

Approved March 25, 1991  
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Representative Diane Gjerstad at  
Chairperson

3:30 ~~xxx~~ p.m. on Thursday, February 21, 1991 in room 423-S of the Capitol.

All members were present except:

Representatives Dean, Wagnon and Wisdom. Excused.

Committee staff present:

Lynne Holt, Research  
Jim Wilson, Revisor  
Betty Manning, Secretary

Conferees appearing before the committee:

Representative Henry Helgerson  
Bob Knight, Mayor, City of Wichita  
Ray Trail, Director of Finance, City of Wichita  
Jerry Cole, Cole Consultants  
Gary Streepy, Owner, Pasta Mill  
Brian Johnson, Past President, W.I./S.E.  
Larry Soice, Chairman, Wichita Chamber of Commerce  
George Puckett, Kansas Restaurant Association  
Sid Bruner, Owner, Mr. Steak  
Joe Nothwang, Hertz Rental  
Steve Graham, Budget Rent-a-Car  
Bill Carpenter, Enterprise Leasing  
Valarie Young, Cake & Cater  
Todd Christensen, Pizza Hut  
Hal McCoy, Grandy's

The meeting was called to order by Chairperson Gjerstad at 3:40 p.m. Chairperson Gjerstad introduced Lynne Holt, Legislative Research, who gave a staff overview of H.B. 2123, which authorizes the City of Wichita to levy excise taxes upon certain foods and beverages and upon the rental or lease of certain motor vehicles at the rate of one percent on gross receipts from sale of meals or drinks furnished at any clubs, drinking establishments, catered event, restaurant, eating house, dining car, hotel, drugstore, or other place where meals or drinks are regularly sold to the public. Also, the city is authorized to impose a tax at the rate not to exceed four percent upon the gross receipts received from the rental or lease of motor vehicles for a period not to exceed 28 days.

The Chair thanked the conferees for coming to testify before the committee and asked committee members to please hold their questions until all conferees had given their testimony.

The first proponent was Representative Henry Helgerson. He stated he had lived in Wichita most all his life and his dad has owned a restaurant, and most of his district is in the downtown area. He further stated he is founder of Children's Museum, one of the projects that may be funded by some city funds in the future, so he has a vested interest in the downtown area and these projects. According to Representative Helgerson, the downtown Wichita area is fast becoming a depressed area and that is where a majority of the tax base is. This legislation would provide Wichita the opportunity to do some capital improvements and give the local elected officials the opportunity to make these decisions and decide on the projects they feel important. He urged the passing of this legislation.

Chairperson Gjerstad recognized the Honorable Bob Knight, Mayor of Wichita. His position is that this is an ambitious undertaking

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT,  
 room 423-S, Statehouse, at 3:30 ~~xx~~/p.m. on Thursday, February 21, 1991

that calls for investing \$375 million over an eight year period for necessary improvements to be paid by both public and private sector. This commitment does not lie solely with public dollars. He further stated that the City of Wichita has already committed to financing a number of projects under their ten-year capital improvement program, thus this legislation would allow the city to reduce their reliance on property tax and would diversify their revenue base. Attachment 1. Mayor Knight then read a letter of support from Jack P. DeBoer who has played a key role in the possibility of reversing the decline in downtown Wichita. Attachment 2. Mayor Knight then introduced Ray Trail, Assistant City Manager and Director of Finance for the City of Wichita. Mr. Trail spoke in support of H.B. 2123. Attachment 3. Mr. Trail presented a summary overview of the city's proposed downtown redevelopment plan. Attachment 4. Also included was the W.I./S.E. Education, Entertainment and Construction Initiative:, a financial analysis of the proposed plan. Attachment 5. He also pointed out that this is a public/private partnership.

Chairperson Gjerstad recognized Jerry Cole of Cole Consultants, who stressed that H.B. 2123 would give the City of Wichita the tools needed to commence the rebuilding of the downtown area. He stated this was a comprehensive and carefully thought out plan. Attachment 6. Jerry Streepy, owner of the Pasta Mill, supports the bill and believes the revitalization of the downtown area is necessary. The one percent tax will benefit not only the downtown area but all Kansans. Attachment 7. Brian Johnson, President and Chief Executive Officer of Caroon and Black/Dorth Coombs Insurance, Inc. of Wichita also spoke in support of H.B. 2123. He indicated revenues generated from this bill would help provide the financial resources to accomplish the revitalization of the downtown area, and the W.I./S.E. organization had asked him to appear in support of this bill. Attachment 8. The final proponent, Larry Soice, Chairman, Wichita Area Chamber of Commerce, said this comprehensive plan has the support of local government, business community and the community at large and asked for support and passage of this legislation. Attachment 9.

The Chair commented she had received numerous telephone calls from proponents who were unable to appear before the committee and had received two letters expressing support for H.B. 2123. One letter was from Michael C. Burrus, Vice President, Operations and Financial Services, Multimedia Cablevision, Inc., Attachment 10, and the other was from Larry E. Soice, Partner in Grant Thornton Accounts and Management Consultants, Attachment 11.

The first opponent called by Chairperson Gjerstad was George Puckett, Kansas Restaurant and Hospitality Association, who supports the renovation of downtown Wichita but feels the bill is an unfair and unequal tax, singling out only two segments of the business industry, Attachment 12. Sid Bruner, owner of Mr. Steaks, felt the legislation is putting the tax burden on one industry for more than their share of taxes available to the city. Attachment 13. The next conferee, Joseph Nothwang, Division Vice President of Hertz Corporation, asserts the bill is discriminatory and asks that the tax burden be shared equally by all parties that will benefit. Attachment 14. Steve Graham, franchise owner of Budget Rent-a-Car, opposes H.B. 2123 as the bill does not require the city to utilize the tax money for downtown revitalization and it is unfair to single out one or two specific industries. He suggested a small city-wide tax be imposed. Attachment 15.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT,  
room 423-S, Statehouse, at 3:30 xx/p.m. on Thursday, February 21, 1991

The next opponent to testify was Bill Carpenter, City Rental Manager for Enterprise Rent-a-Car, who expressed his concern about singling out one particular industry for the tax increase. Attachment 16. Valarie Young, owner of Cake and Cater, opposed H.B. 2313 because she felt it was one of the most unjust avenues of taxation, proposed or enacted and felt the tax should be put to a general vote. Attachment 17. Todd Christensen, Pizza Hut, Inc., felt the proposed tax causes an inequitable tax burden and discriminates against restaurants and would cause an economic hardship to the industry. Attachment 18. Hal McCoy, owner of six Grandy's restaurants, believes the subject bill is based on a faulty and incorrect premise, is blantly discriminatory and places an unfair economic hardship on the Wichita restaurant industry. Attachment 19. The final opponent, Kevin Robertson, Kansas Hotel Association, stated the one percent tax is an additional infringement on an already heavily taxed industry and should be put to a vote of the people. Attachment 20.

Letters received from persons unable to appear to express their opposition were from Mary Haynes, Trade Winds Club, Attachment 21; Gene Spears, owner, Spears Food Service, Attachment 22; James H. Stevens, President, J.S. Ventures, Inc., Attachment 23; Etta E. Dickerson, President, Gooey-Roux, d/b/a B&W Restaurant, Attachment 24; Vance Herring, Manager of National Car Rental, Attachment 25, and a letter expressing a somewhat neutral position was received from Bill Rowe, President of Willie C's Cafe. He agrees with the downtown redevelopment but suggested a temporary excise tax on a broader base. Attachment 26.

Chairperson Gjerstad asked for questions from the committee.

One question of concern was the reference to "other places" where food or drinks are served as stated in the proposed legislation. A clarification is needed as to the inclusion of grocery stores. The city was asked if a study had been made on how much this tax would generate. The answer was 'no'. When asked if there was a time limit on this tax, the city indicated they could make a provision to sunset the tax at some point. One conclusion drawn was that the opponents were not objecting to the revitalization of the downtown area as long as others were equally taxed.

Chairperson Gjerstad closed the hearings on H.B. 2123.

The meeting was adjourned at 5:20 p.m.

D Feb 21, 1991

## GUEST REGISTER

## HOUSE

## Committee on Economic Development

<u>NAME</u>	<u>ORGANIZATION</u>	<u>ADDRESS</u>
Jerry W Cole	Cole Consultants / Wichita Chamber	229 E William Wichita, KS
Brian Johnson	WE/BE PARTNERSHIP	350 W. Douglas Wichita
BOB KNIGHT	CITY OF WICHITA	WICHITA, KS. 455 N. MAIN
RAY TRAIL	CITY OF WICHITA	455 N. MAIN, WICHITA
Larry E Spive	Wichita Area Chamber of Commerce	800 Fourth Financial Bldg Wichita, KS
Chuck Hanna	Anderson Int Agency	Box 320, Emp., KS
Bob Lytle	Attorney	PO Box PO KS 66208
JOSEPH R. Nothwang	HERTZ CORP	7695 E 367 ST. Denver, CO 80206
STEVE GRAHAM	BUDGET RENT A CAR OF KS.	WICHITA, KS.
HAL W MCCOY	ORAWAYS	WICHITA KS
TODD CHRISTENSEN	PIZZA HUT, INC.	WICHITA, KS
SID BRONER	MR STEAK	Wichita KS
Michelle Lester	John Peterson + Associates	Topeka
Bill Carpenter	ENTERPRISE RENT A CAR	Wichita, KS
ALAN COBB	KASB	Wichita
GARY STREEPY	PASTA CONCEPTS INC	WICHITA
Tom Powell	City of Wichita	455 N. MAIN, Wichita
CHRIS CHERCHES	City of Wichita	" " "



Feb 21.

GUEST REGISTER

HOUSE

Committee on Economic Development

NAME

ORGANIZATION

ADDRESS

Cathy Holdeman City of Wichita Wichita

Dave [unclear] DOT of Commerce ~~Wichita~~

KEVIN ROBERTSON The Lodging Assn. Topeka

GEORGE RICKETT K RESTAURANT & HOSPITALITY ASSN WICHITA

Margaret Nelson Joplin Amusement Park Wichita

Talene Young Cabin Cater Wichita Wichita

Jerry Youngs Cake 'N Cater Wichita

Steve Tallitt Rep. Baker Lawrence

Neal Whitaker K BWA Topeka

Mike Geraman The Boeing Company Wichita

[Empty rows for additional entries]

# THE CITY OF WICHITA



OFFICE OF THE CITY MANAGER

CITY HALL — THIRTEENTH FLOOR

455 NORTH MAIN STREET

WICHITA, KANSAS 67202

(316) 268-4351

## TESTIMONY BEFORE HOUSE ECONOMIC DEVELOPMENT COMMITTEE

HB 2123

FEBRUARY 21, 1991

CHAIRPERSON GJERSTAD, AND MEMBERS OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE, I AM BOB KNIGHT...MAYOR OF THE CITY OF WICHITA. ON BEHALF OF THE CITY OF WICHITA, I APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY IN SUPPORT OF HOUSE BILL 2123.

BEFORE I COMMENT ON THIS BILL, I WOULD LIKE TO INTRODUCE INDIVIDUALS FROM OUR COMMUNITY WHO ARE ALSO HERE TO TESTIFY IN SUPPORT OF THIS BILL. CHAIRPERSON GJERSTAD, I WOULD LIKE TO ASK YOU TO ALLOW ALL OF US TO SPEAK ON THIS ISSUE AND THEN STAND FOR ANY QUESTIONS.

FOLLOWING MY REMARKS, WILL BE RAY TRAIL WHO WILL ADDRESS THE CITY'S FINANCIAL COMMITMENT AND THE FINANCIAL PLAN DEVELOPED TO ENSURE THE SUCCESS AND IMPLEMENTATION OF THE DOWNTOWN REVITALIZATION PLAN AND THE NEED FOR THE IMPLEMENTING LEGISLATION OF THE ONE IMPORTANT ELEMENT OF THE CITY'S PROGRAM.

I ANTICIPATE THAT YOU WILL ALSO HAVE QUESTIONS REGARDING THE PRIVATE SECTOR FINANCING; THEREFORE, MR. BRIAN JOHNSON, PAST PRESIDENT OF WI/SE PARTNERSHIP FOR GROWTH AND CHAIRMAN OF THE FUND RAISING EFFORT, WILL BRIEFLY ADDRESS THOSE CONCERNS AND PLANS. TO SHOW COMMUNITY SUPPORT FOR THIS EFFORT, WE HAVE LARRY SOICE, PRESIDENT OF GRANT THORNTON AND PRESIDENT OF THE GREATER WICHITA CHAMBER OF COMMERCE; JERRY COLE, CHAIRMAN OF THE LEGISLATIVE COMMITTEE, CHAMBER OF COMMERCE; AND GARY STREEPY, OWNER AND MANAGER OF THE PASTA MILL RESTAURANT. WE ALSO HAVE THE CITY MANAGER AND CITY ATTORNEY PRESENT WHO DO NOT PLAN TO ADDRESS THE COMMITTEE BUT WILL BE AVAILABLE TO RESPOND TO QUESTIONS IF THE NEED ARISES.

SINCE WE HAVE A NUMBER OF PRESENTORS, I WILL KEEP MY COMMENTS BRIEF.

*Eco-Devo  
Attachment #1  
02-21-91*

HOUSE BILL 2123 IS ENABLING LEGISLATION. IT PROVIDES THE CITY OF WICHITA WITH THE AUTHORITY TO PASS AN ORDINANCE TO LEVY A ONE (1) PERCENT (SURCHARGE) ON THE SALE OF FOOD AND BEVERAGES, AND A FOUR (4) PERCENT TAX ON RENTAL VEHICLES. I WANT TO STRESS THAT THE STATE LEGISLATURE IS NOT ENACTING A TAX, IT IS ONLY PROVIDING THE WICHITA CITY COUNCIL WITH THE AUTHORITY TO CONSIDER THE IMPLEMENTATION OF THESE FUNDING OPTIONS LOCALLY. THE LEGISLATION IS WICHITA SPECIFIC, AND DOES NOT APPLY TO OTHER COMMUNITIES. FINALLY, THE MONEYS FROM THESE FEES WILL BE USED TO ASSIST US WITH FINANCING OUR DOWNTOWN REVITALIZATION PROGRAM.

THE REVITALIZATION OF DOWNTOWN IS NOT A NEW IDEA. FOR YEARS THE CITY OF WICHITA HAS BEEN INVOLVED IN A NUMBER OF PROPOSALS TO ENHANCE THE ECONOMIC VIABILITY OF OUR DECLINING DOWNTOWN AREA. THIS PAST YEAR A PLAN WAS PUT FORTH BY ONE OF OUR OWN LOCAL CITIZENS, MR. JACK DEBOER. MEMBERS OF THE CITY COUNCIL, AS WELL AS PARTICIPANTS IN THE WICHITA/SEDGWICK COUNTY PARTNERSHIP FOR GROWTH, ENDORSED THIS PLAN AS A VIABLE ROAD MAP FOR REVITALIZATION.

THERE IS NO QUESTION THAT THE PLAN IS AN AMBITIOUS UNDERTAKING. IT CALLS FOR INVESTING \$375 MILLION OVER AN EIGHT-YEAR PERIOD FOR NECESSARY IMPROVEMENTS. THIS INVESTMENT WILL BE PAID FOR BY BOTH THE PUBLIC AND PRIVATE SECTOR. FUNDING SOURCES INCLUDE PUBLIC INVESTMENT OF \$174 MILLION, GIFTS/DONATIONS OF \$54 MILLION, AND PRIVATE INVESTMENT OF \$147 MILLION. IN OTHER WORDS, THE COMMITMENT TO THE FUTURE DOES NOT SOLELY LIE WITH PUBLIC DOLLARS, BUT CALLS UPON ALL MEMBERS OF OUR COMMUNITY TO BE A PART OF THIS VERY IMPORTANT EFFORT.

ON NOVEMBER 16, 1990, THE CITY OF WICHITA TOOK WHAT I CONSIDER TO BE A BOLD ACTION, ONE THAT SEEKS TO FURTHER THE GOALS OF OUR COMMUNITY, RATHER THAN THE GOALS FOR RE-ELECTION. BY A UNANIMOUS VOTE, THE COUNCIL ENDORSED THE PLAN FOR REVITALIZING DOWNTOWN, AND APPROVED A FINANCING SCENARIO WHICH CALLS FOR FUNDING 65 PERCENT, OR \$113 MILLION OF THE PUBLIC SECTOR COMMITMENT.

OUR \$113 MILLION COMMITMENT IS FUNDED FROM FROM A VARIETY OF SOURCES, AND THIS FINANCIAL PACKAGE WILL BE EXPLAINED TO YOU BY RAY TRAIL, THE CITY'S DIRECTOR OF FINANCE. AS HE SPEAKS, PLEASE KEEP IN MIND THAT ALL OF THESE FUNDING SOURCES NEED TO COME TOGETHER IN ORDER FOR THE CITY TO MEET ITS OBLIGATION. THE FOOD AND BEVERAGE TAX, AND THE VEHICLE RENTAL CAR FEE, ARE VERY IMPORTANT COMPONENTS TO OUR FINANCING SCENARIO.

AS A POINT OF CLARIFICATION, AND ONE THAT HAS NOT BEEN STRESSED TO DATE, THE CITY HAS ALREADY COMMITTED TO FINANCING A NUMBER OF PROJECTS IN THE DOWNTOWN AREA AS SET FORTH IN OUR TEN-YEAR CAPITAL IMPROVEMENT PROGRAM. THUS, THIS ENABLING LEGISLATION WILL ALLOW THE CITY TO REDUCE OUR RELIANCE ON THE PROPERTY TAX, AND DIVERSIFY OUR REVENUE BASE.

WITH THAT OVERVIEW, I WILL TURN IT OVER TO RAY TRAIL WHO WILL EXPLAIN THE CITY'S FINANCIAL NEEDS.

February 21, 1991

The Committee on Economic Development  
The Kansas House of Representatives  
Statehouse  
Topeka, KS 66612

Madam Chairman and Members of the Committee:

You have before you House Bill 2123 to provide enabling legislation allowing the Wichita City Council to implement a food and beverage and vehicle rental charge for downtown development.

Ten months ago the Wichita/Sedgwick County Partnership for Growth announced a significant plan to rescue the continued economic degradation of downtown. This initiative is based on the economics of attracting people from outside the community to Kansas. The plan is based on education, culture and entertainment. It involves an expenditure of more than \$375 million, \$54 million of which is being raised at the present time through private donations and \$141 million of which is investment by private developers. It is clearly Wichita's last opportunity in this century to stop the economic decline of vacant offices, vacant department stores, vacant hotels and a suffering Century II. The citizens of the City of Wichita are clearly behind this effort because it will provide a signal from a community that cares about its future and will bring outside dollars to our community and expand our tax base through private development.

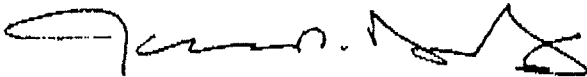
The City of Wichita and the County of Sedgwick have been asked to participate by investing in the infrastructure requirements along with those things which are clearly for the public purpose. This investment of \$141 million is made up of several incremental pieces, one of which will be accomplished by the bill before you today. Literally millions of people travel through our State on Highway 70 and don't stop to leave money with tax-paying businesses. The Wichita plan will change this and bring millions of visitors each year to downtown. These people will need hotel rooms, they will eat in restaurants and they will pay their portion of the contemplated increase in taxes.



The Committee on Economic Development  
February 21, 1991  
Page 2

There is absolutely no question that the plan will bring new vitality to Wichita and Sedgwick County. It will involve all of the segments of our community and it is an effort that must succeed if we are to stop this economic decline. This effort requires total cooperation of the State, County, City, citizens and businesses. We are on board in Wichita, and we need your help. Please lend your support to the revitalization effort by giving your favorable consideration to this bill. Thank you.

Yours truly,



Jack P. DeBoer

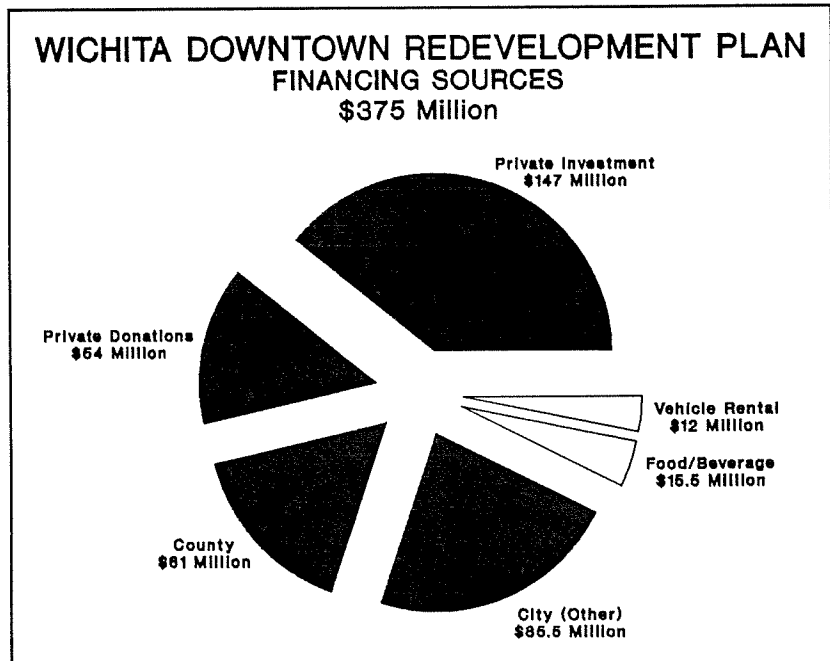
TESTIMONY BEFORE HOUSE ECONOMIC DEVELOPMENT COMMITTEE  
HR 2123  
February 21, 1991

Chairperson Gjerstad, and members of the House Economic Development Committee, my name is Ray Trail...Assistant City Manager and Director of Finance for the City of Wichita. Thank you for the opportunity to speak in support of HB 2123.

I have brought with me today, a summary of the Downtown Redevelopment Plan as well as the City's analysis of its financial capacity to contribute to the downtown initiative without sacrificing any other capital improvement projects of the City. Without repeating all the information in those documents, I would like to hit some highlights and put the City's request for enabling legislation for a Food & Beverage surcharge and a Vehicle Rental fee into the larger perspective.

The Plan for downtown redevelopment calls for a \$375 million effort to improve public and private facilities and services in the downtown area, emphasizing the river corridor as a focal point. It is this river frontage that hosts the single largest event in the State of Kansas every year -- the Wichita River Festival.

This effort is truly a public-private partnership. Of the \$375 million, less than half are public dollars. In the form of private gifts & donations (\$54 million) and private investment in new development (\$147 million), \$201 million or more than half of the cost will come from the private sector. The City has also estimated a potential to finance \$85.5 million in downtown redevelopment project costs within current resources or funding authority. These funds are available in the form of: [1] capital project dollars for downtown-related projects already in our capital budget; [2] capacity to fund additional downtown projects within our capital budget because the City has worked hard to aggressively retire old debt; [3] Hotel-Motel tax funds within the existing rate structure; [4] plans for user fees; and [5] some potential for leveraging a portion (15%) of the private development for Tax Increment financing.



Before coming to the Legislature for enabling legislation for new revenue sources, we certainly felt it important to go as far as possible in pursuing existing local financing options. But these options alone cannot sustain as large an undertaking as envisioned in the Downtown Plan. The City is also very sensitive to the current stress concerning property taxes; therefore, we wanted to avoid a property tax increase as part of the City's funding proposal.

To finance an additional \$27.5 million, bringing the City's projected total commitment to the downtown revitalization effort to \$113 million, the City is seeking to diversify its revenue base. The whole point of diversification is to

Eco-Devo  
Attachment #3  
02-21-91

that everyone pays a fair and reasonable share of the cost. The financing for the Downtown Plan does just that. In addition to the private commitment and the multitude of City resources noted above, we are proposing that two new sources be tapped -- food & beverage consumption and vehicle rentals -- both industries will benefit from the revitalization of the downtown area.

A 1% Food & Beverage surcharge is expected to generate \$1.7 million annually and can support the debt service for \$15.5 million in capital expenditures (4.1% of the total development cost). I would like to dispel some misconceptions about the City's intent in pursuing this type of surcharge. First, these funds will be used to construct streets, bridges, and public facilities, not to subsidize private development. The Wichita City Council has already taken action to approve public improvements in the downtown area exceeding the requested new revenue sources in the following categories:

Streets	\$ 8 million
Bridges	6 million
Riverbank Improvements	7 million
Public Facilities	16 million
Other	<u>6 million</u>
TOTAL	<u>\$43 million</u>

Second, a Food & Beverage surcharge will not be used to finance competing restaurants. Any restaurants which may develop as part of downtown redevelopment will be privately developed, financed, and operated. To the extent that a revitalized downtown attracts visitors to the community, all restaurants benefit -- our Convention & Visitors Bureau indicates that much of the convention and tourism business utilizes food establishments throughout the City, and not just the immediate downtown.

Third, while the term "luxury" tax may have been unfortunate in that it connotes expensive meals in exclusive restaurants, there also can be no denying that eating out is not a necessity. The background/research materials provided to the City of Wichita from the Kansas Restaurant Association does not use the term "necessity." It does characterize eating out as a matter of "convenience," in other words a matter of choice; people can decide not only whether to eat out, but also the type of establishment where they eat. Their relative contribution to a Food & Beverage surcharge will be greater or lesser depending on the personal choices they make.

A Vehicle Rental fee targets the short-term lease or rental of vehicles primarily by persons visiting the community. A 4% fee is estimated to generate \$1.3 million annually and can support the debt service for \$12 million in capital expenditures (3.2% of the total development cost).

Of course, no source of revenues is entirely pure. Some of the revenues from a Food & Beverage surcharge will be paid by persons who may never use the amenities of a revitalized downtown. Some vehicle rentals will be paid by local people who have a need for a temporary replacement of their vehicle. But at least a portion of these revenues will be paid by persons who are visitors to the community. If the property tax is used rather than these proposed new sources, it is a certainty that the entire amount will be paid by local property owners.

The Downtown Plan identifies \$201 million in private dollars; the City has identified \$85.5 million in public funds with no new taxes; we are asking for your authorization for enabling legislation to potentially fund only \$27.5 million -- we do not believe that a 7.3% contribution from those people who use these two services is too high a price to ask.

We are not asking you to approve or impose these new surcharges and fees. We are asking you to give local elected officials the authority to review local conditions and make a local determination about enacting new revenue sources as an alternative to the property tax. Thank you.

**PRELIMINARY ANALYSIS  
ON  
PUBLIC INVESTMENT FINANCING  
FOR THE  
  
PROPOSED  
DOWNTOWN REDEVELOPMENT**

**CITY COUNCIL**

**Bob Knight, Mayor  
U. L. "Rip" Gooch, Vice Mayor  
Greg Ferris, Council Member  
Sheldon Kamen, Council Member  
Estela Martinez, Council Member  
Frank Ojile, Council Member  
Willis Wall, Council Member**

**CITY STAFF**

**Chris Cherches, City Manager  
Ray Trail, Assistant City Manager  
Rebecca Miller, Assistant Director of Finance**

**CITY OF WICHITA  
November, 1990**

*Eco-Devo  
Attachment #4*

*02-21-91*



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## EXECUTIVE SUMMARY

In June, 1990, the Wichita City Council received the proposed "Initiative for Re-development of Downtown Wichita" submitted by WI/SE Downtown Action Corporation (DAC). The City Council directed the City Manager to proceed with feasibility studies, including reviewing financing alternatives for the *\$174 million* "public investment" portion of the proposed Downtown Plan. A preliminary analysis of the status of the City's Capital Improvement Program (CIP) and financial alternatives is outlined in this report. Highlights of the conclusions of the analysis are:

- A financing plan for a *\$113 million* City commitment to the Downtown Plan by:
  - Funding a total of *\$70 million* in capital costs within the current resources of the Capital Improvement Program, and additional debt capacity **with no increase in the City property tax levy.**
  - Identifying financing options for an additional *\$43 million* from "non-property tax" revenue sources: [a] directly generated by new downtown development, [b] which place a surcharge on certain "entertainment" activities that are enhanced by downtown redevelopment, and [c] that will spread costs to persons who do not live, work, and own property in Wichita but enjoy the benefits of City services/events.
- It is proposed that a contribution be made by Sedgwick County to fund the remaining *\$61 million* (35 percent) for the "public investment" portion of the Downtown Plan.
- The proposed projects and cost estimates outlined in the Plan were used in conducting this analysis, **although it is recognized that the scope and cost of the Plan are subject to variation.** Changes or modifications in specific project feasibility, sequencing, and cost will undoubtedly be made as implementation of the Plan proceeds.
- Operation/maintenance of the public facilities are anticipated to be paid from a combination of private endowments and operating receipts, as proposed in the Plan.
- The local economy will be positively impacted over an extended period of years due to the large scale capital construction in the Plan.
- To provide an early demonstration of the City's commitment to see a Downtown Plan implemented, the report outlined a series of "action" steps to:
  - Approve the financing outlined for the City's participation in "public investment."
  - Request Sedgwick County, WI/SE, and the private sector to make their commitments for financial participation in the Plan.
  - Create a Downtown Coordinator's office to oversee implementation of the Plan.
  - Proceed with specific projects proposed in the Plan, including a Downtown Transit Center, Wichita Science Center, and expansion of Cowtown.

## INTRODUCTION

For many years, the City of Wichita has supported measures designed to enhance physical and economic development in the community's core area. This support has taken the form of several policies and strategies, including:

- \* City acquisition and ownership of core area real estate.
- \* City development of public buildings and facilities.
- \* Municipal sponsorship of land clearance projects.
- \* Public service subsidies (e.g. the public transit system).
- \* Private investment subsidies by City government.
- \* City underwriting of civic betterment activities.

In a historical context, the intent of these measures has been to "restore" core area property values by halting several decades of decline in retail business activity. Although significant impetus for these actions has come from the business community, a number of civic and cultural groups have joined with many private citizens in supporting a community goal of core area preservation and redevelopment.

Good intentions notwithstanding, however, it appears that the community's past efforts to bolster core area economics have been only marginally successful, or are eroding. An appraisal would doubtless conclude that core area prospects are not bright (if building occupancy and retail activity are the measure) without a major new effort to revitalize the downtown.

## WI/SE-DAC INITIATIVE

In 1987, the City of Wichita joined with Sedgwick County, the Chamber of Commerce, and other representatives from business community to create the "Wichita/Sedgwick County (WI/SE) Partnership for Growth" for establishing an economic development policy countywide and directing implementation of a multi-faceted plan for job creation and economic growth. An outgrowth of this effort was the creation of the "Downtown Action Corporation" (DAC) which was organized to prepare and implement a master plan to improve the physical, economic and social aspects of the core area.

In June, 1990, the Downtown Action Corporation submitted a Plan which proposed a completely new initiative for core area redevelopment. The details of this new approach were made public in presentations by Mr. Jack P. DeBoer, spokesman for the Downtown Action Corporation. The Plan has been given a wide airing by local news media and through a series of public presentations, but many details have been publicized in only a general context.

## 1990 DOWNTOWN REDEVELOPMENT/RIVER CORRIDOR PLAN

The 1990 Plan differs in several important ways from previous approaches to core area problems. In point of fact, the Plan proposes to abandon the "supply-driven" approaches which have

characterized many City-sponsored programs of the past. It relies, instead, upon "market-driven" forces to generate new business development in the core area.

Whereas most earlier efforts have been directed toward "saving" retail and office building property values, the latest approach stresses conversion of much of the river corridor segment of the core area into civic, cultural and recreational uses. The Plan's proposes that private investment will respond to the numbers of people who will attend the "quality of life" attractions developed through "public investment" in the river corridor area.

The 1990 Plan contains another significant element not present in earlier core-area strategies. It anticipates major funding from gifts, donations and endowments, such that public (taxpayer) participation in the cost of many of the civic and cultural facilities could be substantially reduced.

The 1990 Plan proposes improvements which would be constructed over a period of eight (or more) years. Preliminary cost estimates for the entire Plan implementation are approximately \$375 million, proposed to be funded as follows:

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Public Investment	\$174,030,000
Gifts/Donations	54,305,000
Private Investment	<u>147,085,000</u>
 TOTAL	 <u>\$375,420,000</u>

NOTE: These costs do not include estimates for various items: demolition and clearing of existing built improvements, public utility and other similar infrastructure updating costs, freeway construction which is planned through other City funding, railroad re-routing and right-of-way acquisition, environmental costs, and relocation of an electric utility sub-station.

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The City Council formally received and filed the 1990 Plan on June 12, 1990 and subsequently, on June 26, 1990 took steps to initiate a review process to evaluate the potential impact of Plan implementation upon the City of Wichita. Funds in the amount of \$295,000 were appropriated for preliminary engineering, legal, feasibility, and financing studies toward that purpose.

#### **REVIEW PROCESS TO DATE**

Pursuant to the authorization and direction of the City Council, the City Manager and staff have initiated several studies designed to serve a two-fold purpose in connection with the City of Wichita financial planning:

- [1] Provide a basis for preparation and implementation of an ongoing Capital Improvement Program, and
- [2] Provide a means to measure the resources that could be allocated to the 1990 Plan, if a decision were made to implement the Plan.



Accordingly, the City Manager used expert financial advisors to assist City staff in certain "base line" studies essential to both of these processes. The first subject of these studies was an analysis of the City's present debt structure; the second study area covered an overview of the resources that might be allocated to the 1990 Plan.

### CITY'S CURRENT DEBT STRUCTURE

The City incurs new indebtedness in accordance with general guidelines established and modified from time-to-time by the City Council. In summary form, the present policies include the following:

- \* Limiting long-term borrowing to capital improvements.
- \* Aggressively retire debt (10 years for City-at-large, 15 years for special assessments, and up to 20 years for public facilities).
- \* Maintain a stable property tax levy.
- \* Identify other revenue sources for capital improvements.
- \* Maintain a 5% cash reserve for the debt service fund.

It would seem that the City's current debt structure would be fairly straightforward, given the clarity of these policies. That would be the case, except that the City has taken several major debt-restructuring steps (notably in 1985) which, collectively, have substantially altered the character of the City's debt.

It is not the intention in this report to outline these transactions, since they have previously been presented to and approved by the City Council. However, it is worthy of mention that the result of past City efforts to control expenditures and improve debt management has been a very positive capital financing picture, most notable of which is the debt's short duration in terms of its maturity schedule. The City's current debt structure is shown graphically **Chart #1**.

### ONGOING CAPITAL IMPROVEMENT PROGRAM

The City is currently operating under a "1990-1999 Capital Improvement Program" approved by the City Council, and a preliminary staff analysis has been completed of the impact upon the ongoing capital construction plans in light of the proposed 1990 Plan for downtown redevelopment. The large scope of the proposed public investment has necessitated a review of several major elements of the City's Capital Improvement Program:

- [a] Existing capital project funds programmed to support downtown projects;
- [b] Additional capacity for capital project financing within the current mill levy and other debt financing policies of the City;
- [c] Internal management of the Capital Improvement Program in terms of the ability to carry-out all scheduled projects;
- [d] Ability to increase the City's debt within the legal debt lid; and
- [e] Potential impact of increased debt on the City's credit rating.

[a] Available Project Funding Within Current CIP

Staff review of the current Capital Improvement Program has identified \$37,515,000 in funds either currently identified for downtown projects, or potentially available for reprogramming for downtown projects. These funds are available in the following years:

<u>Year</u>	<u>Funding Availability</u> (000)
1990	\$ 4,160
1991	9,140
1992	5,137
1993	5,183
1994	3,725
1995	3,375
1996	3,580
1997	<u>3,215</u>
	<u>\$37,515</u>

[b] Additional Financial Capacity Within Current Debt Policies

Beyond existing project funding within the Capital Improvement Program, the capacity analysis indicates there is an opportunity to undertake additional (downtown) improvements within the current property tax levy support (9.8 mills for 1991) and debt financing policies of the City. This analysis is based on Capital Improvement Program (CIP) project scheduling/progress, the recent (1989-90) ability to pay cash for General Obligation (GO)-financed capital projects, and the prospect of a significant debt pay-off by 1998.

Two scenarios were developed. One revised and reprogrammed portions of the current CIP schedule of GO projects and utilized the increased capacity beginning in 1998 to project an additional \$60 million in debt capacity for downtown projects within existing revenue (no growth in assessed valuation and/or mill levy was assumed). This scenario projected no General Obligation (GO)-supported capital projects projected beyond 1997. In contrast, the current CIP assumes a 3% growth in tax revenues (with the current mill levy) and projects \$12 million in GO-supported capital projects through 1999 (and infers a constant level of capital project spending at or above this \$12 million level beyond the current ten year CIP).

Another scenario left intact the current CIP project scheduling and financing assumptions, and projected additional debt capacity for downtown projects (beginning in 1994) at \$22.5 million on ten year debt maturity and \$32.5 million on fifteen year debt maturity. Based

on City policies to consider longer term for public facilities (a major portion of the public investment in downtown projects), this term could be extended further to 20 years, increasing the financing capacity moderately higher. The financial analyst also recommended a review of the potential for generating "non-property tax revenues" to pay debt service relating to the Downtown Plan.

The two financial reviews projected additional debt capacity ranging from \$22.5 to \$60 million. In order to establish a "baseline" as a point of departure, this report utilizes the 1990-1999 Capital Improvement Program (CIP) project schedules and financing assumptions. The relatively conservative estimate of \$32.5 million projection of additional debt capacity (at fifteen year debt maturity) provides a significant commitment to the Downtown Plan while not overextending the City's projected capacity. Because the property tax is the ultimate guarantor of GO-supported bonds, a conservative estimate is appropriate and consistent with past City practices.

The review which projects the greater (\$60 million) financing capacity offered legitimate points in terms of the real ability of the City to undertake and complete all planned CIP projections outlined in the 1990-1999 CIP (these points will be discussed in the next section of this report). Alternative revenues and financing strategies will be proposed and discussed in this report based on assumptions about the future which are subject to major revisions with experience. To the extent that the alternative scenario projects a greater ability to undertake debt financing, this report will consider that capacity as a reserve and safety margin against uncertain outcomes based on alternative revenues for debt financing (e.g. inflation, higher interest rates, increased project costs, etc.).

[c] Internal Management of the Capital Improvement Program

It is in the nature of the 1990-1999 CIP, and all such multi-year projections of capital improvements, that not all projects will necessarily be scheduled/completed as projected. The City's past experience is that some planned projects are delayed, canceled, or modified. New projects are also added as priorities warrant. On balance and over time, the City has not sustained a consistent level of capital project completions matching the scheduled \$9-12 million in GO-supported projects approved each year. Other circumstances (financing policy review, changes in priorities, coordination with private development, etc.) are also periodically present which serve to modify capital project schedules. The Capital Improvement Program is and will always remain a "planning" document which forecasts as accurately as possible, but does not guarantee, completion of any specific project within the timeframe and cost projected.

The expanding scope of the City's overall capital project effort (utility expansions, freeway construction, increased arterial construction and contracted major maintenance, and the new downtown initiative) may serve to tax the capability of the (primarily) local construction industry. There is a finite limit to the extent that capital projects can be contracted for design and construction without forcing delays in individual project

initiation/completion and without artificially increasing construction costs (supply and demand). The City needs to carefully weigh these issues and formulate a realistic schedule which permits a long-term, sustained construction program in all capital project categories at favorable (lowest possible) costs.

[d] Capacity Within Statutory Debt Limit

The statutory debt lid is 23.41% of assessed valuation. This percentage is derived from a calculation of 30% of assessed valuation pre-reappraisal/classification adjusted for the increase in assessed valuation post-reappraisal/classification. Based on the assumptions in the current 1990-1999 CIP of a 3% growth rate, the City could accommodate debt for the entire Downtown Plan within the debt limit. Statutory debt capacity above outstanding debt for 1990 exceeds \$209 million; with normal growth and including debt financing for the current CIP and the downtown initiatives, the remaining debt capacity by 1999 would still exceed \$163 million. This means that the City is able to undertake a major downtown redevelopment effort and still maintain a substantial debt margin.

[e] Impact on City's Credit Rating

The City's AA credit rating (with market yields exceeding the formal rating) is a financial strength. It was essential to assess the potential impact of assuming very sizable new downtown redevelopment debt. The current GO debt of the City is \$251 million (including GO-supported special assessment debt) with per capita debt of \$850. Wichita has an aggressive program for debt repayment, however, which will reduce debt per capita in the coming years (91% of the City's existing debt will be repaid within ten years). It is also important to note that the credit rating agencies will consider the "overlapping" debt of the City/County/Schools in evaluating the community debt burden. Repayment of existing City debt will offset inclusion of new debt for the Downtown Plan, and should result in no change in the City's credit rating. Because the credit rating agencies look closely at the City's short-term debt financing policies, however, it would be prudent to limit debt financing for downtown projects to as short of a term as possible.

Rating agencies additionally review redevelopment-type project debt to ensure that the anticipated private investment takes place. If the City phases the publicly-funded investment in redevelopment and successful private development results, then no adverse change in the City's credit rating should occur.

In assessing the available funds in the current CIP, 10-year term debt financing was retained. To determine the amount of capital expenditures possible from additional debt capacity within the current tax levy (as well as from new financing sources), this report calculates debt based on a 15-year term -- this is done to reflect the long term nature of the capital improvements in downtown redevelopment while retaining an aggressive repayment schedule to protect the City's credit rating. Since City debt policies permit debt terms of up to 20 years (for public facilities), the 15-year term remains conservative.



The City staff has undertaken to overlay the funding requirements which would be necessary to implement the 1990 Plan upon the current Capital Improvement Program (CIP), using prevailing policies and income stream assumptions. This process results in availability of City funding in the range of \$60 to \$97.5 million for the 1990 Plan, depending upon the detailed assumptions used to evaluate the City's present and future debt.

The Staff recommendation is to utilize a "conservative" \$70 million projection for the Downtown Plan from a combination of available project funds (\$37.5 million) and additional debt financing capacity (\$32.5 million) within existing tax levy rates and financing policies. **This leaves a remaining \$104 million to meet the goal of "public investment" for the Downtown Plan.**

In compliance with the City Council's authorization and direction, it is contemplated that the City will secure engineering, commercial market and financial advisory services in the near future to make a more complete review of the 1990 Plan than has been possible at this stage. However, it is already clear that the City of Wichita cannot, ALONE, expect to finance the entire "Public Investment" which would be required to implement the 1990 Plan without:

- [a] Substantial property tax increases; or
- [b] Development of significant additional income stream dedicated to the 1990 Plan.

### NEW FINANCING RESOURCES

The following financing options are offered for the Council's consideration. The intent in offering these potential financing sources is to mitigate the impact on the property tax by identifying revenues: [a] directly generated by new downtown development, [b] which place a surcharge on certain "entertainment" activities that are enhanced by downtown redevelopment, and [c] that will spread the downtown redevelopment costs to persons who do not live, work, and own property in Wichita but enjoy the benefits of City services/events.

#### [1] Tax Increment/Special District Financing

The Downtown Plan reflects significant private investment of more than \$147 million. The potential exists to leverage the increase in the tax base due to this private development for tax increment financing. For purposes of estimating the potential, this report assumes that less than 15% (\$20 million) of the private investment will produce \$6 million in increased taxable assessed valuation. This will result in a tax increment revenue stream (\$800,000 annually) sufficient to finance approximately \$7 million in public investment improvements. The specific projects for which this type of financing may be applicable would have to be determined as the Downtown Plan proceeds.

It should be noted that it is not possible to subsidize private investments through tax abatements and concurrently generate revenues for tax increment financing. The Council will want to review this issue in connection with each prospective element of the plan and

make individual case-by-case decisions about the relative advantage of tax abatement with limited public participation in infrastructure improvements versus a higher level of public investment through tax increment financing.

Other financing mechanisms can also be used to accomplish the same results as projected for Tax Increment Financing. Special Assessment financing or a Municipal Improvement District may offer alternatives which could be considered on a case-by-case basis.

[2] Food and Beverage (Meal) Tax

The City's Legislative Program has previously identified a Food and Beverage (or Meal) Tax as a potential new revenue source. This type of tax is generally considered a luxury consumption tax because it targets food and beverage sales associated with entertainment (food purchases at grocery stores are not included). A 1% tax would generate approximately \$1.7 million per year providing a revenue stream to sustain more than \$15.5 million in public investment capital expenditures.

[3] Vehicle Rental Fee

Other cities have utilized a charge on rental cars and other vehicles to generate funds for general operations, debt service, or to support tourism activities. Denver currently has a 4% tax. Using this rate, such a tax would generate \$1.3 million annually (or greater if truck, trailers, and recreational vehicles are included in addition to car rentals). This level of revenue would support \$12 million in capital expenditures.

[4] Hotel/Motel Tax

The City's current tax rate is 6%, with 1% of that tax scheduled to sunset in mid-2000. Because the hotel/motel industry will benefit considerably from downtown revitalization, and because the City's tax rate remains low compared to other cities, consideration should be given to retaining the 1% tax as part of financing the downtown initiative. For purposes of this report, new downtown capital projects financed from the additional 1% are not projected until the later years (1998) of a multi-year initiative so that the current additional 1%, if extended, would be available for debt service payments when the obligation for debt service on the Stadium (Phase 2) project is retired. The Council also may want to reserve the option to increase the Guest Tax earlier (over and above the 6% level), if needed to sustain the downtown redevelopment effort. A 1% Transient Guest Tax increase would generate sufficient revenue to support \$6 million in capital expenditures for the downtown initiative.

[5] User Fees

Based on the potential for the City to charge user fees for the (expanded) activities along the river corridor, this report projects at least modest annual revenues. For purposes of

this analysis, a projected revenue base of \$300,000 per year would sustain approximately \$2.5 million in capital expenditures. User fees may include item like rental fees for commercial space along the riverbank, fees or admission surcharges for events held along the riverbank, etc.

[6] Property Tax Levy

Even though a modest increase in the property tax can be justified to support community betterments, **no City mill levy increase is projected to fund downtown projects** in this report. It is recognized, however, that GO-supported bonds ultimately rely on the property tax to guarantee debt service payments. The property tax, then, is used here to ensure the lowest possible interest costs, and to provide a revenue source of last resort in the event of unexpected circumstances adversely impacting the availability of the other revenue alternatives discussed in this report. The revitalization of the core area, however, is important to the City's property tax base. The City Council should annually re-evaluate the property tax issue and reserve the option to impose a special property tax levy to support downtown redevelopment if circumstances warrant.

### COUNTY PARTICIPATION

Generally, the goal in considering the above alternatives was to identify new revenue sources which, in conjunction with the \$70 million in funds available from the City CIP, could fund up to a total \$113 million (65%) in City resources for the public investment for the downtown initiative. Recognizing the importance of the downtown to the economic vitality of the entire county and region, it is proposed that funding for the remainder (\$61 million, or 35%) be requested from Sedgwick County.

This report projects that the County's contribution would be provided in approximately equal installments of \$8.7 million each year over a seven year period. The proposed Plan is subject to modification, and the actual annual dollar level of County participation will depend on specific projects initiated in specific years. The important projection here is the proposed 35% County participation in the Plan's "public investment."

### SPECIAL CONCERNS

In developing this analysis, Staff acknowledges special concerns about revenue forecasting and factors that may impact these projections:

- \* The adverse impact of reappraisal may continue to depress normal growth in assessed valuation. The City should carefully reassess the current 3% growth assumption contained in the 1990-1999 Capital Improvement Program as a new CIP is developed.
- \* The full impact of the groundwater contamination problem on assessed valuation in the downtown area is not yet known. This is especially important in determining the

potential for tax increment financing (although most of the area targeted for downtown redevelopment is outside the contamination area).

- \* New State initiatives on the Motor Vehicle Tax may diminish this current revenue source for financing capital projects.
- \* State legislative authority may be required to impose the Food & Beverage Tax and the Vehicle Rental Tax. In the latter case, the State is currently considering converting rental vehicle property taxes to a sales/rental tax -- this may pre-empt the City imposing a separate rental tax.
- \* Economic trends in the direction of increased inflation and the potential for a recession could adversely impact (at least for the short-term) the revenue projections outlined in this report.

### PROJECTED SCHEDULE

This analysis for financing the Downtown Plan outlines City actions and revenues to finance **\$113 million (65%) of the total \$174 million plan**, with Sedgwick County contributing the remaining \$61 million (35%). **Chart #2** summarizes the apportionment of costs.

The proposed Downtown Plan offered a "hypothetical" schedule (1990 through 1998) of downtown projects "intended for general illustration purposes," but did not seek to prioritize the individual projects or establish a firm schedule. Important early activities, however, did include "government review and approval" and the "private fund drive." This report is intended to provide the City Council with information upon which to make a commitment to the Downtown Plan. Action by Sedgwick County, and private fund raising efforts are important next steps in moving forward with downtown redevelopment.

To show how public investment funding can be made available, Staff has projected specific capital dollar amounts for a multi-year period. Assuming that the remainder of 1990 and all of 1991 will be required for planning, design, fund raising, and other preliminary activities, no major capital expenditures are projected prior to 1992. **Chart #3** estimates expenditures of approximately \$25 million in each year.

Existing City Capital Improvement Program funds, County funding, and the Food and Beverage Tax provide the total "public investment" funding through 1995. Other revenue sources (Tax Increment, Vehicle Rental, Guest Tax, User Fees) will be required to support additional efforts beginning in 1996. The impact of this financing analysis on the City's principal debt balance is shown on **Chart #4**.

In keeping with the public/private partnership concept in the Plan, **public investment beyond the first two years should be based on actual private investment also occurring** to ensure the success of the entire redevelopment effort.

## CITY COUNCIL ACTION STEPS

This preliminary analysis projects a significant City capacity to finance the proposed public investment in the Initiative for Re-development of Downtown Wichita within the current CIP, and from additional "non-property tax" revenues. To provide an early demonstration of the City's commitment to see a Downtown Plan implemented, the Council may take a series of "action" steps. These steps are proposed to encourage other public and private groups to move forward with firm commitments to the Plan as well.

- [1] Endorse the concept of downtown revitalization and approve participation with the private sector to carry through with a Downtown Plan.
- [2] Approve the financing concepts (outlined in this report) as the basis for the City's participation to fund up to \$113 million (65%) of the "public investment" for the Plan.
- [3] Request Sedgwick County to participate in the Plan by funding the remaining \$61 million (35%) in "public investment" costs.
- [4] Request WI/SE and the private sector to proceed with securing the gifts/donations anticipated in the Plan, and complete fund raising by February 15, 1991.
- [5] Authorize Staff to pursue, with community support, legislative authorization for alternative revenue sources as proposed in this report to assist in the funding of the Downtown Initiative. These will include:
  - [a] State authorization to levy local food/beverage and vehicle rental taxes.
  - [b] Return to the Council with a proposed charter ordinance which continues the 1% increase in the Transient Guest Tax beyond the 2000 sunset provision.
- [6] Authorize a new City staff position (Downtown Coordinator) to direct and oversee public and private efforts to implement the overall Downtown Plan. (A Plan of this magnitude will require full-time attention for scheduling, oversight, liaison, and coordination of planning/design/construction.) Cost for this Office is estimated to be approximately \$150,000 annually.
- [7] Implement a Downtown Coordinating Group to assume the responsibility to make recommendations on the scheduling and resource allocation for project development. (Authorize Staff to bring to the City Council a proposed plan for organization and membership of this Group.)
- [8] On specific projects proposed in the Plan, authorize the following additional actions:
  - [a] Approve proceeding with necessary financial, economic, commercial, and engineering studies as proposed in Agenda Report 90-395.

- [b] Solicit engineering and design work for those street, bridge and infrastructure projects designated in the proposed Plan.
- [c] Approve design and engineering of river corridor improvements to start in 1991.
- [d] Approve Phase III of the Lawrence-Dumont Stadium work to be completed by 1991 opening day of baseball.
- [e] Subject to approval of UMTA, proceed with the construction of the downtown Transit Center.
- [f] Approve implementation of the Old Towne Revitalization project as soon as conditions allow.
- [g] Work with WI/SE and the Convention & Visitors Bureau in the participation and support of a proposed new downtown hotel.
- [h] Subject to the Council approved merger of the Children's Museum and Omnisphere and the private endowment of operational costs, authorize the design/construction of a new Wichita Science Center at a site to be selected by the City Council.
- [i] Subject to Cowtown receiving firm pledges for private contributions, approve the requested \$825,000 City share of the proposed expansion at Cowtown.

These action steps, taken together, will serve to demonstrate the City's commitment to be a partner in the proposed Initiative for Re-development of Downtown Wichita. (A budget summary and method of financing for the City's costs associated with these actions is outlined in the attachment.)

Attachment

**BUDGET SUMMARY**

The following is a summary of the capital and operating commitments required to implement the actions outlined earlier in this report.

**Operating Budget**

- \* *Downtown Redevelopment Studies* \$ 295,000

Budgeted in 1990/1991 budgets.

**Capital Budget**

- \* *Downtown Coordinator Office* \$ 150,000  
(annual cost)

Chargeable as overhead on downtown development capital projects similar to engineering and other costs.

- \* *Lawrence-Dumont Stadium Phase III* 730,000

Included in 1991 CIP.

- \* *Children Museum/Science Center* 11,500,000

(This cost estimates assumes City donation of the land.)

Include in future CIP.

- \* *Cowtown Expansion* 825,000

Include in future CIP.

- \* *Transit Center* 2,500,000

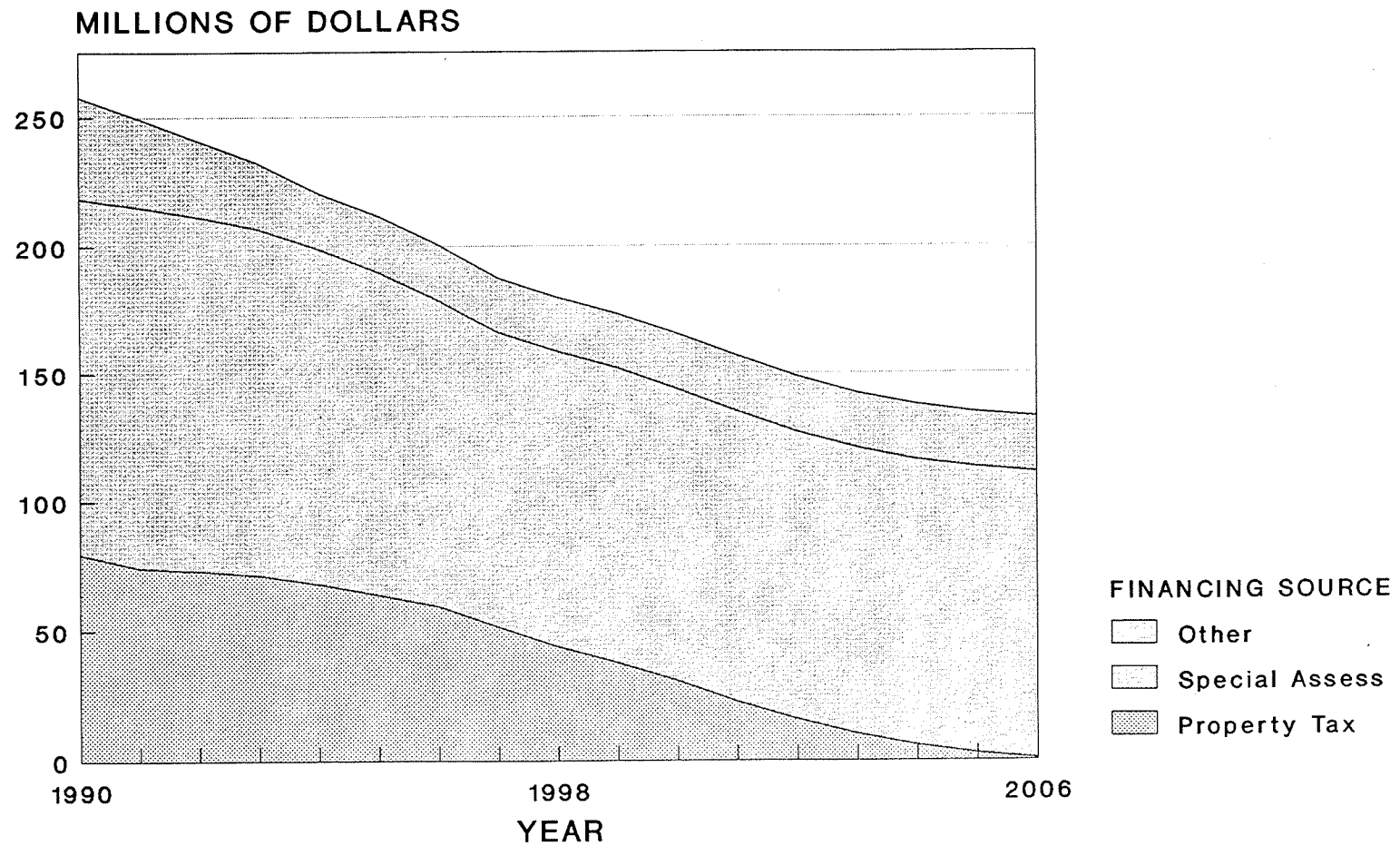
Included in 1990 CIP.



# Chart #1 - CITY CURRENT DEBT STRUCTURE

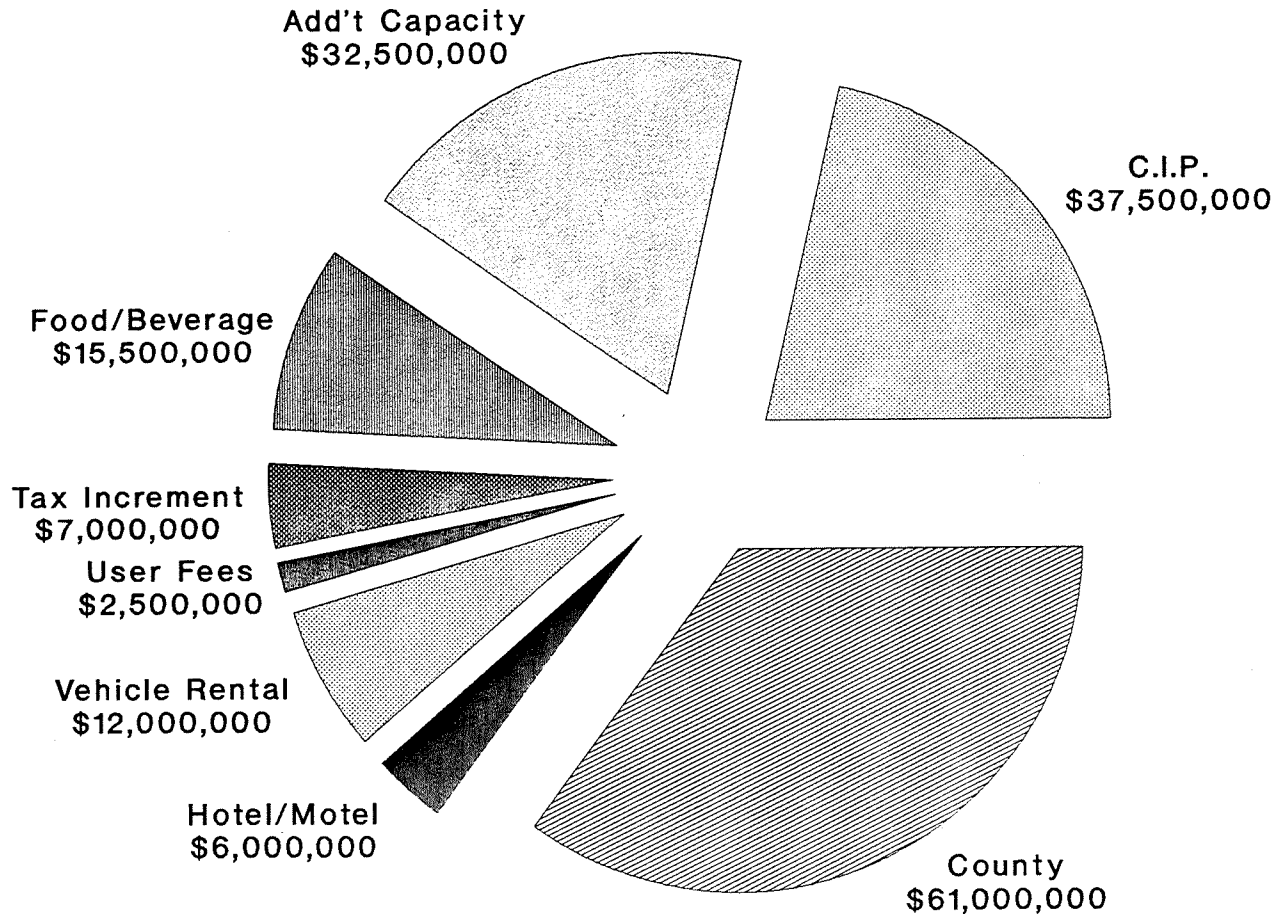
## 1990-1999 CAPITAL IMPROVEMENT PROGRAM

### General Obligation Debt

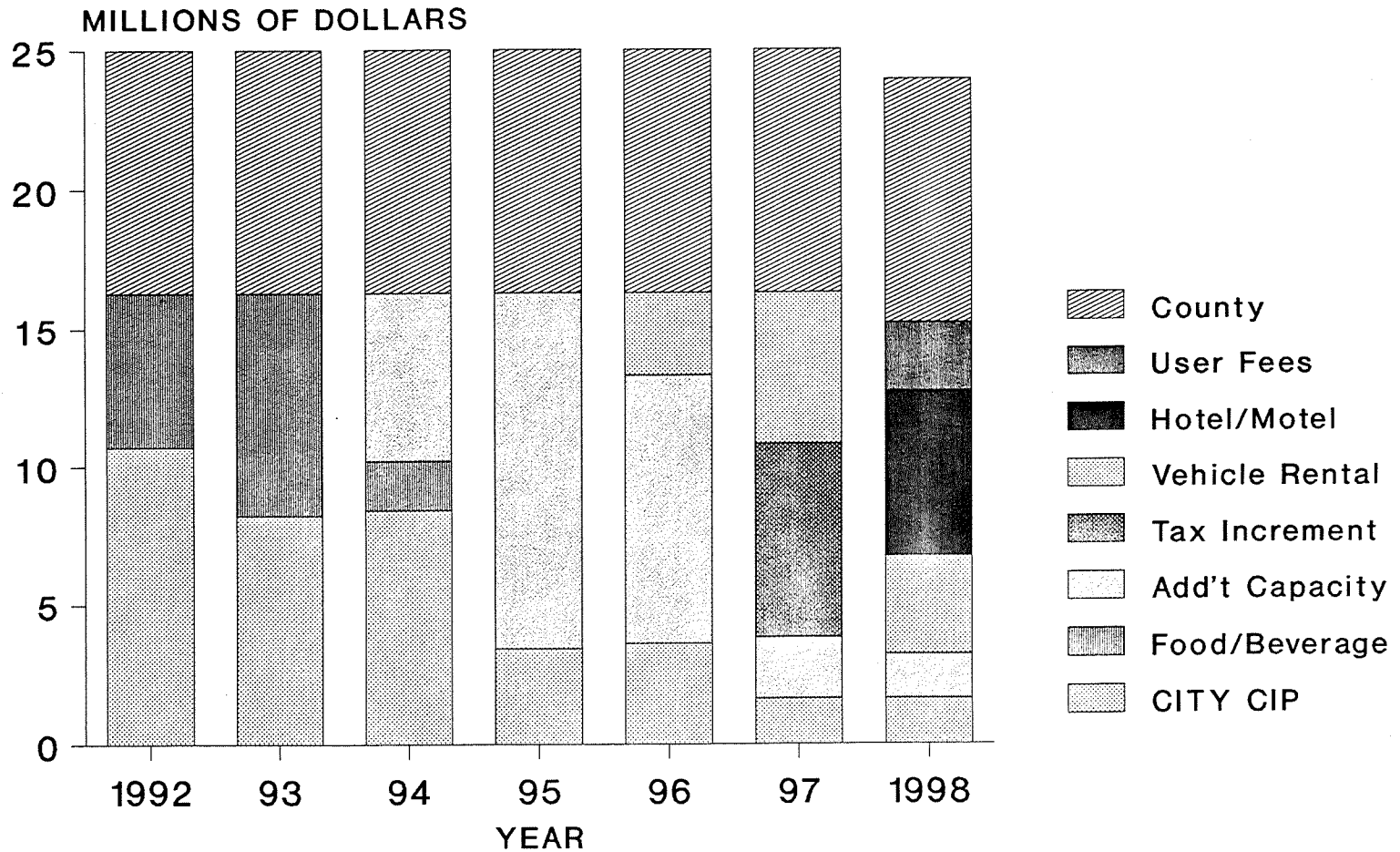


4-17

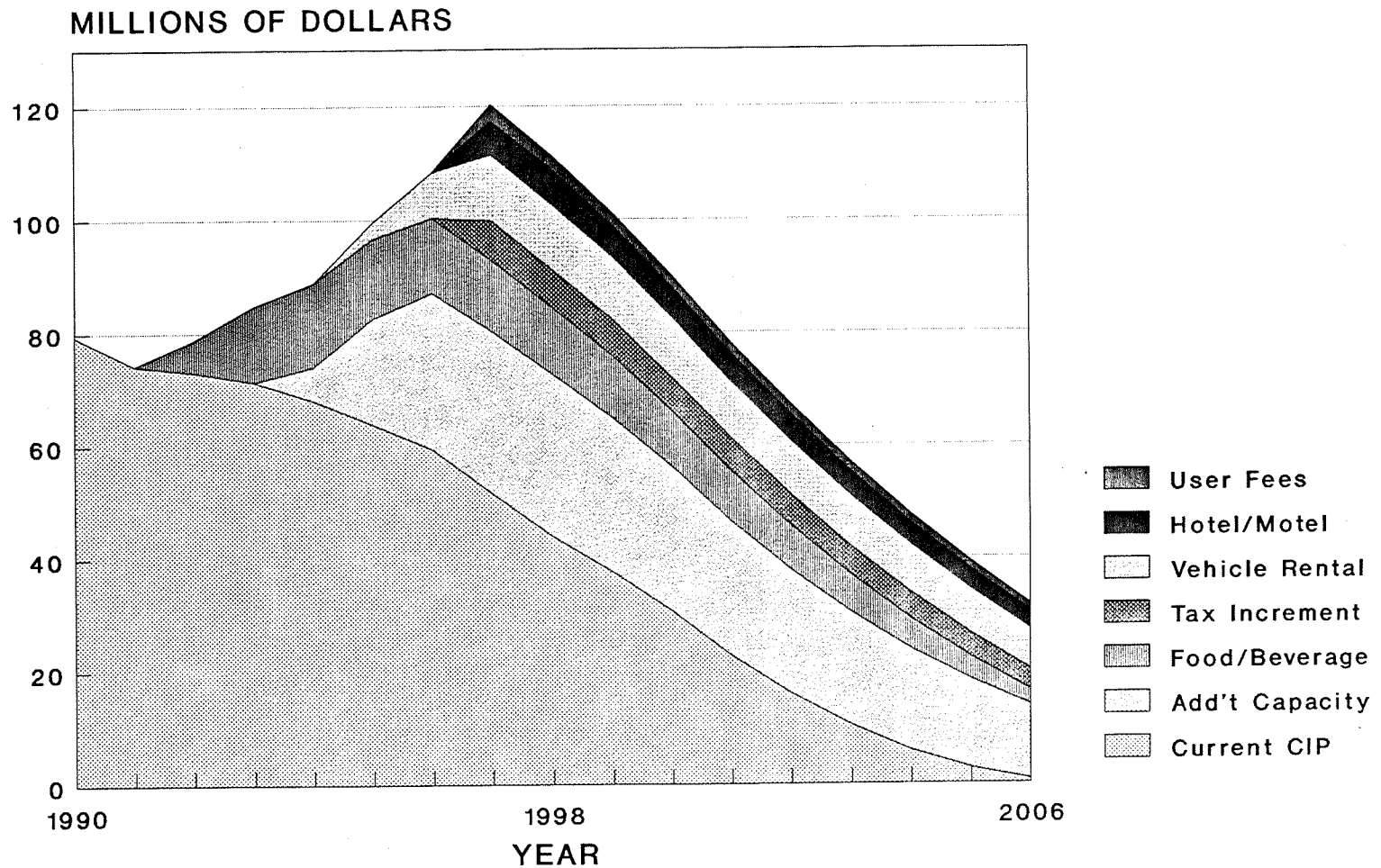
# Chart #2 - DOWNTOWN INITIATIVE PUBLIC INVESTMENT REVENUE SOURCES \$174,000,000



# Chart #3 - DOWNTOWN INITIATIVE PUBLIC INVESTMENT FINANCING PLAN \$174 MILLION



# Chart #4 - DOWNTOWN INITIATIVE CITY NET PRINCIPAL DEBT BALANCE



Special Assessment and other existing  
"non-property tax" debt is excluded

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PREPARED BY:



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*02-21-91  
Eco-Dev  
Attachment #5*

## EXECUTIVE SUMMARY

### WI/SE EDUCATION, ENTERTAINMENT AND CONSTRUCTION INITIATIVE

#### INTRODUCTION

The WI/SE Education, Entertainment and Construction Initiative is a comprehensive implementation track for the development of the Arkansas River corridor through central Wichita. The plan also contains elements for the development of Old Town on the east edge of the downtown area. The implementation track was developed by Jack P. DeBoer and Law/Kingdon Inc., Wichita, Architects and Planners. Much of the Implementation Track is conceptual in nature rather than in detailed plan form. The concept and some specific elements were arrived at after more than 60 conferences with numerous civic and government leaders. It will develop the Arkansas River corridor over an eight to ten year period at an estimated cost of \$375 million.

#### THE IMPLEMENTATION TRACK

In order to provide a major education/recreation/cultural center for the people of Wichita, Sedgwick County and Kansas, the Implementation Track identifies four sites in the general downtown area for improvement. Two areas already have plans in the development and implementation stage. These are the so-called East Bank development area to the south of Century II and the Old Town area. East Bank development is being conducted by Ross Development Group of Denver. Briedenthal and Burk Architects of Wichita are developing Old Town.

To these areas have been added two more development tracts generally along the west bank of the Arkansas River from about Maple Street north and west to Cowntown. Another site along the Little Arkansas River in Central Riverside Park is included.

Inasmuch as information regarding East Bank and Old Town developments have previously been made public, they are not included in this executive summary.



## FINANCING THE IMPLEMENTATION TRACK

The total estimated cost of the proposal is \$375 million. including already announced projects along the East Bank and in Old Town. Of that, approximately \$147.085 million will come from private investment. Private gifts and contributions will total an additional \$54.4 million. These funds will establish an endowment providing \$40 million for museums, another \$10 million is earmarked for the Keeper of the Plains museum and \$4.3 million is reserved for miscellaneous projects. An additional \$174.03 million is required in public investment. Public funds would be used only as they have in the past; in the acquisition of land, public infrastructure improvements, etc. A more detailed summary of financial information is attached.

## CONCLUSION

A time line for completion of the downtown redevelopment project begins in mid-1990 and extends to approximately March of 1998. However, most projects will be completed in 1993 and 1994.

It should be pointed out again that many specific proposals are conceptual in nature. Time must be allowed for Wichita and Sedgwick County governing bodies to analyze financial data presented in the Implementation Track and determine the ability to provide public financing where needed. Key to the entire concept is private participation. Gifts and contributions will finance public educational and entertainment amenities with private investment focused on specific ventures such as restaurants, retail shops etc. Public financing will be utilized for those items associated with land acquisition and public infrastructure improvements. Land acquisition costs will be recouped in areas where private investment is involved in development.

Taken as a whole, the scope of the project will redevelop and improve the city's major area of attraction, the Arkansas River and the associated park areas. The vision is to create a center in the heart of the city which will attract on a year-round basis activity from the general public.

Areas 2 and 3 (see development and budget summary) add major components to those already established for East Bank and Old Town. A 7,000 seat outdoor amphitheater will be built in an area along the west bank approximately opposite the Farm Credit Bank building. An 18,500 seat indoor arena will be constructed along Kellogg at Seneca. An area roughly bounded by the Arkansas River on the north, Second Street on the south and Seneca Street on the west will be developed into low-rise multiple family residential units. To the south of the amphitheater, between Second and Douglas Streets, an amusement center, theme park grounds and restaurants will be provided. At major entrances to the area, gateways will be constructed in keeping with the ambience of the development.

To the north and west, additions to the Wichita Art Museum and the All-American Indian Center are scheduled. To enhance the concept of river taxis along the Arkansas River, a lift system to raise and lower boats around the Central Street dam on the Little Arkansas River will be constructed. A pedestrian foot bridge across the Little Arkansas will link the Indian Center with a public parking lot now existing just northwest of the KGE facility near Central and Nims. A marina and restaurant complex just north of the Nims Street bridge and a boat dock at Pine and Stackman Drive complete the major projects for areas 2 and 3.

Numerous street, bridge and public infrastructure improvements coupled with various improvements in the Museum District are contained in the overall plan.

An important part of the conceptual plan is to provide Wichita with an easily identifiable symbol of the city. The Keeper of the Plains statue, created in the 1970's by Wichita artist and sculptor Blackbear Bosin, was chosen. The Implementation Track calls for a June 1991 construction start time for the new Keeper statue. It will rise some 299 feet and cost an estimated \$10 million. The new statue will be one foot shorter than the Statue of Liberty and that, says DeBoer, "is because we are Americans first and Kansans and midwesterners next." The new statue will be located at the present site of the Keeper of the Plains statue which will be moved to a new location to be determined. Construction costs for the new Keeper statue would be raised through private gifts.

**WI/SE EDUCATION, ENTERTAINMENT  
AND CONSTRUCTION INITIATIVE:  
CONSTRUCTION BUDGET SUMMARY**

IMPROVEMENTS :	CONSTR. BUDGET EST. :	POSSIBLE WICHITA 1990-1999 CIP FUND ALLOCATIONS
1. General Overlay Initiatives	\$ 111,250,000	\$ 250,000
2. Arkansas River Corridor	25,650,000	6,800,000
3. Downtown Redevelopment	101,125,000	14,308,000
4. Museum District: General Modifications	3,260,000	N/A
5. Museum District: Projects	14,315,000	2,600,000
6. West Bank: General Modifications	11,520,000	1,000,000
7. West Bank: Projects	108,300,000	N/A
<b>TOTAL</b>	<b>\$ 375,420,000 ±</b>	<b>\$ 24,958,000 ±</b>

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**WI/SE EDUCATION, ENTERTAINMENT  
AND CONSTRUCTION INITIATIVE:  
FUNDING DISPERSAL SUMMARY**

<b>IMPROVEMENTS :</b>	<b>CONST. BUDGET EST.</b>	<b>GOVT.</b>	<b>FUNDING SOURCES GIFTS</b>	<b>PRIVATE INVEST.</b>
1. General Overlay Initiatives	\$111,250,000	\$ 44,100,000	\$ 53,000,000	\$ 14,150,000
2. Arkansas River Corridor	25,650,000	25,650,000	--	--
3. Downtown Redevelopment	101,125,000	27,195,000	150,000	73,780,000
4. Museum District: General Modifications	3,260,000	3,260,000	--	--
5. Museum District: Projects	14,315,000	13,505,000	155,000	655,000
6. West Bank: General Modifications	11,520,000	11,520,000	--	--
7. West Bank: Projects	108,300,000	48,800,000	1,000,000	58,500,000
<b>TOTAL</b>	<b>\$375,420,000 +</b>	<b>\$174,030,000 +</b>	<b>\$ 54,305,000 +</b>	<b>\$147,085,000 +</b>

5-6

**WI/SE EDUCATION, ENTERTAINMENT  
AND CONSTRUCTION INITIATIVE:  
PROPERTY VALUE SUMMARY**

The following figures represent a hypothetical estimate of property values as developed according to the concepts of this Initiative.

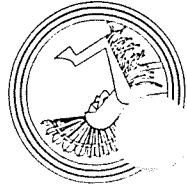
<b>IMPROVEMENTS:</b>	<b>CURRENT ESTIMATED VALUE:</b>	<b>SALE VALUE TO PRIVATE INVESTOR:</b>
<b><u>EAST BANK</u></b>		
1. Restaurants (1,500,000)	TBD	4,300,000
2. Retail (1,700,000)		
3. Offices (1,100,000)		
<b><u>MUSEUM DISTRICT</u></b>		
	N/A	N/A
<b><u>WEST BANK</u></b>		
1. Multi-Use Arena (1,800,000)	TBD	9,850,000
2. Ice Rink (1,400,000)		
3. Showcase/Childrens' (1,400,000) Museum-Science Center		
4. Restaurants (450,000)		
5. Amusement Center (2,000,000)		
6. Amphitheatre (N/A)		
7. Multi-Family (1,800,000)		
8. Parcel at Zone 4 (1,000,000)		
<hr/>		
<b>TOTAL</b>	<b>\$35,000,000 ±</b>	<b>\$14,150,000 ±</b>
	(Govt. Contribution)	(Private Investor Contribution)

5-7

5-8



DEVELOPMENT AREA PLAN.  
APPROXIMATE EXISTING FEATURES



# WI/SE EDUCATION, ENTERTAINMENT AND CONSTRUCTION INITIATIVE

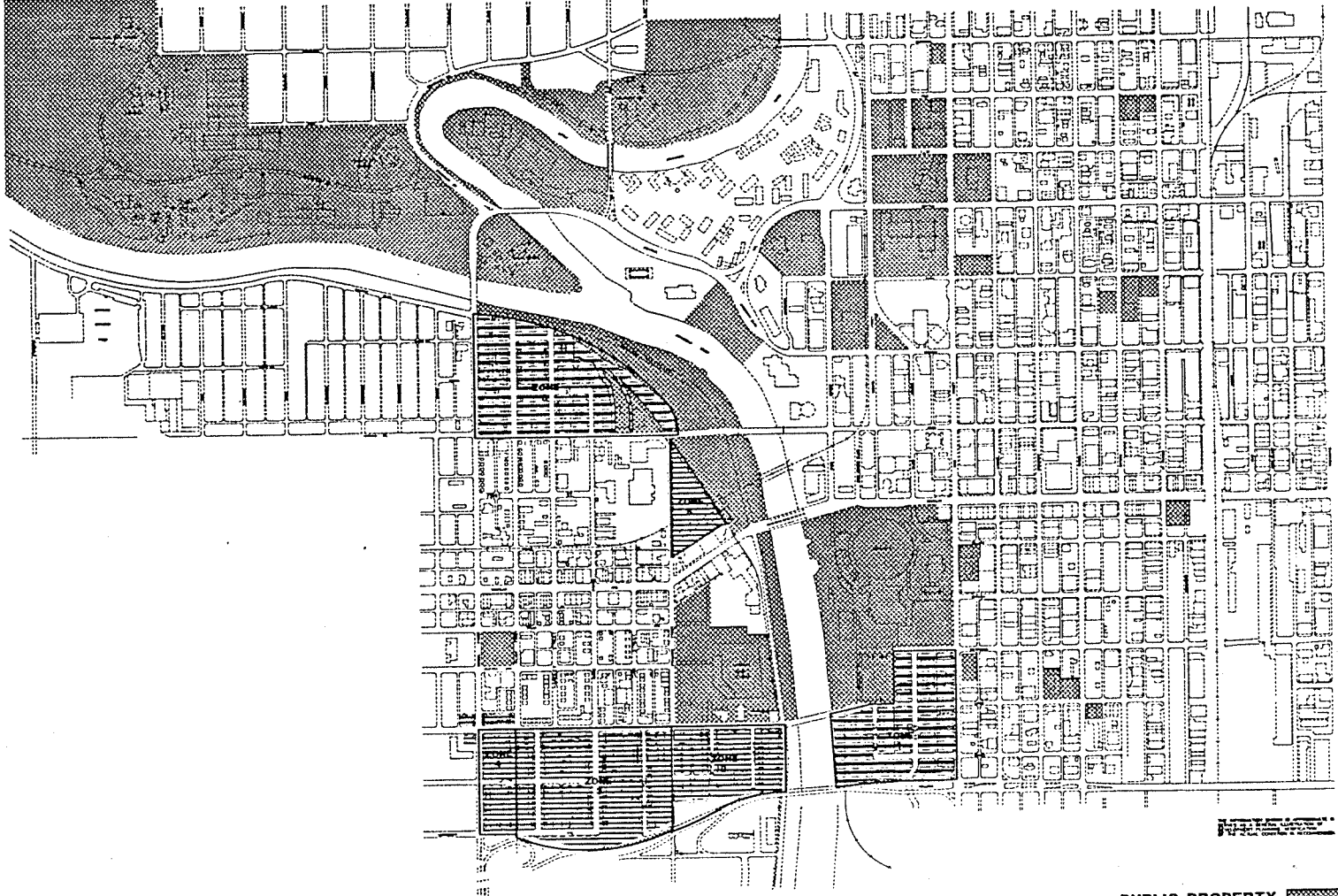
WICHITA DOWNTOWN REDEVELOPMENT  
LAW/KINGDON, INC. - ARCHITECTS & ENGINEERS

WICHITA, KANSAS  
MAY 7, 1990

7873

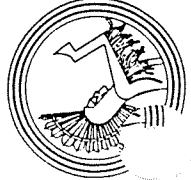


6-9




**DEVELOPMENT AREA PLAN.**  
**GENERAL LAND OWNERSHIP MAP/LAND ACQUISITION ZONES**  
SCALE: 1" = 100'

 PUBLIC PROPERTY  
 PRIVATE PROPERTY

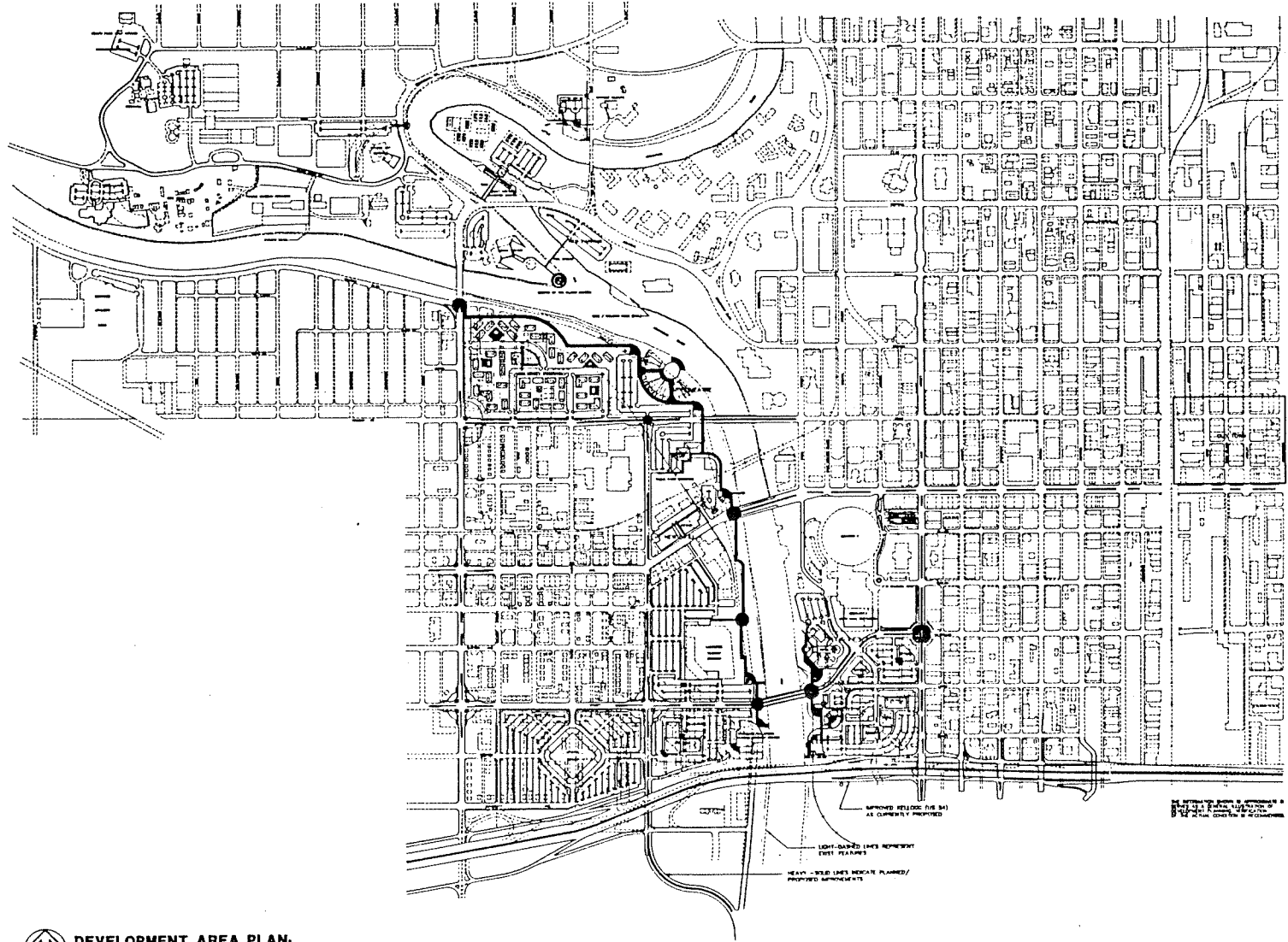


**W/SE EDUCATION, ENTERTAINMENT**  
**AND CONSTRUCTION INITIATIVE**

WICHITA DOWNTOWN REDEVELOPMENT  
 LAW/KINGDON, INC. - ARCHITECTS & ENGINEERS

WICHITA, KANSAS  
 MAY 7, 1990

5-10



**DEVELOPMENT AREA PLAN,  
PROPOSED DEVELOPMENT OVERLAY**  
MAY 7, 1990

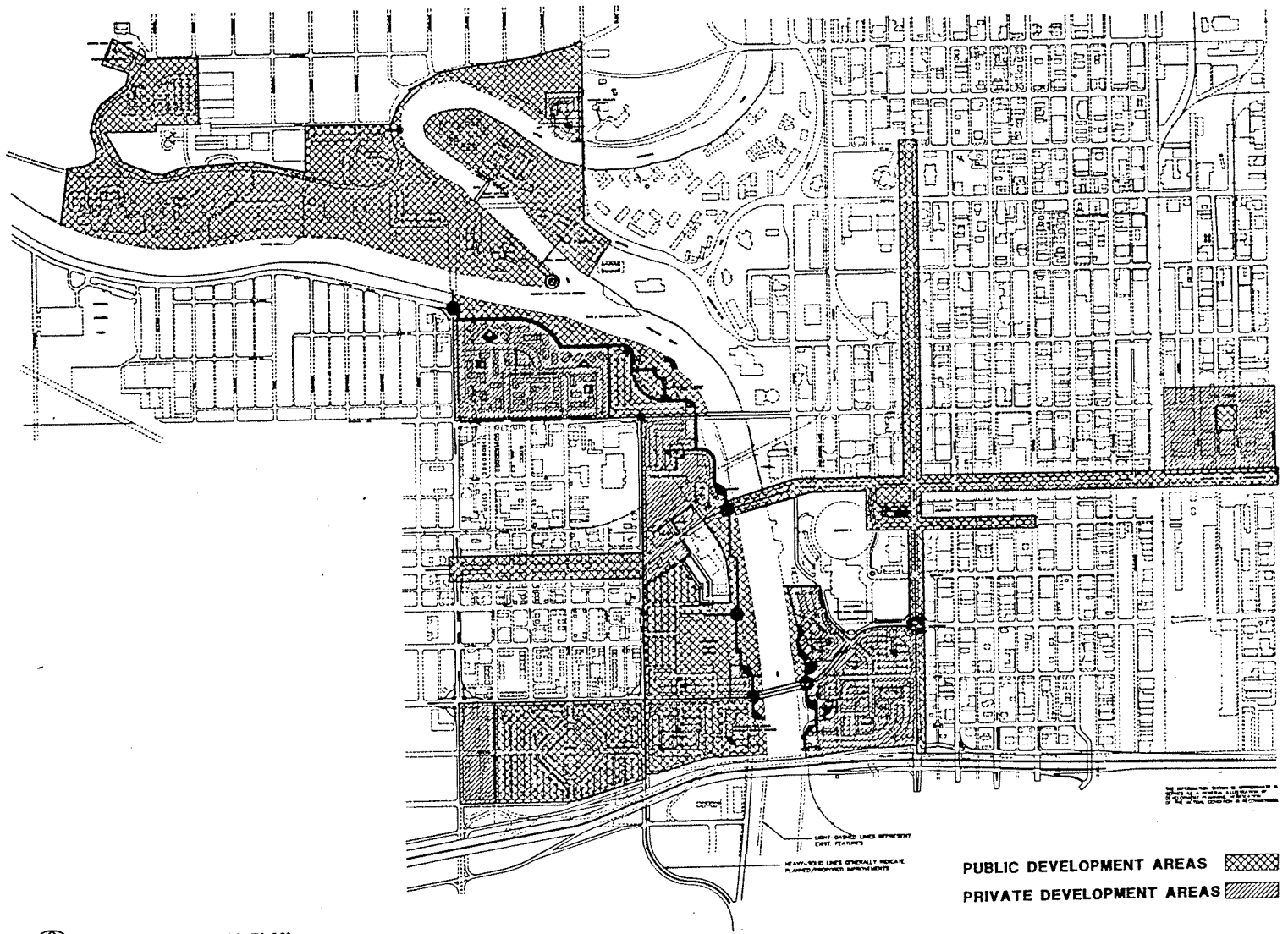


# WI/SE EDUCATION, ENTERTAINMENT AND CONSTRUCTION INITIATIVE

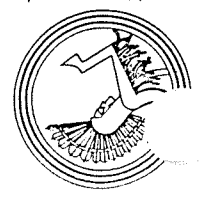
WICHITA DOWNTOWN REDEVELOPMENT  
LAW/KINGDON, INC. - ARCHITECTS & ENGINEERS

WICHITA, KANSAS  
MAY 7, 1990 / -973

5-11



 **DEVELOPMENT AREA PLAN,  
PROPOSED PRIVATE & PUBLIC DEVELOPMENT MAPPING**  
MAY 1973

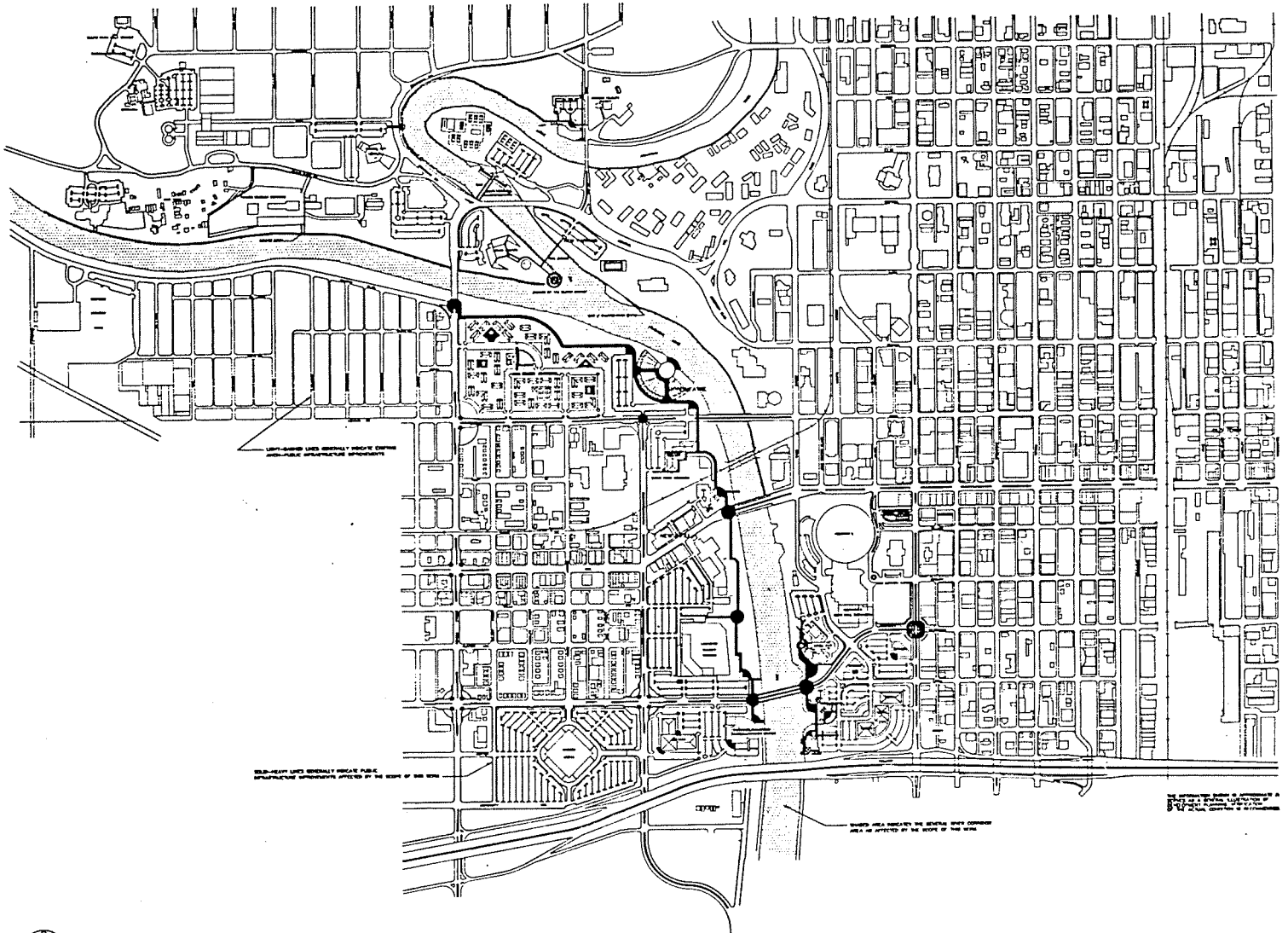


**WI/SE EDUCATION, ENTERTAINMENT  
AND CONSTRUCTION INITIATIVE**

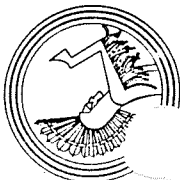
WICHITA DOWNTOWN REDEVELOPMENT  
LAW/KINGDON, INC. - ARCHITECTS & ENGINEERS

WICHITA, KANSAS  
MAY 7, 1973 / P. 973

5-12



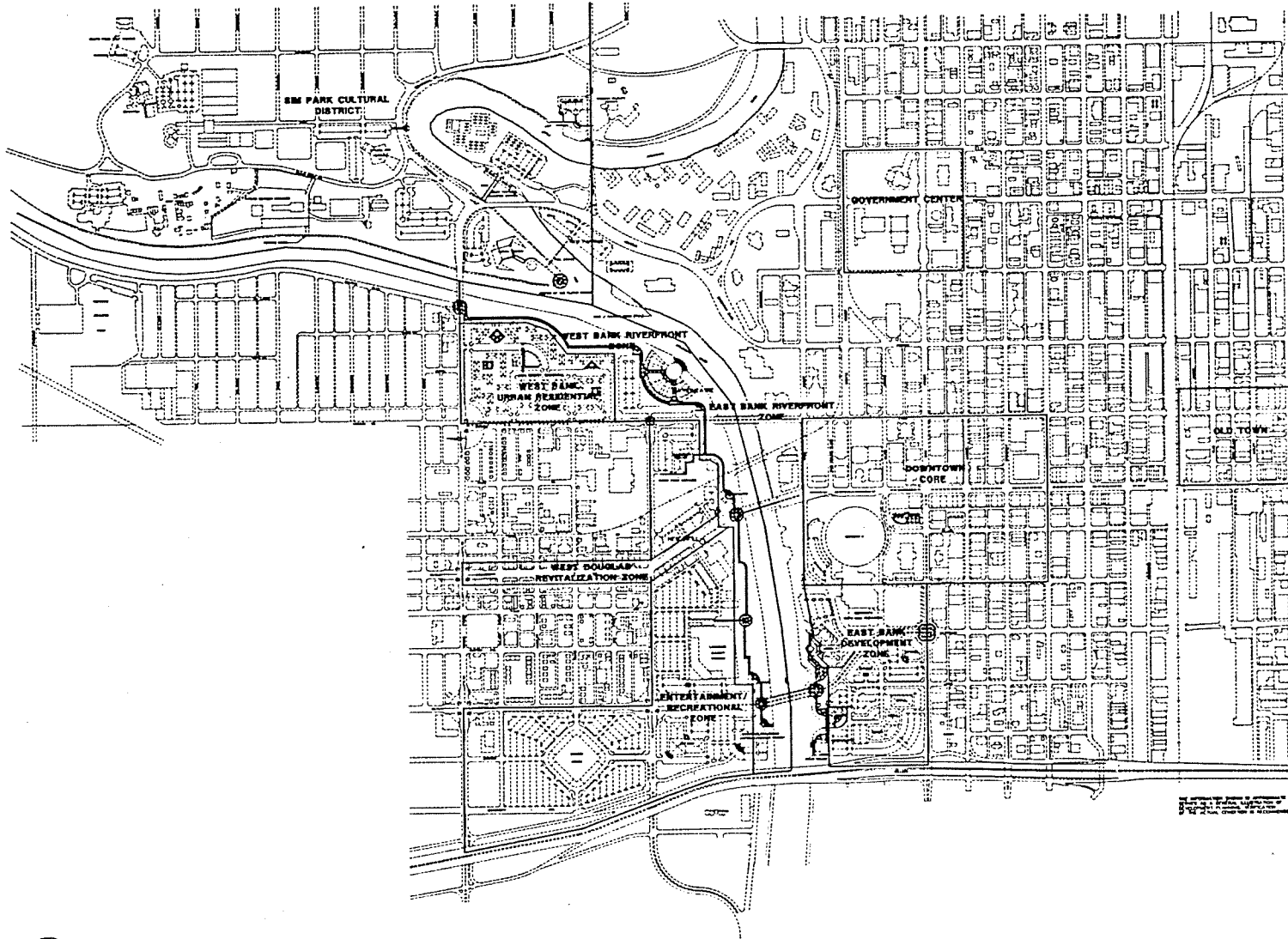
 **DEVELOPMENT AREA PLAN,  
PUBLIC INFRASTRUCTURE IMPROVEMENTS**  
SCALE: 1"=100'



**WI/SE EDUCATION, ENTERTAINMENT  
AND CONSTRUCTION INITIATIVE**

WICHITA DOWNTOWN REDEVELOPMENT  
LAW/KINGDON, INC. - ARCHITECTS & ENGINEERS

WICHITA, KANSAS  
MAY 7, 1990 973



DEVELOPMENT AREA PLAN  
DEVELOPMENT DISTRICTS

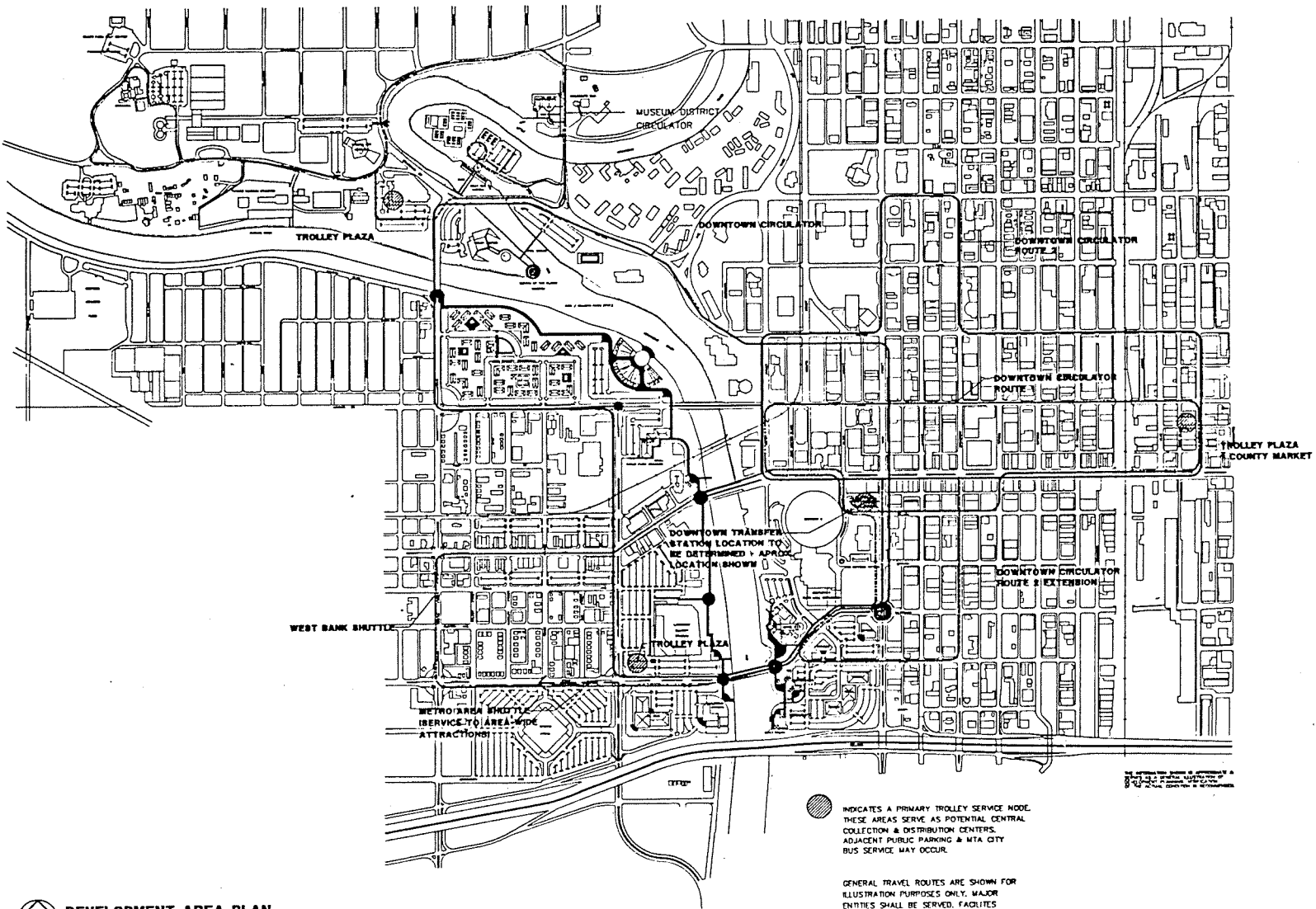


WI/SE EDUCATION, ENTERTAINMENT  
AND CONSTRUCTION INITIATIVE

WICHITA, KANSAS  
MAY 7, 1990

WICHITA DOWNTOWN REDEVELOPMENT  
LAW/KINGDON, INC. - ARCHITECTS & ENGINEERS

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 **DEVELOPMENT AREA PLAN,  
CONCEPTUAL TROLLEY SERVICE MAP**  
SCALE 1" = 400'

● INDICATES A PRIMARY TROLLEY SERVICE NODE. THESE AREAS SERVE AS POTENTIAL CENTRAL COLLECTION & DISTRIBUTION CENTERS. ADJACENT PUBLIC PARKING & MTA CITY BUS SERVICE MAY OCCUR.

GENERAL TRAVEL ROUTES ARE SHOWN FOR ILLUSTRATION PURPOSES ONLY. MAJOR ENTITIES SHALL BE SERVED. FACILITIES TO BE SERVED BY TROLLEYS ARE ENCOURAGED TO INCORPORATE PROTECTED ADJACENT / CONNECTED WAITING AREAS



**WI/SE EDUCATION, ENTERTAINMENT  
AND CONSTRUCTION INITIATIVE**

WICHITA DOWNTOWN REDEVELOPMENT  
LAW/KINGDON, INC. - ARCHITECTS & ENGINEERS

WICHITA, KANSAS  
MAY 7, 1990 / 173



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DEVELOPMENT AREA PLAN  
STUDY AREA KEY PLAN

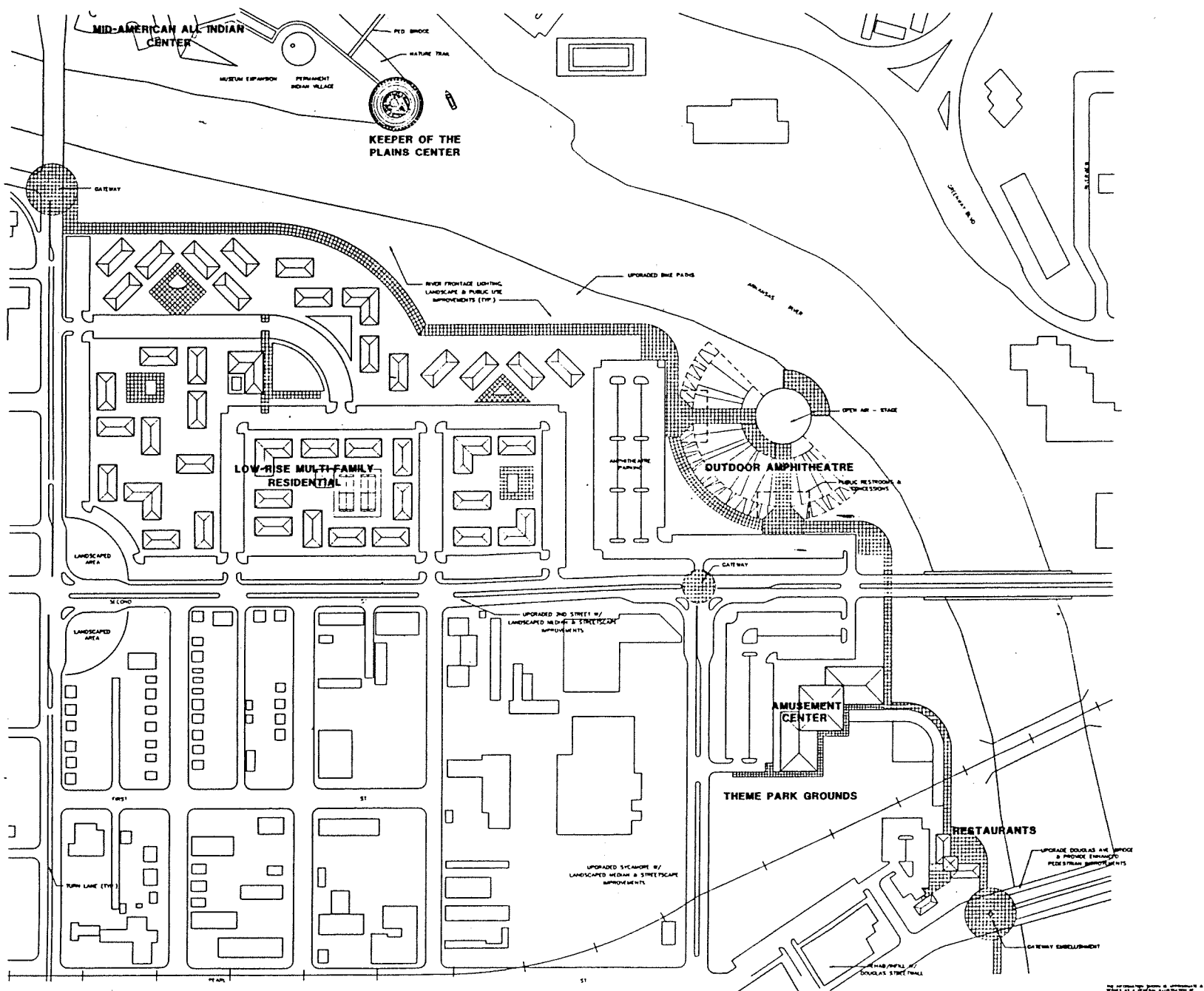


W/SE EDUCATION, ENTERTAINMENT  
AND CONSTRUCTION INITIATIVE

WICHITA, KANSAS  
MAY 7, 1990 / PN7873

WICHITA DOWNTOWN REDEVELOPMENT  
LAW/KINGDON, INC. - ARCHITECTS & ENGINEERS





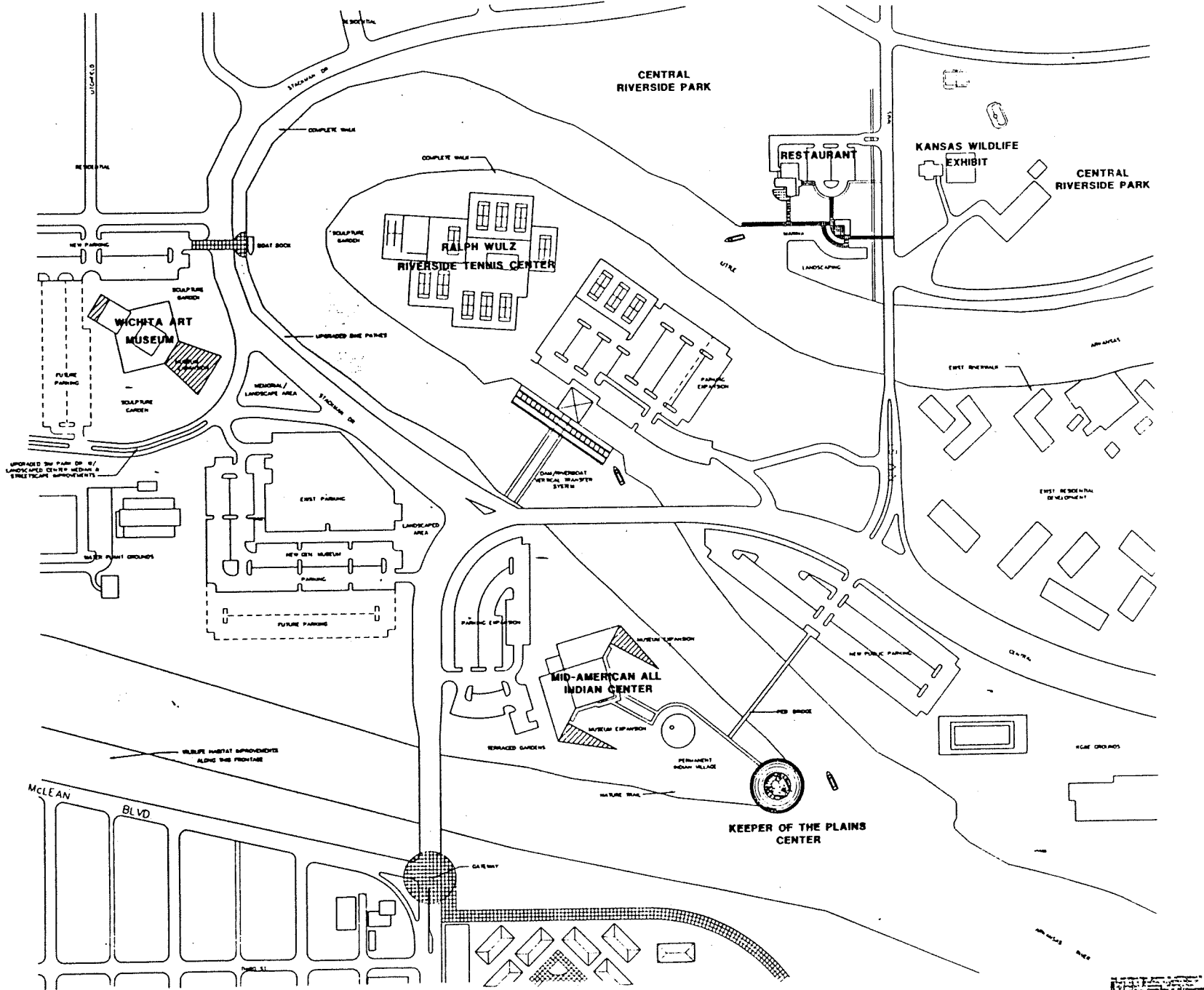
DEVELOPMENT AREA PLAN.  
**AREA 2**  
 SCALE 1"=100'-0"



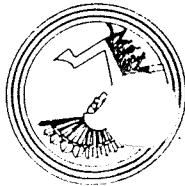
**WI/SE EDUCATION, ENTERTAINMENT  
 AND CONSTRUCTION INITIATIVE**  
 WICHITA DOWNTOWN REDEVELOPMENT  
 LAW/KINGDON, INC. - ARCHITECTS & ENGINEERS  
 WICHITA  
 MAY 7, 1990

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**DEVELOPMENT AREA PLAN**  
**AREA 3**  
 MAY 1990

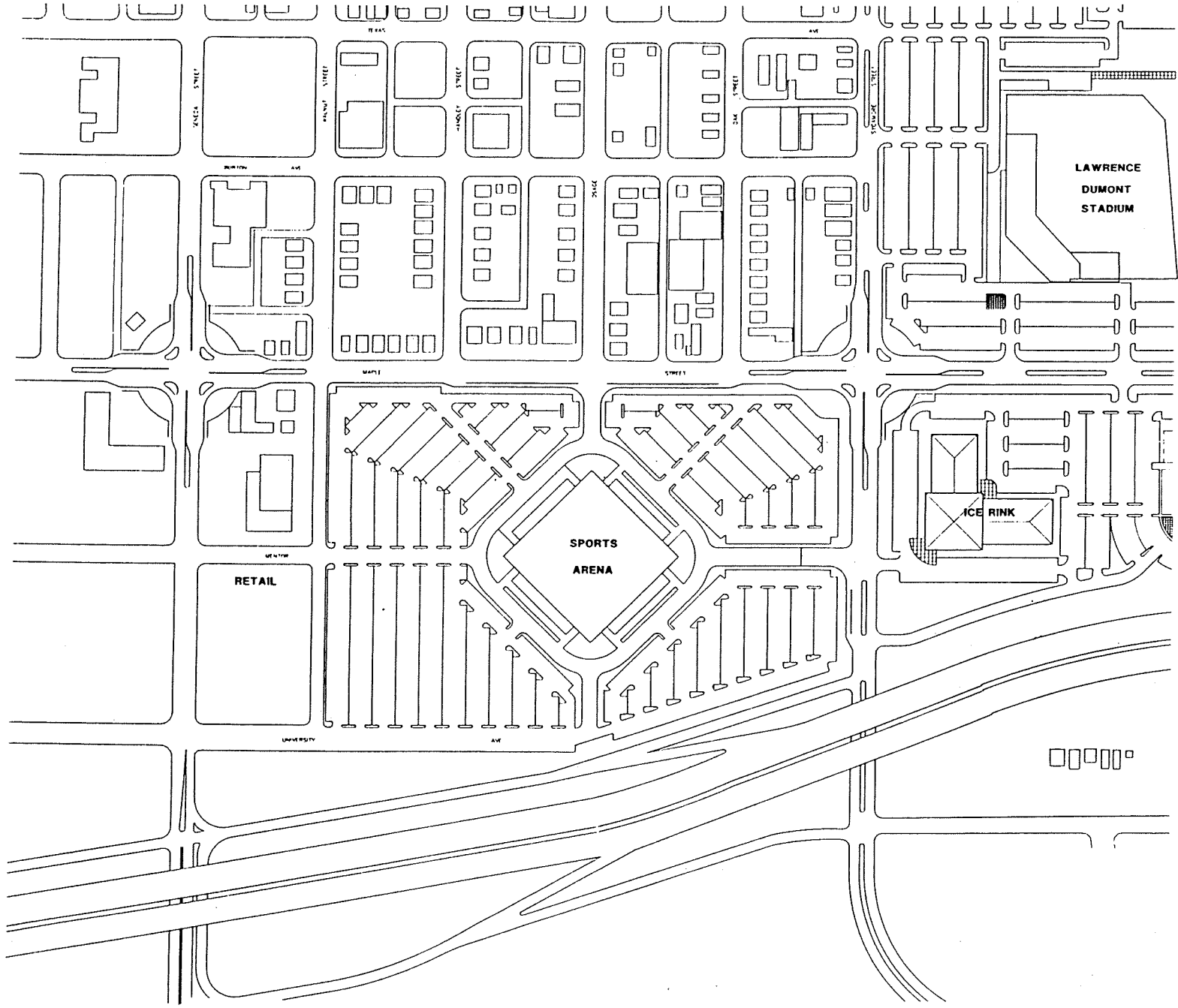


**WI/SE EDUCATION, ENTERTAINMENT**  
**AND CONSTRUCTION INITIATIVE**  
 WICHTA DOWNTOWN REDEVELOPMENT ARCHITECTS & ENGINEERS  
 LAW/KINGDON, INC.

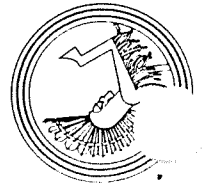
WICHTA  
 MAY 7, 1990  
 SAS 373



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**DEVELOPMENT AREA PLAN,  
AREA 5**  
SCALE: 1"=100'



**WI/SE EDUCATION, ENTERTAINMENT  
AND CONSTRUCTION INITIATIVE**

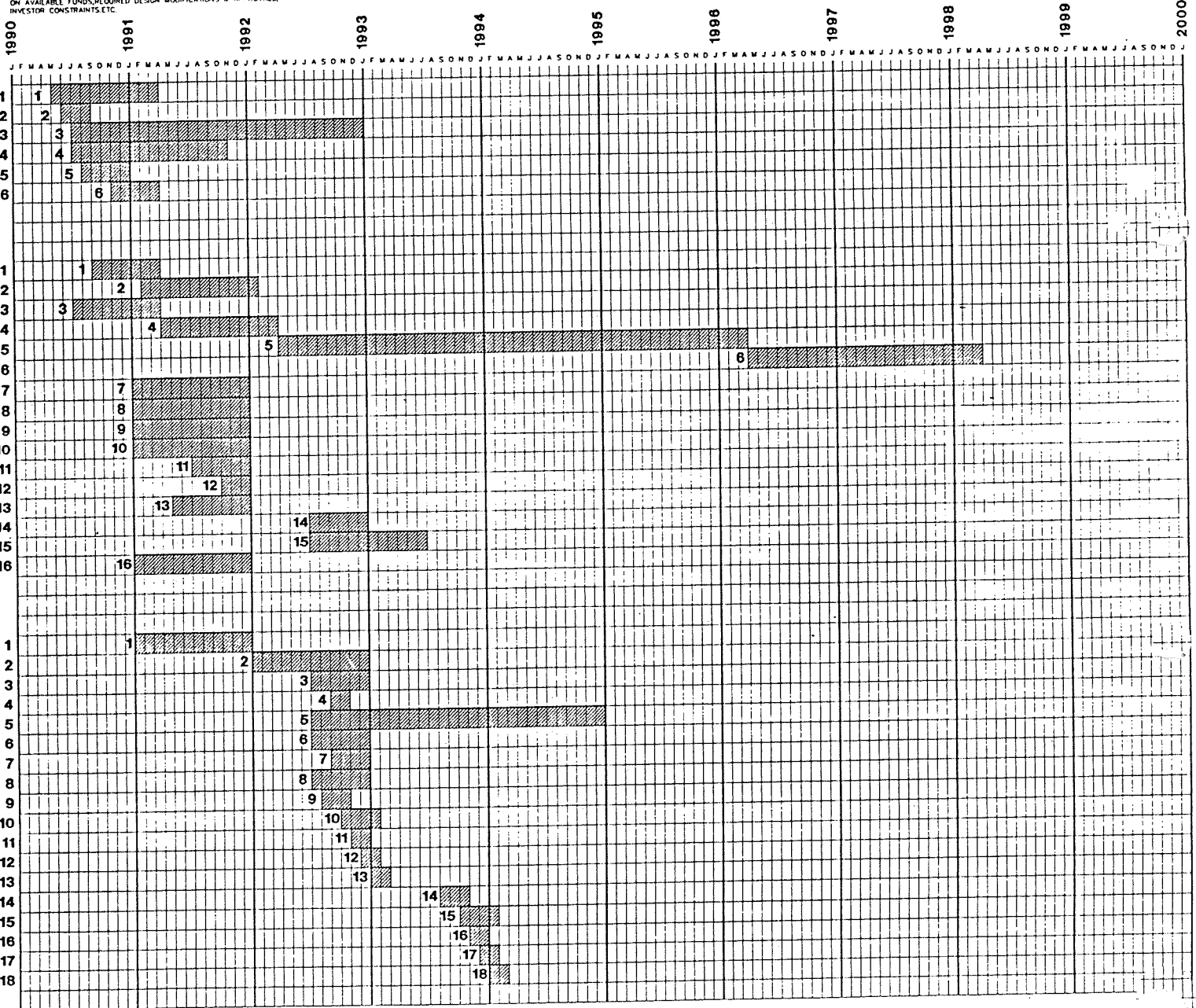
WICHITA DOWNTOWN REDEVELOPMENT  
LAW/KINGDON, INC. - ARC - CTS & ENGINEERS

WICHITA  
MAY 7, 1990

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7873

# PROJECT SCHEDULE

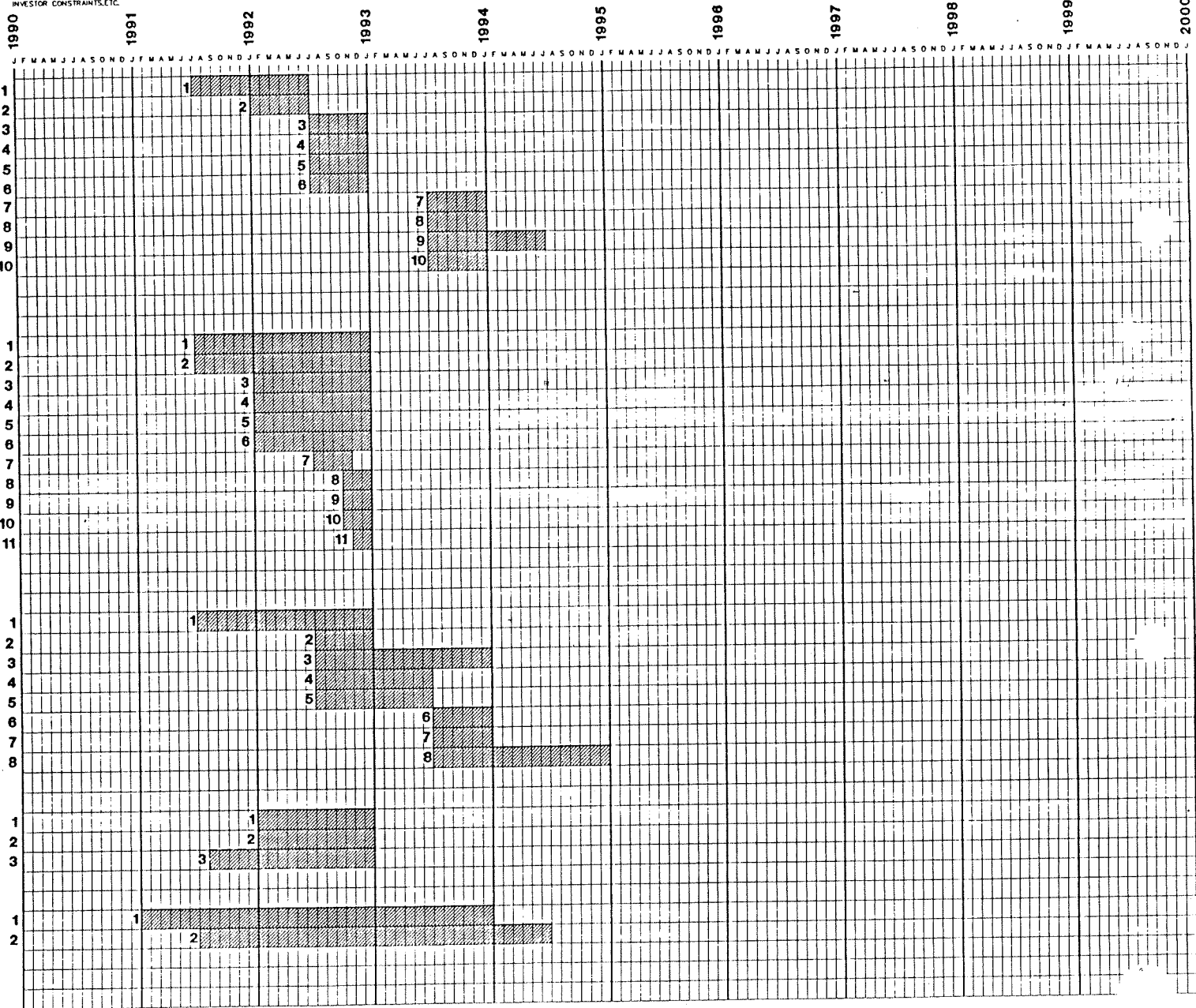
THE FOLLOWING SCHEDULE IS INTENDED FOR GENERAL ILLUSTRATION PURPOSES AND IS REPRESENTATIVE OF JOB PROGRESS AS IT MAY OCCUR. HYPOTHETICAL CONSTRUCTION PERIODS AND OVERALL ORGANIZATION IS SHOWN, HOWEVER ACTUAL CONDITIONS MAY VARY DEPENDING ON AVAILABLE FUNDS, REQUIRED DESIGN MODIFICATIONS & APPROVALS, INVESTOR CONSTRAINTS, ETC.



18-9

# PROJECT SCHEDULE

THE FOLLOWING SCHEDULE IS INTENDED FOR GENERAL ILLUSTRATION PURPOSES AND IS REPRESENTATIVE OF JOB PROGRESS AS IT MAY OCCUR. HYPOTHETICAL CONSTRUCTION PERIODS AND OVERALL ORGANIZATION IS SHOWN. HOWEVER, ACTUAL CONDITIONS MAY VARY DEPENDING ON AVAILABLE FUNDS, REQUIRED DESIGN MODIFICATIONS & APPROVALS, INVESTOR CONSTRAINTS, ETC.



5.12





JERRY W. COLE, CLU  
Senior Benefit Consultant  
(316) 264-9400

JOAN B. COLE, RHU  
Employee Benefit Specialist  
(316) 264-9400

PRESENTATION FOR THE HOUSE COMMITTEE ON TAXATION

BY JERRY W. COLE

February 21, 1991

I am here to support House Bill No. 2123. I believe it will give us the tools we need in Wichita to commence the important job of rebuilding our downtown. As a longtime Wichita resident, let me share with you what we have lost in our cities' core.

I can remember a thriving and vital downtown Wichita in the 40's and even in the 50's. The corner of Broadway and Douglas was an exciting place to be. Most theatres, retail stores, restaurants, banks and office buildings were located nearby. Both newspapers were situated in the center of the city, one block apart. People were shoulder to shoulder on the sidewalks. At night the streets didn't empty out until midnight or later, after the last feature ended at the theatres. Even then, there were some people remaining. The city never seemed to sleep.

My parents owned a restaurant that remained open 24 hours a day. We were right across the street from the Orpheum Theatre. I remember Blackstone the Magician, Bela Lugosi and others who,

along with their troupes of performers, would eat in our restaurant when they played the Orpheum.

As a Western Union boy, working out of the middle of downtown, I experienced the heartbeat of the city, first hand. There was a vitality, an energy that pulsed in the center of things. Those days are gone, probably never to return in that exact form. However our city's center still lives, still serves as the financial and business heart of our community. I still office downtown in the center of the city I love. While its predominance may have been lessened by the flight of many businesses to the malls and the outer rim of the city, our downtown still stands ready to play an important and necessary role in our future.

The proposal to revitalize our downtown is the most exciting, comprehensive and carefully thought out plan to recapture and expand the role of our center city that has been proposed in my lifetime. If implemented, I may yet live to see a beautiful, alive, thriving downtown.

We recently returned from a meeting in San Antonio, Texas. Their river is small, shallow and less than one third the size of ours. Yet they have turned this little creek into a monumental economic and historical success. When the river project along with the surrounding private development was first proposed, it met with

the same objections that we hear from a minority in Wichita today. They couldn't afford it. It might mean tax increases. The private capital won't be there. And anyway, if somehow it does get done, nobody will come. One prominent businessman said if there were ever more than two people at one time on the river walk, he would eat his hat. Sound familiar?

Well, they went ahead in spite of all the naysayers. And what a success! Today they have built the second thirty-some story Marriott just two blocks away from the first and they both were full, along with all of the other first class hotels in the center of their city. We were late making our reservations, about 30 days before our meeting, and no rooms were available. We had to take our RV along to have a place to stay.

When San Antonio started their river project they were smaller than Wichita. Now they are two and one half times our size. The largest single private sector contributor to their economy is the tourist trade. They have developed and built upon their assets. It is time for us to do the same.

We need the tools that we believe only you can give us. Fifty years ago another Kansan set out to find answers for those who were frightened, disheartened and rusted into immobility. We don't believe today that our solution lies at the end of a yellow brick road leading to the contemporary Wizard of Oz. While there



may still be a few cowardly lions, heartless scarecrows and stationary tin men residing in our community, I believe that we possess within ourselves the courage, heart and wisdom necessary to make Wichita truly a great city!

The passage of this legislation is a key step in realizing the dream of so many Wichitans. Help us to help ourselves achieve a city that will bring pride to all Kansans.

DOWNTOWN WICHITA REVITALIZATION

BY

GARY STREEPY

ref: # 2123

WICHITA AND IT'S DOWNTOWN IS AT A VERY IMPORTANT CROSSROADS. IT IS TIME ACTION IS TAKEN TO BEGIN BUILDING UP WHAT HAS DETERIORATED IN THE PAST DECADE. A RECENT ARTICLE IN THE EAGLE WAS HEADLINED, "ANOTHER BUSINESS LEAVES DOWNTOWN". SINCE I MOVED TO WICHITA IN 1982, I HAVE PERSONALLY WITNESSED A CHANGE IN THE DOWNTOWN CORE WHICH I BELIEVE WILL BE DEVASTATING TO FUTURE PROSPERITY OF OUR CITY.

WHEN CONSIDERING A JOB TRANSFER HERE IN 1982, I HAD SPECIFICALLY ASKED TO VISIT THE DOWNTOWN AREA. IT HAS ALWAYS BEEN MY BELIEF THAT A CITY'S DOWNTOWN OFTEN REPRESENTS THE "PERCEPTION" PEOPLE FROM THE OUTSIDE HAVE OF THE AREA. IT IS LIKE VISITING A RESTAURANT AND FINDING THE BATHROOM TO BE CLEAN AND SPARKLING, YOU TEND TO THINK THAT RESTAURANT IS WELL RUN. THE UNFORTUNATE NEWS IS THAT THE WICHITA DOWNTOWN IS FAR FROM CLEAN AND SPARKLING AND CAN NOT BE CONSIDERED AN ATTRACTION FOR PEOPLE CONSIDERING MOVING HERE MUCH LESS DOING BUSINESS HERE. IT IS A NEGATIVE SCAR WHICH MUST BE RECKONED WITH.

I OPERATE A RESTAURANT IN WICHITA CALLED THE PASTA MILL. IT IS DOWNTOWN. THIS MONTH (FEBRUARY) WE CELEBRATED OUR THIRD ANNIVERSARY. WE ARE SUCCESSFUL. I AM A BELIEVER IN THE REVITALIZATION OF DOWNTOWN FOR BOTH PERSONNEL AND BUSINESS REASONS. I WANT MY FAMILY TO STAY HERE IN KANSAS TO ENJOY ALL THE FINE BENEFITS IT HAS TO OFFER. I KNOW, HOWEVER, THAT DAILY WE LOSE MANY OF OUR BRIGHT PROFESSIONAL PEOPLE TO OTHER STATES. LOCAL CORPORATIONS HAVE TROUBLE GETTING PEOPLE TO RELOCATE TO WICHITA, AND A MUCH MORE DIFFICULT TIME GETTING THEM TO STAY. ONE RIDE DOWN DOUGLAS AVENUE TO VIEW THE CLOSED BUSINESSES AND VACANT BUILDINGS IS ENOUGH TO SCARE EVEN THE MOST OPTIMISTIC PEOPLE AWAY FROM WICHITA. WHAT WILL MY CHILDREN HAVE HERE WHEN THEY GET OLDER?

THE CITY OF WICHITA HAS A PLAN TO RE-BUILD DOWNTOWN AND THE ASSOCIATED BUSINESSES. THE PLAN IS COMPREHENSIVE AND WILL TAKE COOPERATION AMONG THE CITY AND STATE GOVERNMENT AND THE COMMUNITY.

*Eco-Devo  
Attachment #7  
02-21-91*

IN ORDER TO HELP RAISE MONEY FOR THE REVITALIZATION THE CITY WOULD LIKE TO IMPLEMENT A 1% RESTAURANT TAX ACROSS THE CITY FOR ALL RESTAURANTS. I AM A SUPPORTER OF THIS METHOD OF FUNDING. AS A RESTAURANT OWNER I DO NOT FEEL MY CUSTOMERS WILL BE DETERRED FROM DINING AT MY ESTABLISHMENT BY HAVING TO PAY WHAT MIGHT AMOUNT TO ABOUT TEN CENTS EACH TIME THEY DINE. AS A FAMILY MAN AND FATHER OF FOUR, I DO NOT CONSIDER A ONE PER CENT TAX TO BE PROHIBITIVE TO MY DINING OUT HABITS. AS A CITIZEN OF WICHITA AND THE STATE OF KANSAS I BELIEVE THAT REVITALIZATION WON'T COME FOR FREE, NOTHING OF VALUE EVER DOES. SO, I AM STRONGLY IN FAVOR OF INCORPORATING THE TAXING SYSTEM SO THAT WE CAN GET ON WITH THE IMPLEMENTATION OF A DOWNTOWN PLAN. WE ALL HAVE TO PAY A LITTLE BUT WE ALL WILL BENEFIT ALOT. ONCE FINISHED, I BELIEVE WICHITA KANSAS WILL BE A MODEL CITY, ONE THAT OTHER CITIES ACROSS THE COUNTRY WILL LOOK AT AND USE FOR A ROLL MODEL. WICHITA AND THE STATE OF KANSAS WILL COME OUT A WINNER. VOTE YES TO SUPPORT HOUSE BILL #2123 TO HELP US GET STARTED. " IT IS TIME TO MAKE DUST OR GET LEFT IN IT". THANK YOU.

Testimony of Brian Johnson

to the Committee on Economic Development  
Kansas House of Representatives

February 21, 1991

MADAME CHAIRMAN, MEMBERS OF THE COMMITTEE:

My name is Brian Johnson. I am president and chief executive officer of Caroon and Black/Dorth Coombs Insurance Inc. of Wichita.

Today, I appear before your committee as immediate past chairman of the Wichita/Sedgwick County Partnership for Growth and in support of House Bill 2123.

A brief bit of background is necessary here, I believe, in order to set the scene for the support of House Bill 2123 by the WI/SE Partnership.

The Wichita/Sedgwick County Partnership for Growth is rather unique in that it approaches the economic development of Wichita and Sedgwick County from the perspective of a partnership. The partners include the Wichita Area Chamber of Commerce, the governments of the City of Wichita and Sedgwick County, Unified School District 259, The Wichita State University, The Alliance for Legislative Action of Rural Mayors (A.L.A.R.M.), an association which represents the surburban communities of Sedgwick County, organized labor and some 35 private companies and individuals who are investors in the partnership along with the governmental entities. We have not left many stones unturned here!

All of these governments, associations and individuals have pooled our resources with one object in mind...to improve the economic health

*Eco-Devo  
Attachment #8*

*02-21-91*

of Wichita and Sedgwick County and make sure we stay healthy. The partnership is the result of a concentrated study by a blue-ribbon assembly of citizens and government officials who, several years ago, intensively studied the economic needs of our community and charted a course to fulfill those needs. We are now on that course and making excellent progress.

One of the identified needs was the revitalization of downtown Wichita...some have called it downtown Sedgwick County. While it is the center of a municipal corporation, it is also the cultural, entertainment, business and financial center of Sedgwick County and in large measure of the state of Kansas.

Like downtowns in most metropolitan areas, it is suffering and deteriorating. That was unacceptable to the long range planners and unacceptable today to most of our citizens.

The plan to revitalize downtown Wichita, like the entity which produced it, is a partnership...a partnership of public, private and citizen investment and involvement. The projected cost is about \$375 million dollars. Government, Wichita and Sedgwick County, have been asked to contribute about \$175 million. Private investors will contribute \$147 million and we are asking the citizens of the area, corporations and private individuals alike, to contribute \$54 million. Government dollars would be used for infrastructure improvements and changes, the private citizen component would be used primarily to endow a fund to support the museums of our community and the private investment would be used to develop for-profit businesses and attractions.



House Bill 2123 is an integral component of the money pledged by the City of Wichita. Through a combination of different sources of revenue, the City has been able to pledge \$113 million as its share of downtown revitalization. To fully fund that pledge, and do it without increasing property taxes, the City needs the provisions of House Bill 2123. The imposition of these additional taxes are minimal and, in large measure, would be paid by other than Wichita and Sedgwick County citizens.

The WI/SE Partnership wishes to express to you our strong support of this bill. We are trying to revitalize our downtown. Revenues generated from this bill would help provide the financial resources to accomplish that task. While a revitalized downtown is only one component in the effort to keep our community economically healthy, it is an important component.

We ask your favorable consideration of House Bill 2123.

HOUSE ECONOMIC DEVELOPMENT COMMITTEE  
February 21, 1991

TESTIMONY ON HB 2123  
Larry Soice, Chairman  
Wichita Area Chamber of Commerce

Madame Chairman, members of the committee, I'm Larry Soice, Chairman of the Board of the Wichita Area Chamber of Commerce. Thank you for the opportunity to testify on House Bill 2123.

The Wichita Area Chamber of Commerce supports this measure as one of the financing tools to revitalize our downtown. A vibrant and economically viable downtown is important to any city and the region it serves. We have several things going for us in Wichita.

We have a beautiful river surrounded by an abundance of park space. There is great potential for developing much of the property in the area which includes vacant land and older industrial buildings.

Our downtown is a business and financial center for the community as well as a cultural center, featuring a historical museum, the Omnisphere, the main branch of the public library, and the Wichita Children's Museum.

Nearby are attractions like the Wichita Art Museum, Cowtown and Botanical Gardens.

We also have a significant convention and meeting business thanks to the Century II complex. Downtown Wichita features more meeting space than downtown Denver and we compete successfully with places like Las Vegas for conventions.

But there are problems as well. Many longtime retail businesses have closed or moved. We have a shortage of quality hotel rooms for visitors. Office space occupancy is lower than desired.

The result is a domino effect. With less shopping and fewer people downtown, more businesses are leaving and we are losing conventions and meetings.

We have a comprehensive plan to reverse the trend and realize the full potential of downtown Wichita. We have the support of local government, the business community, and the community at large. In fact, several of the second and third class cities in the area are supportive of our efforts. For example, the annual meeting of the Newton Chamber of Commerce featured a presentation on the plans for redevelopment of downtown Wichita.

*Eco-Devo  
Attachment #9*

*02-21-91*

We will pay for this important redevelopment with a broad variety of financing, both public and private. House Bill 2123 is one of our financing tools, which is why we are asking for your support.

A vital downtown will ultimately benefit the entire area, including the restaurants outside of downtown. Not only will there be a spillover effect from visitors, but higher property values downtown will tend to keep other property taxes down. With a deteriorating property tax base downtown, the tax load would shift to other property owners in the city and county.

Likewise, more visitors to downtown, more conventions and meetings, will likely result in more business for companies that rent and lease vehicles.

We ask that you support HB 2123 and thank you for the opportunity to testify in support of this bill.



# Multimedia Cablevision, Inc.

Union Station, 701 E. Douglas, P.O. Box 3027, Wichita, Kansas 67201 - (316) 262-4270

"Equal Opportunity Employer"

February 19, 1991

The Honorable Diane Gjerstad  
Room 115-S  
Statehouse  
Topeka, KS 66612

Dear Representative Gjerstad:

I would like to voice Multimedia Cablevision, Inc.'s strong support for House Bills 2123 and 2124. Both bills are vitally important for the redevelopment of downtown Wichita, which is the focal point of the state's vitality.

### H.B. 2123

While it is typically unusual for a company (or an individual, for that matter) to support an increase in taxation, the revenues anticipated as a result of this bill are necessary and are being counted on as a major source of funding for Wichita's downtown redevelopment plan. We are supportive of this legislation and feel that its benefits far outweigh its potential downside.

### H.B. 2124

We realize that this bill deals with exempting the State's Cash Basis law. However, it is so specifically defined that only the City of Wichita's plan to finance the cleanup of the community's contamination sites would be covered. If this needed legislation is not passed, we fear that the EPA could designate the area as a Superfund site, which would surely kill any plans for downtown redevelopment for many years to come.

These pieces of legislation are important not only for Wichita, but also for the entire State of Kansas. I strongly urge you to support the passage of both H.B. 2123 and H.B. 2124. Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Michael C. Burrus".

Michael C. Burrus  
Vice President Operations  
and Financial Services

MCB:vm

*Eco-Devo  
Attachment #10  
02-21-91*



February 18, 1991

Representative Diane Gjerstad  
Room 115-S  
Statehouse  
Topeka, KS 66612

**Grant Thornton** 

Accountants and  
Management Consultants

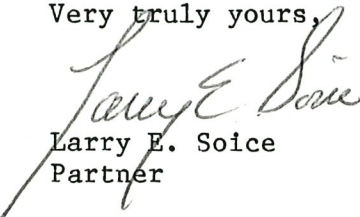
The U.S. Member Firm of  
Grant Thornton International

Dear Diane:

Two House Bills (HB 2123 and HB 2124) have been introduced that are critical to the downtown revitalization of Wichita. The proposed food and beverage and motor vehicle taxes are important components of the City of Wichita financing package for the revitalization project. Restaurants, clubs and auto rental companies will all benefit from the downtown development. It is important to note that significant private funds will also be invested in the project. I request your support of HB 2123.

Authorization of the City of Wichita to designate redevelopment districts and issue bonds to be paid from ad valorem tax increments is absolutely necessary for the City of Wichita to implement the groundwater contamination clean-up plan for downtown Wichita. Without such authorization, the contaminated area could be designated a Superfund site, causing substantial cost and delay in any redevelopment efforts. Your support of HB 2124 is needed to allow implementation of the clean-up plan and further development of downtown Wichita.

Very truly yours,

  
Larry E. Soice  
Partner

rr

*Diane, I would appreciate your help on this!*  
*Larry*

*Eco-Devo  
Attachment # 11*

*02-21-91*



# KANSAS RESTAURANT AND HOSPITALITY ASSOCIATION

359 SOUTH HYDRAULIC • P.O. BOX 905 • WICHITA, KANSAS 67201 • (316) 267-8387  
1-800-369-6787 FAX (316) 267-8400

MY NAME IS GEORGE PUCKETT, AND I REPRESENT THE KANSAS RESTAURANT AND HOSPITALITY ASSOCIATION, AN ORGANIZATION OF APPROXIMATELY 950 KANSAS FOODSERVICE AND HOSPITALITY INDUSTRY BUSINESSES. I DO NOT WISH TO TAKE MUCH TIME FROM THOSE WHO TRAVELED TO TESTIFY TODAY, AND THAT IS WHY I SENT THE COMMITTEE A LETTER EXPLAINING KRHA'S POSITION OF OPPOSITION TO H.B.2123, ALONG WITH A COPY OF THE LETTER I SENT TO THE MAYOR OF WICHITA, DATED DECEMBER 6, 1990.

ALTHOUGH KRHA SUPPORTS THE DOWNTOWN RENOVATION PROJECT OF WICHITA, KANSAS, KRHA OPPOSES H.B. 2123 AS AN UNFAIR AND UNEQUAL TAX MEASURE THAT WOULD PLACE EXCISE TAXES ON ONLY TWO SEGMENTS OF THE WICHITA BUSINESS INDUSTRY. AS I MENTIONED IN MY LETTER, TO MAKE AN OUTDATED STATEMENT THAT EATING OUT IS ENTERTAINMENT, AS THE WICHITA DOWNTOWN REDEVELOPMENT PROPOSAL SUGGESTS, IS AS ANTIQUATED AS SAYING THAT AIR CONDITIONING IS A LUXURY. I HOPE YOU FOUND TIME TO READ SOME OF THE STATISTICS I INCLUDED FROM THE NATIONAL RESTAURANT ASSOCIATION, INDICATING THAT, AS FAR BACK AS 1987, OVER 42 CENTS OF THE FAMILY FOOD DOLLAR IS SPENT AWAY FROM HOME, AND ALSO THE MATERIAL REITERATING THE FACT THAT EATING OUT IS NO LONGER PERCEIVED AS THE LUXURY IT ONCE WAS. IT IS A KNOWN FACT THAT BOTH SPOUSES NOW WORK IN MANY MARRIED HOUSEHOLDS SIMPLY TO MAKE ENDS MEET. THESE PEOPLE ALSO EAT OUT IN THE VICINITY WHERE THEY ARE AT MEAL TIMES. I WISH TO QUICKLY ADD ANOTHER REASON, NOT INCLUDED IN MY LETTER, WHY KRHA OPPOSES HB 2123...

IF YOU WILL REFER THE THIRD PAGE OF MY TESTIMONY, I HAVE COPIED PAGE 9 OF THE "PRELIMINARY ANALYSIS ON PUBLIC INVESTMENT FINANCING FOR THE PROPOSED DOWNTOWN REDEVELOPMENT FOR THE CITY OF WICHITA," WHICH STATES IN ITEM #2 THAT,

*Eco-Devo  
Attachment #12  
02-21-91*

"THE CITY'S LEGISLATIVE PROGRAM HAS PREVIOUSLY IDENTIFIED A FOOD AND BEVERAGE (OR MEAL) TAX AS A POTENTIAL NEW REVENUE SOURCE. THIS TYPE OF TAX IS GENERALLY CONSIDERED A LUXURY CONSUMPTION TAX BECAUSE IT TARGETS FOOD AND BEVERAGE SALES ASSOCIATED WITH ENTERTAINMENT (FOOD PURCHASES AT GROCERY STORES ARE NOT INCLUDED),"...

KRHA CONTENDS HB 2123 IS ALSO UNFAIR BECAUSE IT PLACES THE EXCISE TAXES ON FOOD PURCHASED IN RESTAURANTS,... IT EXEMPTS GROCERY STORES, WHO ARE NOW KNOWN FOR THEIR DELIS, SALAD BARS, AND FRESHLY PREPARED DAILY SPECIALS. THIS IS DIRECT COMPETITION FOR RESTAURANTS, OFFERING THE SAME SERVICE TO THE SAME CUSTOMER BASE. IN OTHER WORDS, IF I GO TO MY FAVORITE FAST OR FULL SERVICE RESTAURANT DURING MY LUNCH HOUR AND PURCHASE A COUNTRY FRIED STEAK, I WOULD HAVE TO PAY AN EXCISE TAX ON MY PURCHASE. HOWEVER, IF I GO TO MY FAVORITE NEIGHBORHOOD GROCERY STORE WITH A DELICATESSEN, OR MY FAVORITE CONVENIENCE GROCERY STORE THAT NOW ALSO SPECIALIZES IN SERVING FOOD, I WOULD NOT HAVE TO PAY AN EXCISE TAX ON MY COUNTRY FRIED STEAK. THIS IS UNFAIR AND UNEQUAL TAXATION FOR THE SAME SERVICE.

MANY CITIES IN OTHER STATES BENEFIT ECONOMICALLY FROM TOURISM TRADE RATHER THAN LOCAL BUSINESS. THE MAYOR OF WICHITA HAS INDICATED OUR OPERATORS SHOULD BE GRATEFUL FOR THE "TAX DOLLARS THAT CAN BE IMPORTED IN FROM THE TOURISM BUSINESS WITH AN IMPROVED DOWNTOWN." IT IS MY OPINION THAT THE MAJORITY OF OPERATORS IN WICHITA BELIEVE THEIR CUSTOMER BASE WILL CONTINUE TO COME YEAR ROUND PRIMARILY FROM THE CITIZENS OF WICHITA AND ITS SURROUNDING AREA, DIRECTLY IN RELATION TO THE PROXIMITY OF THEIR BUSINESSES. THEY ARE OPPOSED TO SADDLING THESE LONGTIME REGULAR CUSTOMERS WITH ANOTHER TAX TO PAY, ESPECIALLY IF THIS BURDEN IS NOT SHARED IN AN EQUAL MANNER BY ALL BUSINESSES IN THE CITY OF WICHITA.

make individual case-by-case decisions about the relative advantage of tax abatement with limited public participation in infrastructure improvements versus a higher level of public investment through tax increment financing.

Other financing mechanisms can also be used to accomplish the same results as projected for Tax Increment Financing. Special Assessment financing or a Municipal Improvement District may offer alternatives which could be considered on a case-by-case basis.

[2] Food and Beverage (Meal) Tax

The City's Legislative Program has previously identified a Food and Beverage (or Meal) Tax as a potential new revenue source. This type of tax is generally considered a luxury consumption tax because it targets food and beverage sales associated with entertainment (food purchases at grocery stores are not included). A 1% tax would generate approximately \$1.7 million per year providing a revenue stream to sustain more than \$15.5 million in public investment capital expenditures.

[3] Vehicle Rental Fee

Other cities have utilized a charge on rental cars and other vehicles to generate funds for general operations, debt service, or to support tourism activities. Denver currently has a 4% tax. Using this rate, such a tax would generate \$1.3 million annually (or greater if truck, trailers, and recreational vehicles are included in addition to car rentals). This level of revenue would support \$12 million in capital expenditures.

[4] Hotel/Motel Tax

The City's current tax rate is 6%, with 1% of that tax scheduled to sunset in mid-2000. Because the hotel/motel industry will benefit considerably from downtown revitalization, and because the City's tax rate remains low compared to other cities, consideration should be given to retaining the 1% tax as part of financing the downtown initiative. For purposes of this report, new downtown capital projects financed from the additional 1% are not projected until the later years (1998) of a multi-year initiative so that the current additional 1%, if extended, would be available for debt service payments when the obligation for debt service on the Stadium (Phase 2) project is retired. The Council also may want to reserve the option to increase the Guest Tax earlier (over and above the 6% level), if needed to sustain the downtown redevelopment effort. A 1% Transient Guest Tax increase would generate sufficient revenue to support \$6 million in capital expenditures for the downtown initiative.

[5] User Fees

Based on the potential for the City to charge user fees for the (expanded) activities along the river corridor, this report projects at least modest annual revenues. For purposes of



Post-It™ brand fax transmittal memo 7671		# of pages ▶
To	Rep. Gjerstad	From Sid Bruner
Co.	Econ Devel Comm	Co. Mr. Steak Restaurant
Dept.	House of Rep	Phone # 838-5041
Fax #		Fax #

February 19, 1991

The Honorable Diane Gjerstad  
 State House  
 Topeka, Kansas 66612

Dear Representative Gjerstad:

I oppose House Bill 2123 which is being initiated in your committee, sponsored by the City of Wichita, to institute a 1% tax on food and beverage sales and a 4% tax on car rental revenues.

I feel this legislation is singling out one industry for more than their share of taxes available to City government.

Sincerely,



Sid Bruner  
 Mr. Steak  
 1504 W. 21st  
 Wichita, KS 67203

*Eco-Devo  
 Attachment #13  
 02-21-91  
 TOTAL P 01*

February 21, 1991

Representative Diane Gjerstad, Chairperson  
House of Representative  
Economic Development Committee  
State Capitol - Room 1155  
Topeka, Kansas 66612

Chairperson Gjerstad, Other Committee Members, ladies and gentlemen:

I am appearing before you today in opposition to House Bill No. 2123. This bill is an attempt by the City of Wichita, Kansas to have legislation passed to allow the city to add a tax upon certain business entities within the city limits of Wichita, Kansas to further the development of downtown Wichita.

I support the development of Downtown Wichita.

I do not support the enactment of a tax to be assessed upon the retail food and beverage sales by restaurant and clubs. This tax is unjust, the city is maintaining that this tax is a luxury or entertainment tax.

Eating out is not a luxury. Just today I ate lunch in a restaurant on the way from Wichita to Topeka. Surely you won't consider this to be an item of luxury or entertainment. I could have left home packing a sandwich to restrain my hunger, however I doubt that any of you would have considered doing that.

The proposed tax on food and beverage will not be fair to the people because only a small segment of the city's population will be paying it.

The average eating out public has been determined by the National Restaurant Association to be working middle class families with three or less children. Today in most families both father and mother are working outside the home.

Dad should not have to pay extra taxes, to give mom a break from working to help support the family, house cleaning, washing, ironing, getting the children ready for school the next morning and any other domestic duties required for the pleasure of taking her out to dinner.

Once again I am opposed to House Bill No. 2123.

I ask your support in saying NO to the City of Wichita's House Bill No. 2123 the city should include the entire population in the development of downtown Wichita. The Food & Beverage Retail Sales should not be responsible for floating this huge ship alone.

Respectfully,

Sidney L. Bruner  
Mr. Steak Restaurant  
1504 w. 21st Street  
Wichita, KS 67203

**Joseph R. Nothwang**  
Division Vice President  
West Central Region

**The Hertz Corporation**  
7695 East 36th Avenue, Denver, CO 80207  
Telephone: (303) 393-1970, Ext. 102  
Fax # (303) 377-3724

February 21, 1991

Representative Diane Gjerstad  
Chairperson - Economic Development Committee  
State Capital Building  
Topeka, Kansas

Re: House Bill No. 2123

Dear Representative Gjerstad:

I am the Regional Vice President for the Hertz Corporation, Rent-a-Car Division, my responsibilities include our Corporate-owned activities at the Mid-Continent Airport in Wichita. The purpose of this letter is to voice our opposition to House Bill No. 2123.

As I understand the measure, House Bill No. 2123 would authorize the City of Wichita to levy an excise tax up to 4% on the gross receipts received from short-term auto rental and lease revenues. We are opposed to this measure for numerous reasons.

- The bill is discriminatory in two ways:
  1. It singles out car rentals as the only ground transportation service to carry the burden of this tax. What about taxes, busses, etc.?
  2. It requires the car rental industry to pay at a rate up to four times more than the restaurant industry, another group which has been singled out to share the burden of this tax.
- The on-airport car rental industry already pays a substantial portion of its revenue to local government authorities. In 1990 alone, the Hertz Corporation paid the City of Wichita approximately \$284,000 in fees for the right to operate at the Mid-Continent Airport. That amount represents over 11% of the total revenues derived from our Wichita airport business. Additionally, the car rental industry pays an unequal share of vehicle licensing and personal property taxes on our vehicles because of the short-term nature of their use. In 1990 Hertz paid Sedgwick County \$140,000 in vehicle tax and license fees.

*Eco - Devo*  
*Attachment #14*

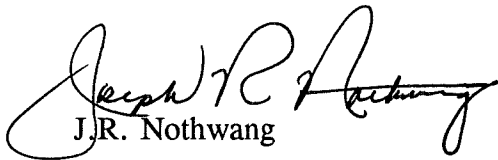
*02-21-91*

Representative Diane Gjerstad  
February 21, 1991  
Page 2

- The proposed tax, coupled with the existing 5¼% excise tax, would impose a total tax of 9¼% on an industry providing an essential transportation service to the City of Wichita.
- The bill would create an uneven "playing field", in that car rental companies who choose to operate outside the city limits of Wichita, but still serve the Wichita community and deplaning passengers, would be exempt from the tax.

The Hertz Corporation recognizes the need for government authorities to increase revenues. All that we ask is that the burden be shared equally by those parties that will benefit. House Bill 2123 does not do that.

Respectfully,



J.R. Nothwang

JRN/lu

cc: F. Grumman  
Senator B. Vedrickson  
G. Puckett

MY NAME IS STEVE GRAHAM. MY FAMILY HAS OWNED AND OPERATED THE BUDGET RENT A CAR FRANCHISE IN WICHITA FOR 29 YEARS AND WE EMPLOY APPROXIMATELY 40 PEOPLE IN OUR OPERATION.

LET ME MAKE IT CLEAR THAT I APPLAUD THE CITY'S EFFORT TO REVITALIZE DOWNTOWN WICHITA. THEIR GOAL IS CERTAINLY WORTHY OF PUBLIC SUPPORT. HOWEVER, I HAVE SOME VERY SERIOUS RESERVATIONS ABOUT H.B. 2123.

FIRST, H.B. 2123 IN NO WAY REQUIRES THE CITY TO UTILIZE THIS TAX REVENUE FOR DOWNTOWN REVITALIZATION. IF I'M NOT MISTAKEN, ASSUMING H.B. 2123 WERE PASSED INTO LAW, THE CITY COULD IMMEDIATELY BEGIN TO LEVY TAXES ON FOOD AND CAR RENTALS AND NEVER TAKE ANOTHER STEP TOWARD DOWNTOWN DEVELOPMENT. LET'S KEEP IN MIND THAT THE CITY'S PLAN HAS A LONG WAY TO GO BEFORE BECOMING A REALITY, INCLUDING FINANCIAL COOPERATION BY SEDGWICK COUNTY AND SOME \$50 MILLION OF PRIVATE SECTOR CONTRIBUTIONS, BOTH OF WHICH ARE EXTREMELY QUESTIONABLE. THE POINT IS, IF WE ARE GOING TO GIVE THE CITY THE RIGHT TO LEVY THESE TAXES, IT SHOULD BE CONTINGENT UPON THE REMAINDER OF ITS FUND RAISING PLANS BEING ACHIEVED. TO PASS H.B. 2123 AS IT NOW STANDS, WOULD BE TO GIVE WICHITA A BLANK CHECK.

SECONDLY, THERE SEEMS TO BE A MISCONCEPTION THAT ALL OUR CUSTOMERS ARE FROM OUT OF TOWN AND THEREFORE THE TAX REVENUE WOULD COME FROM TRAVELING PEOPLE. I'D LIKE TO POINT OUT THAT ROUGHLY 50 % OF OUR BUSINESS IS MADE UP OF LOCAL PEOPLE RENTING CARS FOR VARIOUS PURPOSES. SO MAKE NO MISTAKE, THIS WILL BE A TAX INCREASE FOR WICHITA RESIDENTS WHO RENT CARS, SOME OF WHICH ARE FREQUENT CUSTOMERS.

LAST BUT NOT LEAST, I THINK ITS TERRIBLY UNFAIR TO SINGLE OUT ONE INDUSTRY FOR A 4 % RATE OF TAX. THE FACT THAT FOOD, BEVERAGE, AND CAR RENTALS WERE ISOLATED FOR AN ADDITIONAL TAX IS A BIT DISCONCERTING, BUT FOR CAR RENTAL CUSTOMERS TO BE TAXED AT 4 % WITH FOOD AND BEVERAGES AT 1 % IS SIMPLY NOT RIGHT. I DON'T THINK OUR CUSTOMERS WOULD MIND PAYING THEIR FAIR SHARE BUT I DON'T FEEL 4 % IS A FAIR SHARE.

IF DOWNTOWN REDEVELOPMENT WILL, IN FACT, BENEFIT ALL OF WICHITA, PERHAPS A SMALL CITY WIDE SALES TAX INCREASE IS THE SOLUTION. PLEASE DON'T ENACT A TAX THAT IS PUNITIVE TO A SINGLE INDUSTRY.

*Eco-Devo  
Attachment #15*

*02-21-91*



Enterprise Rent-A-Car  
5211 E. Kellogg  
Wichita, Ks 67209

Testimony on H. B. 2123 - Opposed

My name is Bill Carpenter and I am City Rental Manager for Enterprise Rent-A-Car in Wichita. We currently operate two offices in Wichita and employ 10 people.

We are not against revitalization of downtown Wichita. We are for it. However, our company does have some concern about H.B. 2123.

H.B. 2123 does not require the city to utilize the tax for downtown, but rather provides the city a way to levy taxes on food and car rental. We are concerned that this will occur, without any development downtown. We feel that any action taken should be earmarked for downtown development only.

It is a mistake to believe that a tax levied by our company will tax mostly out of town people. We specialize in insurance replacement and about 90% of our business is done locally and paid for by Wichita residents and businesses.

Lastly, Enterprise believes it is unfair to single one industry to charge a 4% tax rate. Why must we pay 4% while food & beverages only pay 1%. Why should rental customers be forced to pay so much?

Again, we are not against development, just against being singled out for this tax. We might support a small city tax increase to help finance this project. If all of Wichita will benefit, all of Wichita should pitch in.

*Eco-Devo  
Attachment #16*

*02-21-91*

Testimony Before

Economic Development Committee

Re: HB2123

Feb. 21, 1991

I am Valerie Young, proprietor of Cake 'n Cater located at 3543 E. Douglas, Wichita, KS. My business consists of off-premise catering, decorated cakes and homemade cookie sales and a sit-down/carryout deli providing food service to the lunch hour trade. I have been in this business for ten years and I presently employ ten people. I am a member of the Wichita Area Chamber of Commerce, the National Restaurant Association and the Kansas Restaurant & Hospitality Association.

I wholeheartedly oppose HB 2123. I consider it to be the most unjust avenue of taxation, proposed or enacted, in recent years. To tax one or two segments of the entire Wichita business community for public facilities or city improvements is totally, totally unjust.

I don't understand the veil of secrecy or speed with which HB 2123 is being processed. As a business owner who will be directly affected by the one percent excise tax imposed by my City and State, I am disillusioned. Why wasn't there any public announcement or advanced notice given about this taxation plan? It appears to me to be an attempt to develop a means of financing the downtown revitalization without a business community awareness or public knowledge under the guise of public facilities and improvements.

I also believe the voting public should be thoroughly educated concerning this bill and with the fact that they may well be paying higher prices for the privilege of eating lunch. Also let's not overlook the impact this bill would have on tourism, business travelers and conventions coming to our "fair" city. This taxation should be put to a general vote.

This bill, as written, puts the burden of forcing a public vote on a very small segment of the business community by requiring a petition signed by 10% of the electors who voted in the November 1990 general election.

This bill as presented contains numerous gray areas that leave it unjust and unacceptable. First, the statement "Public facilities and improvements" is too broad. The funds need to be earmarked for specific projects. Second, a ceiling needs to be set on the amount of funds to be raised by a special tax. Third, a life cycle limit should be set for any special tax. Fourth, any special tax should require the approval of the voters of the City of Wichita.

*Eco-Devo  
Attachment #17*

*02-21-91*



I believe other options for raising revenues for public facilities, improvements and revitalization should be studied before these two segments of the Wichita business community should have to bear the sole burden of this taxation by themselves. I feel that a general sales tax increase would more fairly spread the burden of financing revitalization across the community and those who choose to do business in and enjoy Wichita.

In summary:

- (a) I strongly oppose HB 2123 as being totally unjust. I strongly object to the presentation of this bill before any committee for consideration.
- (b) I support a revitalization plan for downtown Wichita. However, I recognize it as a controversial issue. As such, a financing plan for this project should not be cloaked in a veil of secrecy.
- (c) I think the voting public should be well informed and should be allowed to vote on this issue.
- (d) I am convinced that food service providers and car rental agencies should not be saddled with the heavy burden of forcing this taxation plan to a general vote.
- (e) I am certain this bill as presented contains numerous gray areas leaving it unjust and unacceptable.
- (f) I believe other taxation options should be thoroughly studied such as a general city-wide sales tax increase .

In closing, if the Wichita City Commission is unable to prepare a financing plan for revitalization of the downtown area that they feel would be supported by a public vote, then perhaps the project is not in the public's best interest.

Thank you very much for this opportunity to present my opinions on this issue.

HOUSE BILL No. 2123

Remarks to the Committee on Taxation  
by Todd Christensen, Pizza Hut, Inc.  
February 21, 1991

Good afternoon, my name is Todd Christensen and I'm the District Manager for Pizza Hut, in Wichita, Kansas. I appreciate the opportunity to be here today to express my concerns about the enactment of H.R. 2123.

My primary duties as District Manager involve the day to day operations of the Pizza Hut restaurants and delivery units in Wichita. Prior to becoming the District Manager, I was an Area Manager and a Unit Manager for Pizza Hut. We currently have 16 restaurants and 7 delivery units employing 160 full-time and 640 part-time employees in Wichita.

Let me begin by saying that Pizza Hut is supportive of the efforts of all those who are redeveloping downtown Wichita.

However, we are not supportive of the proposed 1% excise tax on gross receipts from the sale of meals or drinks at any restaurant in the City of Wichita. We believe that the proposed tax causes an inequitable tax burden that discriminates against restaurants.

In November of 1990, the City of Wichita issued a Preliminary Analysis on Public Investment Financing For the Proposed Downtown Redevelopment. It states in part that the City will finance a \$113 million commitment to the Downtown Plan by identifying financing options for an additional \$43 million from "non-property tax" revenue sources. These revenues will be generated by new downtown development and by placing a surcharge on certain "entertainment" activities that are enhanced by downtown redevelopment. The City's stated purpose is to spread the costs to persons who do not live, work, and own property in Wichita but enjoy the benefits of the City's services/events.

Later on the City's Analysis describes an "excise tax on restaurants" as a luxury consumption tax because it targets food and beverage sales associated with entertainment.

*Eco-Devo  
Attachment #18  
02-21-91*

I believe the premise upon which this tax proposal is based is not correct for two reasons. First, I don't consider eating in most restaurants a luxury. Eating out has become a way of life for most families and individuals; particularly, where both the husband and wife are wage earners. When they both come home from work, the last thing they want to do is cook a meal for the family. Because of the lifestyle changes of busy working families, that have occurred over the last several years, eating out is a routine that is no longer considered a luxury but a necessity.

Secondly, HR. 2123 proposes a tax to be levied upon food and beverage sales associated with "certain entertainment activity." None of my restaurants have movies, singers or dancers. The focus of the dining experience for my customers is not on providing entertainment, but rather on providing great pizza in a comfortable family environment. I don't believe that my customers would tell you that they come to Pizza Hut to be entertained.

H.R. 2123 is also blatantly discriminatory. It's intended to impose an excise tax on gross receipts of restaurants or other places where meals or drinks are regularly sold to the public. However, the City's Analysis, on page 9, specifically excludes "food purchases at grocery stores." In most grocery and convenience stores, you can buy pizza or virtually any type of meal ready to go or ready in minutes after being microwaved. H.R. 2123 discriminates against restaurants as it is not equally applied to all who serve food or drinks.

It would also seem that if the City of Wichita is truly trying to spread the costs of the redevelopment to persons who do not live, work, and own property in Wichita, the City would propose a broader based funding method that would reach these people.

People outside of Wichita frequently shop at numerous retail establishments in the city and return home without eating at a Wichita restaurant. But most all of my customers reside in Wichita. H.R. 2123 would discriminate against restaurants by requiring them to fund a project that would benefit the entire city and surrounding community.

Also, the supporters of this new tax may incorrectly believe that the 1% excise tax can be easily absorbed by passing it on to customers in the form of higher prices. That's not true. Considering our small profit margins, the current economic recession, the recent increase in property tax, and the market situation that finds us cutting prices to be competitive; raising taxes now would definitely cause an economic hardship on our business. Why should restaurants in Wichita be singled out to bear this burden? This is another example of how H.R. 2123 discriminates against the restaurants in Wichita.

That concludes my remarks. Thank you very much.





# Grandy's®

Chicken • Ribs • Country Steak

555 N. Woodlawn • Suite 3102 • Wichita, Kansas 67208  
Office (316) 684-5119 • Catering (316) 684-2312

February 21, 1991

Good Afternoon:

My name is Hal McCoy, and I am the owner and operator of six Grandy's restaurants in Wichita, Kansas.

I appreciate the opportunity to be here today to speak to the Economic Development committee concerning the enactment of HR-2123.

I do oppose the enactment of this bill, not because I do not support the redevelopment of downtown Wichita, but because I think the proposed tax on restaurants is:

- 1) Based on a faulty and incorrect premise,
- 2) Blatantly discriminatory, and
- 3) Places an unfair economic hardship on the Wichita restaurant industry.

First let me address what I believe to be the faulty and incorrect premise. The City of Wichita justifies this restaurant tax because eating food at or carrying food from a restaurant is generally considered a luxury and entertainment.

The vast majority of our Grandy's customers come from households where both the husband and wife work. I don't imagine that these families consider eating at our restaurant or carrying food out to take home a luxury, and certainly is not that entertaining. Having food prepared by a restaurant, grocery store and/or a convenience store has become a routine very common to most families.

Next to the issue of discrimination. I find it hard to understand why pizza, fried chicken, seafood, mexican food and salad are to be taxed when purchased from a restaurant and not taxed when purchased at a grocery store. Why is buying a \$3.00 chicken fried steak at Grandy's a luxury and buying an \$8.99/lb. tenderloin at Dillions a necessity? This tax singles out the restaurant industry and does not propose to tax other businesses that offer food products. The restaurant industry is willing to pay their fair share of taxes, but would request that all that all other businesses where meals are sold should also be taxed. Our only request is to give us a level playing field to compete in today's business environment.

"Give us this day our daily bread."  
Matt 6:11

Eco-Devo  
Attachment #19

02-21-91

My third and last concern with HR-2123 is that this tax will add just another economic burden to the restaurant industry. Just last year our industry had an outrageous increase in property tax. To the best of my knowledge, the restaurant industry's increase in property tax was greater than any other industry segment. I know our property taxes increased over 300% from \$6,000 per restaurant to about \$20,000 per restaurant. In today's competitive environment, it is just not possible to pass along this tax to the consumer. When you raise prices by 3%, you lose about 2% of your customers. Thus, this proposed 1% gross receipts tax increase will have to be absorbed by the business.

In Summary:

- 1) My company and I do support the redevelopment of Downtown Wichita.
- 2) Eating at a restaurant or taking food home from a restaurant is not a luxury and/or entertainment.
- 3) The restaurant industry should not be singled out as the only business who prepares and sells food.
- 4) The restaurant industry has already born the greatest increase in taxes that the State has ever issued. We were not able to pass along that tax to the restaurant user and will not be able to pass along any additional tax increases.

Thank you for your attention and consideration.



Date: February 21, 1991  
To: House Committee on Economic Development  
From: Kevin Robertson  
Executive Director  
Re: HB 2123 - 1% Tax on Hotel Food Sales in Wichita

Madam Chairperson and members of the committee thank you for allowing me the opportunity to appear before you today on HB 2123. I am Kevin Robertson, Executive Director of both the Kansas Hotel and Lodging Associations representing 140 hotels and motels in the state of Kansas, including several within the city limits of Wichita.

**The lodging industry is opposed to HB 2123!**

The reasons for the lodging industry's opposition to HB 2123 are numerous:

1. **the 1% tax is an additional infringement on an already heavily taxed industry.** Guests of hotels in Wichita already pay 11.25% tax on their room bill to stay in a hotel. This is a combination of the 4.25% state tax, 1% city tax and 6% transient guest tax. Additionally, property taxes at a sample of four hotels in Wichita rose from 120 to 179 percent between 1988 and 1990. Therefore, hotels and their guest are already providing Wichita and other Kansas cities a large portion of thier income.

2. **the tax can be implemented by a city ordinance and can only be placed on the ballot by submission of a protest petition consisting of 10% of the electors.** The lodging industry believes the imposition of any tax - especially considering the current tax climate in Kansas - should require a direct vote of the people.

3. **the tax revenue will go to general city use for the retirement of bonds.** At the very least, the lodging industry would expect that a tax on its industry would be used to promote or improve a city service which would benefit hotels and motels. The transient guest tax was established for the promotion of local tourism and is often funnelled through city/county convention and visitor bureaus. Even this specific tax, however, is sometimes used by cities for general use.

*Eco-Devo  
Attachment #20  
02-21-91*



4. assuming the tax were to be used for downtown redevelopment, though that is not specified in the bill, the revenue would in essence be used to build competition to the existing hotels in Wichita. A majority of the existing hotels in Wichita are currently struggling through a difficult economic climate and low occupancy rates.

5. other cities/counties would see this as a possible revenue source, proliferating the new tax statewide. This proliferation of the tax would greatly setback current efforts to develop a strategic plan and funding mechanism for the promotion of tourism statewide.

As some of you may recall, three years ago there was an attempt made to enhance the budget of the Division of Tourism (and the Kansas Arts Commission) by implementing a 1% statewide transient guest tax on all hotels and motels. The Kansas lodging industry opposed this measure. The reason for our opposition stemmed from the fact that one small segment of Kansas business - hotels and motels - was asked to "foot the bill" for a State Division whose enhanced efforts would have essentially helped several tourism-related businesses and industries in the state. Additionally, the lodging industry opposed the fact that the revenue generated would have simply been given to the Division of Travel and Tourism, though they had no plan for using it effectively

The Kansas Lodging Association is on record for having asked the Travel and Tourism Commission in the summer of 1988 to recommend a market research study be conducted on travel and tourism. In FY 1990 the State of Kansas funded such a study and the results are now being finalized. A MARKETING PLAN HAS NOT YET BEEN DEVELOPED OR IMPLEMENTED, however, the Travel and Tourism Commission will be reviewing the data contained within the study and hopefully recommending an effective course of action soon.

What is the point of me sharing this information on the tourism research study? It is this - based on the tourism plan developed for the marketing and promotion of tourism in this state, the Kansas lodging industry may soon be in a position to support a broad based statewide hospitality tax used specifically to promote of out-of-state travelers to come to Kansas. This future tax may include those business taxed in HB 2123 and probably more. The implementation of HB 2123 would work to greatly reduce the chance of the lodging industry supporting the future implementation of such a hospitality tax.

I will be happy to respond to any questions you may have.



February 18, 1991  
Wichita, Kansas

Representative Diane Gjerstad, Chairperson  
House of Representatives  
Economic Development Committee  
State Capitol / Room 115-S  
Topeka, Kansas 66612

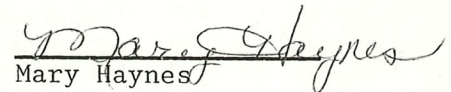
Ref: HB#2123

Representative Gjerstad:

I wish to express my violent disagreement with HB #2123. The entertainment industry already carries an unfair share of the tax burden. The liquor industry is taxed now on a federal, state and county level at a disproportionate rate without adding more tax at a city level. To put additional tax on small business such as restaurants and neighborhood bars in an unfair burden on the working class people. If additional taxes are needed they should be levied on all purchases, not a select few. These businesses are not considered a luxury, unless you can single out only those with a sumptuous environment. The majority of those who frequent my business are the working class people and the elderly who are the least able to pay additional taxes.

Please legislators, be fair about this to the people who need tax relief, not additional taxes, and kill HB# 2123 NOW.

Sincerely,

  
Mary Haynes  
Trade Winds Club  
2804 S. Hydraulic  
Wichita, Kansas 67216

*Eco-Devo  
Attachment #21  
02-21-91*



RESTAURANTS - CATERING

February 20, 1991

Honorable Diane Gjerstad  
House of Representatives  
Economic Development Committee  
State Capitol - Room 115-S  
Topeka, KS 66612

Dear Honorable Gjerstad,

Let this letter serve to show us on record as being opposed to the House Bill 2123.

We fail to understand why just one industry has been targeted to raise money for the downtown redevelopment. We are a family oriented business and certainly don't want to pass on this charge to our customers, many of whom are on fixed income.

Sincerely,

Gene Spear  
President

**J.S. Ventures, Inc.**

1130 Haskell  
Wichita, Kansas 67213  
(316) 263-5577

February 17, 1991

Representative Diane Gjerstad, Chairperson  
House of Representatives  
Economic Development Committee  
State Capitol-Room 115-S  
Topeka, KS 66612

Dear Representative Gjerstad:

I am a restaurant owner and small businessman. I own two Applebee's Neighborhood Grill & Bar restaurants in Wichita, Kansas. I would like to register my very strong opposition to the passage of H.B. 2123. This new tax unfairly discriminates against the small businessperson, and the restaurant industry in particular.

The recent 100-300% property tax increased levied by the state of Kansas along with the increasing amount of government paperwork and government intervention make it more difficult each year to generate enough profit to warrant being in business for yourself.

A 1% tax increase, although seemingly small, will be coupled with another minimum wage hike. This will make it imperative for restaurant owners to pass these increases on to our customers further driving down the demand for our product.

We have had enough taxes. I voted for Joan Finney as did the majority of Kansans because of her promise to reduce taxes.

Why don't the legislators listen to the voters at least once?  
NO MORE SALES TAX! NO MORE PROPERTY TAX! NO MORE TAX!

For a change, the representatives of the city of Wichita and the state Legislators must begin spending within the means of the city and state just as I and so many other small businesses have had to do.

Sincerely,

J.S. VENTURES, INC.

*James H. Stevens*

James H. Stevens  
President

*Eco-Devo  
Attachment #23*

*02-21-91*



GOOEY-ROUX INC.  
D/B/A B & W RESTAURANT  
2806 S. HYDRAULIC  
WICHITA, KANSAS 67216

RE: Proposed H.B. 2123

The purpose of H.B. 2123 is another unfair tax on a working class, elderly, single group of individuals that are already overtaxed!

My customers are working men and women, the elderly, and single, who eat in my establishment out of necessity NOT LUXURY!

You are not asking for an excise tax on luxury. The tax you are asking for is a "Burden Tax" on already overtaxed individuals who will receive no benefit from downtown revitalization.


H.B. 2123 is to pay for the dreams of Mr. DeBoer and other dreamers like him. They are the beneficiaries!

I vehemently protest an unfair tax that will burden the majority. In fact, the real purpose of this tax is to finance a luxury - not tax a luxury!

Where will the dollars come from to support my business when I have no customers to feed, because, their paychecks are being paid out to unfair taxes to support the luxuries that only a few, if any, will reap the benefits?

I beseech you to vote this unfair, burdensome tax down for the benefit of working class citizens, and business owners such as myself.

Sincerely,



Etta E. Dickerson  
President

Eco-Devo  
Attachment #24

02-21-91



# National Car Rental<sup>SM</sup>

Midwest Car Corporation  
222 Lawe Street  
P.O. Box 800  
Kaukauna, WI 54130-0800  
414-766-3581

February 20, 1991

The Economic Development Committee  
Representative Diane Gjerstad, Chairperson

Re: House Bill No. 2123

Ladies and Gentlemen of the Committee,

While National Car Rental shares a positive concern over the effort to redevelop downtown Wichita, we are disturbed over the apparent inequities with regard to the sources of the excise tax described in proposed House Bill No. 2123.

House Bill No. 2123, as drafted, does not prescribe excise taxes which spread the burden and which are fair and equal to all businesses in Wichita. We cannot support excise taxes which are so disproportionately imposed on our segment of the tax base. It is unfair, quite simply, to expect rental companies to support an excise tax which is imposed unfairly.

Perhaps there are some misconceptions about the market we serve. Just as the antiquated notion that only the well-to-do frequent food and beverage establishments is incorrect, so is the idea that our market is made up of a captive audience of traveling corporate executives. The rental car industry in Wichita provides insurance and repair replacement vehicles, as well as cars and trucks for the local leisure and vacation market. Rental car companies comprise only part of the transportation options and services used by residents and visitors to Wichita, House Bill 2123 would impose an excessive additional tax on car rental companies but exempt other transportation sources, creating an unfair advantage to suppliers of transportation such as airlines, cabs, limos, busses, etc.

We urge the committee to consider fairness as the main criteria during hearings regarding House Bill No. 2123.

Thank you,

MIDWEST CAR CORPORATION  
NATIONAL CAR RENTAL (LICENSEE)

*Vance Herring*  
Vance Herring  
City Manager

*Eco-Devo  
Attachment #25  
02-21-91*

APPLETON, WI  
OUTAGAMIE COUNTY AIRPORT  
1-414-799-8421

MILWAUKEE, WI  
GEN. MITCHELL INT. AIRPORT  
1-414-789-1775

MILWAUKEE  
MARC PLAZA HOTEL  
1-414-223-4224

BROOKFIELD, WI  
EMBASSY SUITES HOTEL  
1-414-787-8339

MOSINEE, WI  
CENTRAL WISCONSIN AIRPORT  
1-715-893-3430

RHINELANDER, WI  
RHINELANDER-ONEIDA AIRPORT  
1-715-382-2200

LA CROSSE, WI  
LA CROSSE MUNICIPAL AIRPORT  
1-806-781-5678

EAU CLAIRE, WI  
EAU CLAIRE COUNTY AIRPORT  
1-715-832-2162

ROCHESTER, MN  
ROCHESTER MUNICIPAL AIRPORT  
1-507-288-1155

ROCHESTER, MN  
HOLIDAY INN-DOWNTOWN  
1-507-288-1331

WICHITA, KS  
MID-CONTINENT AIRPORT  
1-316-845-7372

FORT WAYNE, IN  
BAER FIELD  
1-219-747-4124

SALT LAKE CITY, UT  
SALT LAKE INTL. AIRPORT  
1-801-538-0200

POCATELLO, ID  
POCATELLO MUNICIPAL AIRPORT  
1-208-233-8042

IDAHO FALLS, ID  
FANNING FIELD AIRPORT  
1-208-522-5278

ROANOKE, VA  
ROANOKE REGIONAL AIRPORT  
1-703-388-6210

AFFILIATES: EUROPCAR, TILDEN





February 21, 1991

Representative Diane Gjerstad, Chairperson  
House of Representatives  
Economic Development Committee  
State Capitol - Room 115-S  
Topeka, Kansas 66612

Dear Chairperson Gjerstad:

I am writing to voice my opinion regarding House Bill 2123 which proposes a 1% Excise Tax on food and beverage sold in restaurants, and a 4% Excise Tax on car rentals in the city of Wichita, Kansas to help fund downtown revitalization.

While I am in favor of downtown revitalization, and the taxpayers funding the portion of this effort that logically belongs to them (bridges, roads, infrastructure), I believe it unfair to single out specific industries to pay a disproportionate share of this cost. I would support an across-the-board temporary Excise Tax increase on all businesses to pay for downtown revitalization, or possibly even a tax in a defined geographic benefit area (though I really believe most everyone will benefit), but I strongly oppose singling out restaurants and car rental companies to pay for downtown revitalization. I can't find any logic that justifies it.

The restaurant business is a highly competitive one. Not only do restaurants compete among themselves, but they compete with grocery stores as well, as decisions to eat-at-home versus eat-away-from-home are made every day. If through this proposed tax, restaurants become more expensive relative to eating-at-home, they will lose away-from-home dining occasions through no fault of their own. I find this another example of government meddling with free enterprise. My company would have to collect from our customers an additional \$50,000 a year to cover this tax, and I believe that this would decrease our customer counts, our profits, and likely reduce the number of people we employ (currently around 200). And all this is on top of the doubling of our Property Taxes last year, and an annual increase of \$25,000 a year in Federal Taxes that started in 1989 when we began paying FICA on tipped income. When will this "increase taxes" momentum stop!?

Office: 1320 East Kellogg Drive • Wichita, Kansas 67211  
316-262-3424

*Affiliated Companies:*  
Willie C's Cafe & Bar, Inc.  
Willie C's of Wichita, Inc.  
Willie C's Cafe & Bar of Wichita, A Limited Partnership  
Rowe & Partners Real Estate  
Willie's West Real Estate, Inc.

*Eco-Devo  
Attachment # 26*

*02-21-91*



I have heard logic proposed for this tax that eating out is a "luxury", and thus a viable candidate for additional taxation. First, I completely disagree with the concept that luxuries are more deserving of taxation than non-luxuries, but if you do buy this concept, I would also argue that eating out is not a luxury. Approximately 35% of all meals are consumed away from home. This figure has steadily grown as our population has included more two income families, and a life style that precludes a lot of discretionary time to cook and clean. You can't tell me that a drive thru burger I scarf in my car driving to my next meeting is a luxury...it's a necessity!

I would appreciate your giving my opinions consideration when you make your decisions regarding this bill, and I would urge you to oppose its passage.

Sincerely,



Bill Rowe  
President

cc: Bob Knight

BR/Lg