Bill No. 165. We believe it is an important economic development tool for our community. Thank you.

BOARD OF COUNTY COMMISSIONERS
SALINE COUNTY, KANSAS


Pennington Geis, Chairman


Dennis E. Carlson, Member


Roy W. Allen, Member

2-22-89
Senate Local Gov't
Attachment II

SALINA

AREA
CHAMBER OF COMMERCE

120 West Ash / P.O. Box 586
Salina, Kansas 67402-0586
Telephone (913) 827-9301

February 20, 1989

Chairman Donald L. Montgomery
Senate Local Government Committee
Kansas Senate
Topeka, Kansas 66612

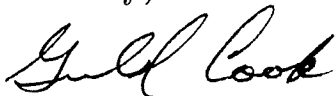
Dear Chairman Montgomery:

In behalf of the Salina Area Chamber of Commerce, I would like to urge your support of Senate Bill No. 165 introduced by Senator Ben Vidricksen of Salina. We feel that this proposed legislation is important to clarify the tax exempt status of the Salina Airport Authority. Passage of this bill will provide for the continued economic growth of the industrial center located at the Salina Municipal Airport and will help provide stimulus for facility expansions at Beech Aircraft Corporation, Tony's Pizza Service, Holiday Mansion, and other major employers located in the Airport Industrial Area.

We realize that this bill is somewhat local in nature, however, please understand that economic development in Salina occurs through the combined efforts of the City Government, County Government, Airport Authority, and Chamber of Commerce. This bill is supported by all four entities. It is important for the continued development of the Airport area, and therefore the continued job creation that is important to all Kansans.

Thank you for your consideration and your committee's consideration of Senate Bill No. 165.

Sincerely,



Gerald Cook
President

GC/fa



2-22-89
Senate Local Gov't
Attachment III



STATEMENT FOR THE
KANSAS SENATE
LOCAL GOVERNMENT COMMITTEE
FEBRUARY 22, 1989

Beech Aircraft Corporation employs approximately 6,100 people in Kansas at facilities in Andover and Wichita and at the Salina Airport Industrial Center. Beechcraft manufactures general aviation aircraft for a wide range of uses throughout the world.

We support Senate Bill No. 165 for the following reasons:

- 1) SB 165 would ensure the tax exempt status of the industrial airport in Salina, confirming the premise that Beech and other employers understood when they decided to locate there, some many years ago.
- 2) It would put Salina on an equal footing with Forbes Field, which currently enjoys such a tax exempt status in its enabling statutes.
- 3) There is broad-based support in the community for such a continuation of the airport's tax exempt operation.
- 4) The current lease rates take into account the tax-exemptions. Any change could alter the airport's economics. Since the Salina Airport Industrial Center operates in the black without any community tax sources, continuation of the existing formulas is in the community and airport's best interests. The existing situation also complies with Federal Aviation Administration grant requirements to make the airport as self-sustaining as possible.
- 5) The Salina Airport, under its existing financial structure, is one of the finest and most successful industrial airports in the country, based on Beechcraft's experience with its facilities on 35 American airports. Potential loss of the tax exempt operations there could have unfortunate long-term consequences for the profitable and successful operation of the airport.

Jim Gregory
316-681-7145

2-22-89
Senate Local Gov't

Attachment IV

THE STATE OF KANSAS



BOARD OF TAX APPEALS

Keith Farrar, Chairman

Docking State Office Building, 10th Floor
 Topeka, Kansas 66612-1582
 AC-913 296-2388

Fred L. Weaver, Member
 Victor M. Elliott, Member
 Conrad Miller, Jr., Member
 Charles F. Laird, Member

MEMO TO: Senator Don Montgomery
 Chairman Senate Local Government
 Committee

FROM: Keith Farrar, Chairman *KF*
 Board of Tax Appeals

DATE: February 22, 1989

RE: Senate Bill 165

Pursuant to your request the following is a brief memorandum to explain what has transpired to date with regard to the Salina Airport Authority. SAA acquired property in Saline County (off airport property) and requested that this property be exempted from ad valorem taxation. The Board considered SAA's case and determined that there was not an exclusive use for governmental or proprietary purposes and therefore denied the requested exemption. SAA enjoys the same exemption that municipalities enjoy, and thus, in order to qualify for exemption, would be required to demonstrate that the property in question was used exclusively for governmental or proprietary purposes. SAA appealed the Board's decision and the Court of Appeals upheld the Board's decision denying the exemption.

SAA has now requested that the provisions of K.S.A. 27-319 be modified to provide that its property be exempt from taxation regardless of how the property is used. This would equate SAA's exemption language with that currently found in K.S.A. 27-330 providing an exemption to the Metropolitan Topeka Airport Authority. The statute provides that the authority shall be a political and taxing subdivision separate and distinct from any other municipality and shall be exempt from taxes levied by any other political subdivision. MTAA has previously been before the Board of Tax Appeals contending that all of its property is exempt even if it is not used for a governmental or proprietary purpose. In MTAA's situation, portions of its property were leased to private industry and the county had challenged the exemption contending there was not an exclusive use for

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 Attachment *V*

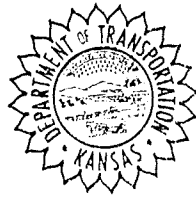
Page 2
Senator Don Montgomery
February 22, 1989

governmental or proprietary purposes since private industry was utilizing the property and since MTAA was now leasing or renting its property. The Board considered the case and found that the statutory exemption for MTAA property was such that all property would be exempt regardless of its use by the MTAA.

The language suggested in Senate Bill No. 165 provides a similar exemption to SAA in that it would allow SAA to use its property in any fashion it chooses and still remain exempt. This provision would also allow SAA to acquire property off the airport proper and still qualify for exemption even though SAA has indicated that this is not their intent. The language suggested is very broad and the Board would be required to grant an exemption regardless of the use of any property acquired by SAA. Should you have any additional questions, please let me know.

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STATE OF KANSAS



KANSAS DEPARTMENT OF TRANSPORTATION


*Docking State Office Building
Topeka 66612-1568
(913) 296-3566*

Horace B. Edwards
Secretary of Transportation

Mike Hayden
Governor of Kansas

February 20, 1989

MEMORANDUM TO: SENATOR DON MONTGOMERY, CHAIRMAN
SENATE COMMITTEE ON LOCAL GOVERNMENT

FROM: GEORGE M. BOYD, DIRECTOR 
DIVISION OF AVIATION, KANSAS DEPARTMENT OF TRANSPORTATION

SUBJECT: Testimony on Senate Bill No. 165.

Mr. Chairman, Ladies and Gentlemen of the Committee, we of the Kansas Department of Transportation (KDOT) believe that Senate Bill No. 165 will serve those aviation communities that own airports which fall within the category of former military facilities in accordance with existing legislation. Senate Bill No. 165 will standardize the airport authorities in this category. Therefore, KDOT supports this proposed legislation.

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Attachment VI

SENATE BILL No. 185

By Senators Parrish, Petty and Salisbury

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Senate Local Gov't
Attachment VII

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AN ACT concerning certain libraries; relating to the powers and duties of the board of directors; amending K.S.A. 1988 Supp. 12-1223 and 12-1225 and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

New Section 1. The board of directors of the Topeka public library may issue general obligation bonds of the Topeka public library for the purpose of constructing, reconstructing, repairing, remodeling, furnishing and equipping any ~~addition to buildings and~~ or additions thereto, together with sites therefore, for library purposes. No bonds shall be issued until the question of their issuance and the amount of such issuance has been submitted to a vote of the qualified electors of the city of Topeka at any special, general or primary election, and a majority of the qualified electors voting thereon votes in favor thereof. The election shall be called and held and the bonds shall be issued, sold, delivered, registered and retired in the manner provided by the general bond law. Bonds issued pursuant to this section shall not be subject to or within any bonded debt limit of the city of Topeka. The board of directors of the Topeka public library shall have the power to levy a tax against all taxable, tangible property in the city of Topeka for the purpose of paying the principal of, redemption premium, if any, and interest on any bonds issued pursuant to this section.

New Sec. 2. The board of directors of the Topeka public library shall have the power to ~~purchase or lease a site or sites and to lease~~ acquire or dispose of real property, to or erect a building or buildings ~~for the use of the Topeka public library without the approval of the governing body of the city of Topeka,~~ , or additions thereto,

Sec. 3. K.S.A. 1988 Supp. 12-1223 is hereby amended to read

44 as follows: 12-1223. (a) Except as provided by subsection (b), the
45 library board of a library established under, or governed by the
46 provisions of this act shall constitute a body corporate and politic,
47 possessing the usual powers of a corporation for public purposes,
48 under the name and style of "the board of directors of _____
49 (name of municipality) library" and under such name may contract,
50 sue and be sued and acquire, hold and convey real and personal
51 property in accordance with law. *Except as provided in section 2*,
52 the acquisition or disposition of real property shall be subject to the
53 approval of the governing body of the municipality.

54 (b) In Johnson county, the library board shall constitute a body
55 corporate and politic possessing the usual powers of a corporation
56 for public purposes, under the name and type of "the board of
57 directors of _____(name of municipality) library" and un-
58 der such name may contract, acquire, hold and convey real and
59 personal property in accordance with the law. The acquisition or
60 disposition of real property shall be subject to the approval of the
61 board of county commissioners. The library board in such county
62 may sue with permission of the board of county commissioners, by
63 resolution, and be sued only in the name of "The Board of County
64 Commissioners of the County of _____;" pursuant to
65 K.S.A. 19-105, and amendments thereto.

66 Sec. 4. K.S.A. 1988 Supp. 12-1225 is hereby amended to read
67 as follows: 12-1225. Library boards shall have the following powers
68 and duties: (a) To make and adopt rules and regulations for the
69 administration of the library;

70 (b) with the approval of the governing body of the municipality
71 *except as provided by section 2*, to purchase or lease a site or sites
72 and to lease or erect a building or buildings for the use of the
73 library;

74 (c) to acquire by purchase, gift or exchange, books, magazines,
75 papers, printed materials, slides, pictures, films, projection equip-
76 ment, phonograph records and other material and equipment
77 deemed necessary by the board for the maintenance and extension
78 of modern library service;

79 (d) to employ a librarian and such other employees as the board
80 deems necessary and to remove them and to fix their compensation,

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81 except as provided in K.S.A. ~~1984 Supp.~~ 1988 Supp. 12-1225b, and
82 amendments thereto;

83 (e) to establish and maintain a library or libraries and traveling
84 library service within the municipality or within any other municipi-
85 pality with which service contract arrangements have been made;

86 (f) to contract with other libraries established under the provi-
87 sions of this act or with the governing body of a municipality not
88 maintaining a public library for the furnishing of library service to
89 the inhabitants of such municipality to the extent and upon such
90 terms as may be agreed upon, and to contract with any school board
91 to furnish library service to any school library or to use the library
92 facilities of the public school to supplement the facilities of the public
93 library;

94 (g) to receive, accept and administer any money appropriated or
95 granted to it by the state or the federal government or any agency
96 thereof for the purpose of aiding or providing library service;

97 (h) to receive and accept any gift or donation to the library and
98 administer the same in accordance with any provisions thereof. If
99 no provisions are specified, the board shall have the power to hold,
100 invest or reinvest the gift and any dividends, interest, rent or income
101 derived from the gift in the manner the board deems will best serve
102 the interests of the library;

103 (i) to make annual reports to the state librarian and the governing
104 body of the municipality on or before January 31 of each year for
105 the preceding calendar year, showing receipts and disbursements
106 from all funds under its control, and showing such statistical infor-
107 mation relating to library materials acquired and on hand, number
108 of library users, library services available, and other information of
109 general interest as the governing body requires;

110 (j) as to money received from sources other than a tax levy for
111 library purposes, in its discretion, to place such money in a separate
112 fund or funds, or to place the money in the fund to which the tax
113 levy money is credited unless the grantor or donor directs how and
114 for what purpose the money shall be handled and spent.

115 Sec. 5. K.S.A. 1988 Supp. 12-1223 and 12-1225 are hereby
116 repealed.

117 Sec. 6. This act shall take effect and be in force from and after
118 its publication in the statute book.

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