

Approved Jan. 2-11-92
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by Senator Dan Thiessen at
Chairperson

11:00 a.m. ~~xxxx~~ on Thursday, February 6, 1992 in room 519-S of the Capitol.

All members were present except:

Committee staff present:
Bill Edds, Revisors Office
Don Hayward, Revisors Office
Chris Courthwright, Research Department
Tom Severn, Research Department
Marion Anzek, Committee Secretary

Conferees appearing before the committee:
Senator Audrey Langworthy
Senator Ken Francisco, Chief Sponsor of SB524
Gary Sherrer, President, Wichita Airport Authority
Representative Georgia Bradford
Joe Lang, Senior Assistant City Attorney, City of Wichita
Bailis Bell, Director of Airports, Wichita Airport Authority
Willie Martin, Intergovernmental Coordinator, Sedgwick County, KS
Bernie Koch, Wichita Area Chamber of Commerce
Patricia Baker, Associate Executive Director, KS Assoc. of School Boards

Chairman Dan Thiessen called the meeting to order at 11:13 and recognized Senator Audrey Langworthy for a bill request.

Senator Audrey Langworthy said she would like to request the introduction of a new airport bill. She said, last year Johnson County was interested in HB2194 which would alleviate the problem of the County paying back taxes to 1983 with the understanding that the Board of Tax Appeals would not impose taxes prior to that year, nevertheless the BOTA did order the County Appraiser to assess taxes. She said, the County is now suggesting legislation to extend the years of back taxes prior to 1983 and specifically authorize the County to impose payments in-lieu of taxes on leases that do not prohibit such payment, and she said, the payments in lieu would be distributed proportionately for all the taxing units, not just the county.

Senator Fred Kerr moved to introduce Senator Langworthy's request into bill form, 2nd by Senator Steineger. The motion carried.

The Chairman turned attention to SB524 and recognized Senator Ken Francisco, Chief Sponsor of the bill.

SB524: Airport authorities, relating to powers thereof.

The following conferees are proponents of SB524.

Senator Ken Francisco said SB524 is basically a delegation bill, and he said there are several conferees from the County to testify and would yield to them. He appeared in support of the bill. (NO WRITTEN TESTIMONY)

Gary Sherrer, President, Wichita Airport Authority said in studying this issue, he believes some clarification in SB524 needs some re-emphasis. The people do not own the property, the property is the property of the City and the Airport Authority, which now has County representation on it. He said, the condition of the lease and the reason to not be taxed on it, is because it is not your building and any improvements are not yours.

He said, if someone put \$5.M into their business and their lease runs out, they lose the \$5.M because it belongs to the City of Wichita and the Airport Authority. He said, the City of Wichita has the only commercial airport in the State of Kansas, and has every major airline currently flying, it is unique and unlike any other in the state. (4) He said this is really not a Wichita issue as people come in from all over the state, he said he believes it is Kansas' only real commercial airport. He reminded the members that the infra-structure is paid for through the leases, and all the buildings out there are paid for by the leases. (NO WRITTEN TESTIMONY)

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,

room 519-S, Statehouse, at 11:00 a.m. ~~p.m.~~ on Thursday, February, 1992.

Representative Georgia Bradford said she was appearing in support of **SB524** which would provide tax exemption for all property owned by the Wichita Airport Authority. She said Salina and Topeka Airports have specific legislation authorizing ad valorem property tax exemption, and the City of Wichita is simply seeking conformity with current state policy to clarify its entitlement to the same exemption. (**ATTACHMENT 1**)

Joe Lang, Senior Assistant City Attorney, City of Wichita said a lot of testimony has been presented before on HB2194 in the 1991 session and the Interim Committee Proposal No.2 and the Special Committee on September 16, 1991. He emphasized a few points in his handout, The Wichita Airport property has always been exempt from ad valorem taxes. He said there have been 2 court cases, 1971 the Supreme Court affirmed they were tax exempt, and more recently a District Court Case which affirmed the tax exemption.

He said there is no loss to the tax base by exemption this property because it already is exempt. The property is exempt now and always has been, and if this bill were not passed it would continue to be exempt. (**ATTACHMENT 2**)

Bailis Bell, Director of Airports, Wichita Airport Authority said it is their goal to seek legislation to provide a specific, clear ad valorem tax exemption for Wichita Airport Authority properties. (**ATTACHMENT 3**)

Willie Martin, Intergovernmental Coordinator, Sedgwick County, KS said part of the dilemma in this issue is a clear understanding of "airport facility". She said the terms "aviation purposes" and "airport purposes" are commonly and interchangeably used in statutes and case law of other states, and KS statutes contain over 30 reference to "aviation purposes", "airport purposes" or "aviation related".

She said in her hand out is definitions used by the Federal Aviation Administration in regulations pertaining to nondiscrimination under the Airport Aid Program. (**ATTACHMENT 4**)

Bernie Koch, Wichita Area Chamber of Commerce said the financial viability of their successful Mid-Continent Airport is very important to the business community of South Central KS. He said they are blessed with some major companies which do business worldwide, providing gainful employment and a good payroll for this community. He said 65% of the airport business is directly business related. (**ATTACHMENT 5**)

Patricia Baker, Associate Executive Director, KS Association of School Boards **appearing in opposition to SB524** said exempting all property owned by Wichita Airport Authority from ad valorem taxes would include property utilized by private business and not just that directly related to the airports primary mission.

She said under the current system of financing public schools such exemptions result in increased property taxes, not only for the district where the exempt property is located, but also for all other districts receiving state aid.

She urged the committee members to consider the effects on all school districts in KS and on all taxpayers. (**ATTACHMENT 6**)

Chairman Thiessen concluded the hearing on **SB524**.

Senator Gerald Karr moved to adopt the minutes of February 4, 1992, 2nd by Senator Fred Kerr. The motion carried.

Chairman Dan Thiessen adjourned the meeting at 12:08 p.m.

GEORGIA WALTON BRADFORD

REPRESENTATIVE, NINETY-FOURTH DISTRICT

1012 BAYSHORE DRIVE
WICHITA, KANSAS 67212STATE CAPITOL
ROOM 183-W
TOPEKA, KANSAS 66612

TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS

MEMBER: ECONOMIC DEVELOPMENT
LOCAL GOVERNMENT
LEGISLATIVE EDUCATION PLANNINGTESTIMONY BEFORE THE SENATE TAX COMMITTEE
SENATE BILL 524
FEBRUARY 6, 1992

Mr. Chairman and members of the Committee, I appear in support of Senate Bill 524: legislation which would provide tax exemption for all property owned by the Wichita Airport Authority. (Wichita Mid Continent Airport, and the Colonel James Jabara Airport). I am Georgia Bradford, Representative for the 94th District in Wichita.

1. All real property at Mid Continent and Jabara is owned by the Wichita Airport Authority. Facilities owned by the authority are leased - even those facilities which are built and financed by the tenants. By statute (KSA 3-167), all property on the site must be used for aviation related uses. This airport is different from the Salina and Topeka airports which have properties which are not aviation related.
2. The tax exempt provision for the Wichita Airport Authority is interpreted from KSA 79-201a Second. Since 1975, when the City of Wichita established the Wichita Airport Authority, it has been exempt from ad valorem taxation. It continues to be exempt through KSA 3-167; however, this law does not make specific reference to tax-exempt status.
3. Both Salina and Topeka Airports have specific legislation authorizing ad valorem property tax exemption through statute: in 1989, the State Legislature granted this tax-exempt status through KSA 27-315 for the Salina Airport Authority; and, the Topeka Airport Authority is exempt through KSA 27-330.
4. The City of Wichita is simply seeking conformity with current state policy to clarify its entitlement to the same exemption. Without it, the Wichita Airport Authority will not have the same economic advantages in recruiting aviation related businesses as the Salina and Topeka Airport Authorities.

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5. Further, it is important to note that the Wichita Airport Authority is the only airport authority which does not include non-aviation related businesses: in the purest sense, it is a model of a public airport authority. It is an arm of the city of Wichita and is accounted for through the city budget without the use of tax-payer levies.

CHANGE MADE TO EXISTING LAWS:

1. The request is to clarify the law. It would ensure that all property owned by the Wichita Airport Authority would continue to be exempt from the payment of ad valorem taxes levied by any other political or taxing subdivision of the State.

2. KSA 3-167 would be repealed. In Wichita, a broad taxing base is not required from citizen tax-payers: no taxes are levied for airport purposes. The revenues generated from lease and use payments from the aviation related tenants are used to retire general obligation bonds issued by the City of Wichita for airport purposes.

All taxing entities in the Sedgwick County area are in favor of passage of the requested legislation.

Thank you, Mr. Chairman, for the opportunity to address you and the Committee on the need to clarify the status of the Wichita Airport Authority by statute.



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February 6, 1992

Senate Committee on Assessment and Taxation
State Capitol
Topeka, Kansas 66612

Re: **Senate Bill No. 524 - Airport
Tax Exemption**

Ladies and Gentlemen:

This testimony is intended to supplement that presented on behalf of the Wichita Airport Authority. Extensive testimony and background material has already been given to the Legislature this Term on Airport Tax Exemption. Information specific to the Wichita Airport Authority's interest in this matter include:

- Testimony on 1991 H.B. 2194 in the 1991 Session.
- Testimony on Interim Committee Proposal No. 2 including presentations in Wichita on July 22, 1991, and before the Special Committee in Topeka on September 16, 1991.
- Report of the Special Committee on Assessment and Taxation (Proposal no. 2).

The information considered by the Special Committee includes the history of the Wichita Airport Authority ("Authority"), its airports, tax exemption, current uses, and rationale for tax exemption. The justification and need for exemption has been covered in this previous testimony and by other speakers and does not need to be restated here.

Current Status of Exemption

Wichita's airport properties have always been exempt from ad valorem taxes under K.S.A. 79-201a Second and its predecessors. Again this year, the Authority and the City of Wichita, with the support of Sedgwick County, request a specific statutory exemp-

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tion because of uncertainty arising out of court rulings affecting other airports.

By 1991 H.B. 2194, codified at K.S.A. 1991 Supp. 79-201q, the Legislature granted tax exemption to "all property owned and primarily operated as an airport by a political subdivision, including property leased by the political subdivision for purposes not essential to the operation of an airport" until January 1, 1993 or until the expiration of any leases in effect on April 15, 1991.

The 1991 Special Committee undertook its study of Proposal 2 to determine "whether the policy choices embodied in H.B. 2194 should be made permanent." The Special Committee took no action.

Because the Special Committee did not take action relative to a statewide policy on exemption, the City of Wichita and the Authority now return to their original request from 1991: Clarify tax exemption specifically for the Authority as embodied in S.B. 524. We see this as a pressing need because of the uncertainty that will return at the expiration of the temporary legislation at the end of this year.

Statutory Authority for the Wichita Airport Authority

Public airports in Kansas are operated under a variety of statutes, summarized in the Special Committee Report. Wichita operates under several of the acts in Chapter 3. The Authority is organized pursuant to K.S.A. 3-162, et seq. Its operations are under K.S.A. 3-113 to 3-117. Bonding authority is in K.S.A. 3-153 to 3-160 and also K.S.A. 13-1348a to 13-1348c

Last year's H.B. 2194 amended K.S.A. 3-163 relative to the membership of the Wichita Airport Authority, creating a 9 member Authority with 7 members appointed by the City and 2 members appointed by Sedgwick County.

The proposed legislation in S.B. 524 would amend K.S.A. 3-167 relative to the Authority's powers, to provide that all property owned by the Authority is exempt from the payment of ad valorem taxes. The location of the amendment within the statutory authority for the airport is similar to the placement of the special exemptions allowed in K.S.A. 1991 Supp. 27-319 (Salina Airport Authority) and K.S.A. 27-330 (Metropolitan Topeka Airport Authority).

Ownership and Use of Land

The Authority owns all land and facilities on the airports. This includes all land and facilities occupied or used by the tenants. Even for facilities constructed or improved by tenants, the facility reverts to the Authority at the end of the term of the lease. (The only exceptions on Authority ownership are several buildings owned by other government entities under special arrangements.) All roads, easements, and rights-of-way on airport property belong exclusively to the Authority. They are not platted or dedicated to the public.

The Authority is authorized to lease the airport in whole or in part. Several important restrictions are placed upon these leases:

- leases must be for "aviation purposes .. for any purpose directly or incidentally and necessarily required for the successful and proper operation ..." of the airport. (K.S.A. 3-116.) "Airport purposes or purposes incidental or related thereto." (K.S.A. 13-1348b) [This restriction distinguishes Chapter 3 airports from other airports.]
- leases are limited to 50 years. (K.S.A. 3-116.)
- leases and agreements for other uses must provide for "fair and reasonable compensation." (K.S.A. 3-116.)

Much of the day to day aviation operations as well as the use of airport facilities is governed by federal law and regulations. Because the Authority accepts Federal Aviation Grant funds, the Authority and the City are subject to extensive "Grant Assurances." These incorporate by reference numerous federal laws and regulations that set strict guidelines in such diverse areas as environment, land acquisition, non-discrimination, disadvantaged businesses, concessionaires, non-exclusive uses, procurement, contracting, wage and hours, ethics, security, land use, and accounting.

While the Authority is not in the position of granting tax exemption to tenant facilities, such facilities are exempt because they are owned by the Authority and meet the other qualifications of K.S.A. 79-201a Second and now 1991 H.B. 2191. Some facilities as well as some tenants' personal property also qualify for exemption under bond issues. All other personal property of tenants is subject to ad valorem taxation. All tenants also pay all other taxes that they would otherwise pay whether on or off

airport property.

Because of the Authority's ownership of land and facilities, because of the restrictions on use of the property under state and federal law, and because of the rental structure, it is submitted that subjecting tenants to ad valorem taxes would be onerous and unfair.

Background of Tax Exemption

Wichita's airport property has always been exempt from ad valorem property taxation. This exemption for all airport property was affirmed under old K.S.A. 13-1406 in Board of Park Commissioners v. Board of County Commissioners, 206 Kan. 438 (1971). That exemption was reaffirmed under K.S.A. 79-201a Second by the Shawnee County District Court in 1988 (In the Matter of the Application of the Wichita Airport Authority, 86 CV 1390).

Legislative History. K.S.A. 13-1406 (R.S. 1923, repealed 1969) expressly exempted municipal airports from taxation. The Supreme Court found that this specific language controlled over more general statutory language and kept all of the airport property off of the tax rolls. In Board of Park Commissioners, the Court found a legislative intent to not tax municipal airport facilities and expressed difficulty in conceiving that they should be taxed.

A recodification of the State's tax statutes in 1969 resulted in the repeal of that statute and many other diverse and special exemption statutes. The recodification was a culmination of an extensive interim committee study and legislative action in 1968 and 1969. In these amendments, the current exemption structure emerged. The replacement statute for properties such as municipal airports was the revised K.S.A. 79-201 Sixth, the predecessor to the current K.S.A. 79-201a Second. In this statute, the basis for exemption is now "exclusive use" of the property by the governmental entity.

By K.S.A. 1991 Supp. 79-201q (1991 H.B. 2194), the Legislature granted tax exemption to "all property owned and primarily operated as an airport by a political subdivision, including property leased by the political subdivision for purposes not essential to the operation of an airport." The bill expressly does not apply to or limit the operation of K.S.A. 79-201a Second or the other airport tax exemption statutes.

Airport Tax Litigation. Sedgwick County placed the Authority's airports on the tax rolls in 1985. After extensive legal argument and hearings, the Board of Tax Appeals issued orders in 1986 which found that portions of the airports qualified for exemption but placed other portions on the tax rolls. On appeal, the District Court reversed the BOTA non-exempt finding and held that all of the property qualified for exemption.

Sedgwick County initially took the case to the Court of Appeals but then dismissed its appeal before the case was decided. The District Court decision remains today - all Authority property is exempt from taxation. In discussions with the County over the appeal, the City agreed that the law needed to be clarified in order to avoid such litigation in the future. This is the basis for the City of Wichita's original request for legislation in 1991.

During the litigation of this case, the appellate courts decided two cases interpreting K.S.A. 79-201a Second that were important for airport tax exemption. In Salina Airport Authority v. Board of Tax Appeals, 13 Kan. App. 2d 80 (1988), the Court found that leased property did not qualify for exemption when no public function of government was being carried out by a lessee. In Tri-County Public Airport Authority v. Board of County Commissioners of Morris County, 245 Kan. 301 (1989), the court held that exclusive use requires actual use of the property for a public purpose.

In Tri-County, the Court left open for another time (perhaps the Wichita case then on appeal) consideration of other issues:

"We wish to emphasize that our decision is based upon the factual situation of this case in which the property found not to be exempt from taxation was being leased to private enterprise for businesses which have no direct or necessary relationship to the operation of a public airport. We make no determination here as to the taxability of airport property leased to airport-related businesses necessary or advisable in the proper operation of an airport facility."

It has always been the position of the Wichita Airport Authority that its statutorily mandated aviation-related leases were "necessary or advisable" in the proper operation of the airports. That issue has never had to be specifically addressed by a court, however.

It is noted that the Legislature reversed the effects of Salina Airport Authority in 1989 as it pertained to that specific airport by an amendment to K.S.A. 27-319. The Metropolitan Topeka Airport Authority has also had specific tax exemption under K.S.A. 27-330. In the interim, until the 1991 Legislative action, a number of other airports were in litigation over their tax exemption. Wichita and the other airports sought legislative equality in the treatment of exempt status.

Other Options

If the Legislature were to consider a statewide policy on airport tax exemptions, a number of options are available. Draft language for several approaches was submitted to the Special Committee last summer. This Committee is urged to pass S.B. 524 as now drafted, however. The City of Wichita and the Authority need this legislation this session. The enactment of this bill will not change the current status of Wichita exemption and will not preclude future actions on a statewide policy if the Legislature decided to study it again in another term.

Conclusion

The temporary exemption passed in 1991 will expire at the end of this year. It is our legal opinion that the Wichita Airport Authority will still continue to be tax exempt as a result of a Court order, however. It is obvious that there are different conclusions and the state of the law is clouded by the rulings in the Salina and Tri-County cases. This leaves an air of uncertainty for the City and County and more particularly for tenants on the airports or those contemplating coming to Wichita. This is an issue that needed further clarification in order for the City, the Authority, and user of the airports to be able to do business and make plans in a normal manner.

K.S.A. 1991 Supp. 79-201q (1991 H.B. 2194) grants this air of certainty for only a short period of time. We respectfully request that S.B. 524 be passed so that this question will be resolved and that the Wichita Airport Authority can continue to operate under the exemption it has always had.

Very truly yours,


Joe Allen Lang
Senior Assistant City Attorney

JAL:kj

Testimony of
The Wichita Airport Authority
Wichita, Kansas

Supporting SB 524

Before the
Assessment and Taxation Committee
of the Kansas Senate

February 6, 1992

Presented by:

Bailis F. Bell
Director of Airports
The Wichita Airport Authority

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Mr. Chairman and Committee Members:

I am Bailis Bell, Director of Airports for The Wichita Airport Authority. The Wichita Airport Authority owns and operates Wichita Mid-Continent and Col. James Jabara Airports. The City of Wichita and Sedgwick County are in strong support of SB 524.

This bill comes before you as a result of a strong need to do business in an orderly manner on Wichita's publicly-owned airports. Again we are seeking from the Kansas Legislature clear legislation which we, who are responsible for the operation and development of Wichita's publicly-owned airports, can depend upon when soliciting business to locate or expand or remain on those airports.

First, it must be understood that The Wichita Airport Authority has never paid ad valorem taxes on the government-owned properties on its airports. This fact that no taxes have been paid does not mean that no activity has taken place on this issue. Extensive appeals to the Board of Tax Appeals and a subsequent submission to the courts has been required to maintain the exempt status.

It is our goal to seek legislation to provide a specific, clear ad valorem tax exemption for Wichita Airport Authority properties, and to stop the bickering and arguing so that we may go about our business of supporting the aviation activities of this state.

Toward that goal, the Kansas Legislature this past session passed HB 2194, which amended K.S.A. 3-163 as follows:

The following described property, to the extent herein specified, shall be and is hereby exempt from all property or ad valorem taxes levied under the laws of the State of Kansas:

- (a) All property owned and primarily operated as an airport by a political subdivision, including property leased by the political subdivision for purposes not essential to the operation of an airport, from all taxable years commencing after December 31, 1983, but before January 1, 1993.
- (b) If the terms of any lease existing on April 15, 1991, of any such property for whatsoever use extends beyond the tax year 1992, the expiration date of the exemption provided by subsection (a) shall be the tax year next following the tax year during which such lease expires.

We applaud the Legislature for recognizing the needs of Kansas airports and the attempt to develop State policy on this issue. However, HB 2194 was designed to be a temporary law, and the interim committee assigned the task of reviewing and recommending any further action decided not to recommend further action.

Because of the variety of types of airports in Kansas, and because of the varying approaches to development and financial support of those airports, it is understood that developing a state policy that is applicable to all publicly-owned airports is quite difficult, if not impossible. With this in mind, Wichita and Sedgwick County strongly support a specific tax exemption for Wichita Airport Authority-owned properties as written in SB 524.

Thank you.

Bailis F. Bell
Director of Airports
The Wichita Airport Authority



SEDGWICK COUNTY, KANSAS

INTERGOVERNMENTAL COORDINATOR

WILLIE MARTIN

COUNTY COURTHOUSE • 525 N. MAIN • SUITE 315 • WICHITA, KANSAS 67203 • TELEPHONE (316)383-7552

TESTIMONY

SB 524

SENATE ASSESSMENT AND TAXATION COMMITTEE

Willie Martin, Sedgwick County

February 6, 1992

Mr. Chairman, members of the committee, I'm Willie Martin representing the Sedgwick County Board of Commissioners, appearing in support of Senate Bill 524.

This legislation clarifies the tax exempt status of all properties at Wichita Mid-Continent Airport. Historically it has always been local policy for these properties to be exempt. Part of the dilemma in this issue is a clear understanding of "airport facility".

The premise of the hotel facility and other operations at Mid-Continent Airport being aviation related was challenged last session and during summer interim committees. The terms "aviation purposes" and "airport purposes" are commonly and interchangeably used in statutes and case law of other states. The Kansas statutes contain over 30 references to "aviation purposes," "airport purposes," or "aviation related."

Perhaps the following definitions will provide a broader perspective of "airport facility".

A definition used by the Federal Aviation Administration in regulations pertaining to nondiscrimination under the Airport Aid Program (14 C.F.R. Section. 152.403), states:

"Aviation related activity' means a commercial enterprise

1. Which is operated on the airport pursuant to an agreement with the grantee;
2. Which employs persons on the airport; and

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3. Which--

- (i) is related primarily to the aeronautical activities on the airport;
- (ii) Provides goods or services to the public which is attracted to the airport by aeronautical activities;
- (iii) Provides services or supplies to other aeronautical related or public service airport businesses or to the airport; or
- (iv) Performs construction work on the airport."

Also of interest is the definition of "airport facilities" for federal income tax purposes (tax exempt municipal bond financing) in Section 142 of the Internal Revenue Code of 1987 and related regulations (Section 1.103.8).

"...service accommodations for the public such as terminals, retail stores in such terminals, runways, hangars, loading facilities, repair shops, parking areas, and facilities...functionally related and subordinate to the airport such as facilities for the preparation of in-flight meals, restaurants, and accommodations for temporary or overnight use by passengers, and other facilities functionally related to the needs or convenience of passengers, shipping companies, and airlines."

Wichita Mid-Continent is a regional "airport facility", important to major companies, small businesses, and you and I the occasional traveler. We believe that one of the reasons Mid-Continent has twice as many airlines as similarly sized cities is the efficient way it is financially structured and operated.

All airport property is leased to airport-related businesses necessary or advisable in the operation of a regional airport facility. Tenants at Wichita Mid-Continent Airport do not own their own facilities, all property is owned by the Wichita Airport Authority. Lease payments support all maintenance, operation, and improvements to the airport.

Passage of Senate Bill 524 is necessary to continue those efficiencies and to preserve an aviation hub vital to the economy of not only the region but Kansas.

We respectfully urge you to support Senate Bill 524.

TESTIMONY ON SB 524
BERNIE KOCH
WICHITA AREA CHAMBER OF COMMERCE
FEBRUARY 6, 1992

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, I'M BERNIE KOCH WITH THE WICHITA AREA CHAMBER OF COMMERCE, TESTIFYING IN SUPPORT OF SENATE BILL 524.

THE FINANCIAL VIABILITY OF OUR VERY SUCCESSFUL MID-CONTINENT AIRPORT IS VERY IMPORTANT TO THE BUSINESS COMMUNITY OF SOUTH CENTRAL KANSAS. WE ARE BLESSED WITH SOME MAJOR COMPANIES WHICH DO BUSINESS WORLDWIDE, PROVIDING GAINFUL EMPLOYMENT AND A GOOD PAYROLL FOR OUR COMMUNITY.

AN IMPORTANT SERVICE TO THOSE COMPANIES IS OUR AIRPORT. COMPANIES LIKE PIZZA HUT, BOEING, LEARJET, CESSNA, BEECH, AND KOCH INDUSTRIES DEPEND ON THIS FACILITY.

IN FACT, BUSINESS IS THE MAJOR USER OF MID-CONTINENT. OF THE 100 MILLION DOLLARS WORTH OF TICKET SALES IN SOUTH CENTRAL KANSAS, 65 MILLION DOLLARS WORTH IS DIRECTLY BUSINESS RELATED. ONE COMPANY ALONE SPENDS \$9 MILLION A YEAR ON TRAVEL OUT OF WICHITA MID-CONTINENT. IT'S A VITAL PART OF OUR INFRASTRUCTURE IN THE REGION.

WE BELIEVE IT'S A WELL RUN AIRPORT, AND THE FACT THAT IT'S WELL RUN IS DUE IN PART TO THE FINANCIAL STRUCTURE, A STRUCTURE WHICH MAKES THE AIRPORT SELF-SUFFICIENT.

WE URGE YOUR FAVORABLE CONSIDERATION OF SENATE BILL 524 SO WE CAN CONTINUE TO KEEP MID-CONTINENT SELF-SUFFICIENT.

THANK YOU FOR THE OPPORTUNITY TO TESTIFY.

SENATE ASSESSMENT & TAX

ATT. 5 2-6-92

KANSAS
ASSOCIATION



OF
SCHOOL
BOARDS

5401 S. W. 7th Avenue Topeka, Kansas 66606
913-273-3600

Testimony on S.B. 524
before the
Senate Committee on Assessment and Taxation

by

Patricia E. Baker
Associate Executive Director/General Counsel
Kansas Association of School Boards

February 5, 1992

Mr. Chairman, Committee members, thank you for the opportunity to appear on behalf of school boards across the state. I appear in opposition to S.B. 524 which would exempt all property owned by the Wichita Airport Authority from ad valorem taxes. This would include property utilized by private business and not just that directly related to the airport's primary mission.

We have watched in frustration as more and more of the base is excluded from taxation by cities, counties and the legislature. Under our current system of financing public schools, such exemptions result in increased property taxes, not only for the district where the exempt property is located, but also for all other districts receiving state aid.

In discussing the merits of S.B. 524 we ask your consideration of the effects on all school districts in Kansas and on all taxpayers.

SENATE ASSESSMENT & TAX
ATT. 6 2-6-92