

## MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on March 10, 2005 in Room 519-S of the Capitol.

All members were present.

## Committee staff present:

Chris Courtwright, Legislative Research Department  
 Martha Dorsey, Legislative Research Department  
 Gordon Self, Revisor of Statutes  
 Rose Marie Glatt, Committee Secretary

## Conferees appearing before the committee:

**SB 58**

## \*Proponents:

Mayor Carlos Mayans, City of Wichita  
 Commissioner Tom Winters, Sedgwick County  
 Tom Docking, Wichita Downtown Development Corporation  
 Richard Taylor, Building and Construction Trade Council of Central and Western Kansas  
 Lyndon Wells, Chairman-elect, Wichita Area Chamber of Commerce  
 Mayor John Waltner, City of Hesston (Regional Economic Area Partnership)  
 John Rolfe, Wichita Convention and Visitors Bureau  
 Dr. Les Ruthven, Greater Wichita Area Sports Commission  
 Deborah Stout, Volunteer for "Vote Yea" arena campaign  
 Natalie Bright, Wichita Independent Business Association  
 Susan Wenger, Wichita Area Realtors  
 Jim DeHoff, AFL-CIO

(13) written testimonies: (1) Ed Wolverton, President of the Wichita Downtown Development Corp. (2) Bob Hanson, President & CEO, Greater Wichita Sports Commission (3) George Fahnestock, Past Chairman, Greater Wichita Sports Commission (4) Steve and Becky Shaad, citizens (5) Tom Rangel, AIA, Law/Kingdon, Inc. (6) Dion P. Avello, Mayor, City of Dakota (7) Steve Grimes, Wichita volunteer (8) Don Blasi, Director, Wichita Growth Center, P.A. (9) William B. Moore, Executive VP, Westar Energy (10) Dan Lien, citizen (11) Bryan Derreberry, The Wichita Chamber (12) Bud Burke, Cessna Aircraft Company (13) Jim Davis, Business Manager for IBEW Local 271, Wichita submitted 18 signature letters

## \*Opponents:

John R. Todd, Wichita Real Estate Broker  
 Jerry Winkelman, Wichita  
 Karl Peterjohn, KS Taxpayers Network  
 William T. Davitt, citizen

**HCR 5009**

## \*Proponents:

Representative Frank Miller  
 Ed Jaskinia, Topeka Real Estate Agent

## \*Opponents:

Larry Baer, League of Kansas Municipalities  
 Karl Peterjohn, KS Taxpayers Network  
 Mark S. Beck, Director, Division of Property Valuation (written testimony only)

## Others attending:

See attached list.

**HB 2505 - Emerging Industry Investment Act**

The Chairman made the motion to substitute **HB 2505**, exactly as passed out March 8, 2005, of the Taxation Committee, into **HB 2003** to address a procedural problem. Representative Gilmore seconded the motion. The motion passed.

## CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on March 10, 2005 in Room 519-S of the Capitol.

### **SB 58 - Authorizing countywide retailers' sales tax for Sedgewick county arena**

Mr. Courtwright stated that the bill would amend a local sales tax statute to ratify the results of a November 2004 election, in Sedgewick County, relative to the imposition of a 1 percent sales tax earmarked for constructing and equipping a new regional events center; design of and improvements to the Kansas Coliseum Complex; and various operation, maintenance, site-acquisition, and infrastructure costs associated with such facilities. The tax would be implemented on July 1, 2005 and would sunset on or before December 31, 2007.

#### PROPOSERS:

Mayor Carlos Mayans, City of Wichita, testified in support of **SB 58 (Attachment 1)**. He stated that Wichita had seen the decline in their downtown area. Many businesses had moved out, resulting in less energy and business activity in the core of their city. They had undertaken several projects to reverse that trend. Old Town has flourished and the Waterwalk project is now underway and the construction of a Downtown Arena will be the next step in creating a new synergy in their city. He strongly urged the Legislature's support to pass **SB 58** to help them build a vibrant Wichita and Sedgewick County.

Commissioner Tom Winters, Sedgewick County, appeared in support of **SB 58 (Attachment 2)**. The timing of the proposal, along with their need to move ahead with renovations at the Kansas Coliseum, a presidential election in November, and the fact that the legislature was not in session were the reasons they moved ahead with the vote without first coming to the legislature. This type of request, for ratification of vote, has occurred in two other counties in the past. The election results clearly gave them the indication that Sedgewick County citizens are prepared to proceed with a Downtown Arena: 78% of registered voters in Sedgewick County turned out to vote on November 2, 2004, and of them, 52% approved this local initiative.

Tom Docking, Wichita Downtown Development Corporation, rose in support of **SB 58 (Attachment 3)**. The Downtown Arena project is their local initiative to better their community and region. The businesses are supportive of the project, the citizens of Sedgewick County have a clear vision of growth and prosperity and have approved this initiative. He urged the Committee to pass **SB 58** so they may move ahead with the plans and projects already set in place.

Richard Taylor, Building and Construction Trade Council of Central and Western Kansas, appeared in support of **SB 58 (Attachment 4)**. He stated that their organizations were behind this project 100%. Their more than 10,000 members were among the 52% in Sedgewick County who voted to support the Downtown Arena. They understand the project, its costs, and the benefit of development (jobs) now and in the future. It is time to build the Downtown Arena - if their community is going to remain competitive in the business world.

Lyndon Wells, Chairman-elect, Wichita Area Chamber of Commerce, testified in support of **SB 58 (Attachment 5)**. The business community has stood behind the downtown arena effort and, although sensitive to the overall cost of doing business including taxation, has felt a temporary tax, for a specific purpose, voted on by the public was important to achieving their regional objectives for the future.

Mayor John Waltner, City of Hesston, stood before the Committee in support of **SB 58 (Attachment 6)**. The Regional Economic Area Partnership also supports SB 58 on the principal of local control. The citizens of Sedgewick County voted to implement this temporary 1 cent sales tax to finance a specific project. The local government officials of REAP urge legislators to recognize and acknowledge this vote.

John Rolfe, Wichita Convention and Visitors Bureau, testified in support of **SB 58 (Attachment 7)**. They support the Downtown Arena because of the value it would bring to Wichita and their region. They know that there are many events the arena will host that will be one-day concerts or shows. But, from a convention perspective, it also provides additional space to host large conventions and groups.

Dr. Les Ruthven, Greater Wichita Area Sports Commission, stated that his company was a board member of the Sports Commission because it believed in the value of sports in society, and it's place as one of the major keys to quality of life and economic development (**Attachment 8**). Wichita and Kansas are hidden jewels in

## CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on March 10, 2005 in Room 519-S of the Capitol.

the Midwest, but in order to keep jobs here and to bring good jobs to the South-Central region, they have to have what their competitors have, which includes the regional events center. He urged the Committee to express their confidence in the voters of Sedgwick County by passing **SB 58**.

Deborah Stout, a volunteer for "Vote Yea" arena campaign, testified in support of **SB 58 (Attachment 9)**. She urged the Committee to pass the bill on behalf of over 800 volunteers that worked on the Downtown Arena project. She cited six reasons that the volunteers were committed to the project and asked the Committee to stand behind the will of the people by helping them improve their community.

Natalie Bright, Wichita Independent Business Association, rose in support of **SB 58 (Attachment 10)**. She testified that it was a rare opportunity when their membership asked government to support a tax increase. Yet, it was also a monumental event when they could assure the government that the majority of the citizens, that this tax would impact, had already voted to support its enactment.

Susan Wenger, Wichita Area Realtors, stated that they believed that a new downtown arena, especially in conjunction with the nearby Wichita Waterwalk, would generate substantial economic activity and development and continue the revitalization of downtown Wichita (**Attachment 11**). The revitalization has been stimulated by the development of numerous museums, the Hyatt Hotel, apartments and condominiums, the Old Town Warehouse District and several other developments in the area. Those developments had provided a good start, but they need to continue this momentum and finish the job. She urged passage of **SB 58**.

Jim DeHoff, AFL-CIO testified on behalf of 100,000 Kansas members who were very interested in economic development issues in Kansas. The Downtown Arena would create new jobs, new construction and new permanent jobs when the project was completed. He urged the Committee's support in passing **SB 58 (Attachment 12)**.

There were thirteen written testimonies and eighteen signature letters submitted in support of **SB 58 (Attachment 13)**: (1) Ed Wolverton, President of the Wichita Downtown Development Corp. (2) Bob Hanson, President & CEO, Greater Wichita Sports Commission (3) George Fahnestock, Past Chairman, Greater Wichita Sports Commission (4) Steve and Becky Shaad, citizens (5) Tom Rangel, AIA, Law/Kingdon, Inc. (6) Dion P. Avello, Mayor, City of Dakota (7) Steve Grimes, Wichita volunteer (8) Don Blasi, Director, Wichita Growth Center, P.A. (9) William B. Moore, Executive V.P., Westar Energy (10) Dan Lien, citizen (11) Bryan Derreberry, The Wichita Chamber (12) Bud Burke, Cessna Aircraft Company (13) Jim Davis, Business Manager for IBEW Local 271, Wichita, submitted 18 signature letters.

### OPPONENTS:

John R. Todd, Wichita Real Estate Broker, rose in opposition to **SB 58 (Attachment 14)**. He stated that under current state law, counties in Kansas are not authorized to raise county sales taxes for projects like the proposed downtown arena project without first obtaining the required legislative approval prior to any vote of the public and the passage of SB 58 would make an illegal vote legal. The Committee should reject the bill or at the very least amend the bill by approving the 1% sales tax subject to a *new vote of the people*, as current law requires. His testimony included a letter from Bob Weeks, a Wichita citizen.

To address Mr. Todd's comments the Chairman asked staff, in their opinion, whether **SB 58** would have any legal issues if they proceed. Staff responded that the Legislature had ratified elections, retroactively relative to local sales tax on three previous occasions. The Chairman stated that to clarify the question, they had previously consulted with a number of attorneys to ensure the legality of the issue. They were *all uniform* in saying that this is a legal way to proceed. The statement that they were not following the "rule of law" was untrue.

Jerry Winkelman, citizen of Wichita, testified in opposition to **SB 58 (Attachment 15)**. He stated that in many conversations with citizens and through an individual private poll that he had conducted, he found that 85% of the Sedgwick County citizens opposed the downtown arena sales tax. He provided questions and answers to many of the concerns of the people. His testimony included various newspaper articles regarding the sales



## CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on March 10, 2005 in Room 519-S of the Capitol.

tax.

Karl Peterjohn, KS Taxpayers Network, appeared in opposition to **SB 58** (Attachment 16). He stated that the bill was a flawed bill that should either be re-drafted or defeated in its current form. He outlined four reasons for his statement: (1) grossly non-uniform statute, (2) the bill is insulting to taxpayers; and by making an advisory vote retroactively into a binding vote was an affront to the rule of law (3) opposition efforts, privately funded, were outspent by greater than 2 - 1 margin by city, county and state funded tax dollars spent by tax funded organizations and (4) there were two options available for Sedgwick County and Wichita if the Legislature did not act. He urged the Committee to reject **SB 58**.

William T. Davitt, citizen, testified in opposition to the downtown arena (Attachment 17). He stated there was no need for a new 15,000 seat arena in Sedgwick County. He quoted an article in the January 18, 2005 Wichita Eagle "Coliseum crowds fell 21% in 2004. The drop in attendance caused some to question again the need for a downtown arena". He was an advocate for the Coliseum to be remodeled, stating that it would cost only a fraction of what it will cost to go downtown.

The Chairman asked Mayor Carlos Mayans to advise the committee of the current economic climate in Wichita. He stated that when he took office, unemployment was 7.1%. It is 6% now. The business projections regarding the air industry are favorable. There are plans to grow the workforce of the Boeing commercial plant from 7,000 to 18,000 and plans to undertake a \$1 billion modernization of the plant in order to do this. In conclusion the economic outlook for Wichita is quite positive.

The Chairman closed the public hearing on **SB 58**.

### **HCR 5009- A Constitutional Amendment providing formula for appraised valuation of residential property.**

Mr. Courtwright stated that **HCR 5009** proposes to amend the property tax classification amendment to the Kansas Constitution, by inserting a mandate that the Legislature provide that the appraised valuation of real property, that is used for residential purposes that is sold, shall be adjusted, retroactively to an amount equal to the average of what the appraised valuation of that property is, and what it actually sells for. This would be voted on November 2, 2006.

The Chairman opened the public hearing on **HCR 5009**

Frank Miller, sponsor of the bill, provided the history, from 1998 to 2002, of the appraised value of his previous home. Included in his testimony was an article from the Topeka Capital-Journal, which further substantiated the problem of residential property being over valued. He stated that **HCR 5009** would amend the Kansas Constitution so that when a residential property is sold, the appraised value of that home must be lowered or increased to the average of the latest appraised value, and the actual selling price of the home. The details requiring that the sale must be made "at arms length" would be specified statutorily by the legislature once the amendment was ratified by the voters (Attachment 18).

Discussion followed regarding the appeal process available to citizens to contest the assessed property valuation.

Ed Jaskinia, Topeka real estate agent, rose in support of **HCR 5009**. This resolution would only be in effect for one year, as far as new property is concerned (no written testimony). This is not an all encompassing bill with a huge fiscal impact and would protect busy people from the necessity of going through the appeal process.

Larry Baer, League of Kansas Municipalities, stood in opposition to **HCR 5009** (Attachment 19). The resolution proposes to amend the Kansas Constitution by providing a simple formula for the adjustment of appraised values of residential properties at the time of sale. While the League understands the intent of **HCR 5009**, it is the unintended consequences of the resolution that pose the problems. It would result in artificially decreasing appraised values and, consequently, the assessed valuations and, therefore, be in violation of the



CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on March 10, 2005 in Room 519-S of the Capitol.

“uniform and equal” requirements of the Kansas Constitution.

Karl Peterjohn, KS Taxpayers Network, appeared to confirm a similar circumstance in the significant number of complaints he had received regarding soaring valuation appraisals (no written testimony). This is a problem, and although he had concerns about **HCR 5009**, he believed the Committee should address this issue in the near future.

Written testimony from Mark S. Beck, Director, Division of Property Valuation, was distributed regarding **HCR 5009** (Attachment 20). The amendment raised several issues that need to be acknowledged and discussed prior to implementation and eleven key points were delineated for discussion.

The Chairman closed the public hearing on **HCR 5009**.

Mr. Courtwright, KS Legislative Research Department, distributed copies of the State General Fund (SGF) receipts July, 2004 through February, 2005 (Attachment 21). Data included the State General Fund Receipts for the following categories:

- Actual FY 2004,
- Estimated, Actual and % Difference for FY 2005
- Percent Increase relative to FY 2004.

The meeting was adjourned at 11:00 a.m. The next meeting is March 11, 2005.

# HOUSE TAXATION COMMITTEE GUEST LIST

DATE: March 10, 2005

NAME	REPRESENTING
Tom Winters	Sedgwick County, Kansas
<del>Jeanne Goodwin</del>	City of Wichita
Tom Docking	Wichita Downtown Devel. Corp.
John Waltner	Regional Economic Area Partnership
Ed Wolventan	WIDC
Malissa Wolventan	Arena Campaign
Jim Whitely	KS AFL-CIO
Richard L. Taylor	CENT. KS BLOC TRADES
LYNDON WELLS	INTRUST BANK
Andy Schlapp	Sedgwick County
GROTT SCHNEIDER	CITY OF WICHITA
John Wolfe	Wichita Convention Bureau
Kristi Zukovich	Sedgwick County
Mukul Jansary	YEP on Downtown Area
Bernard A. Koch	Wichita Area Chamber
Samuel M. Williams	Sullivan Higdon; Sink
LARRY R. BAER	LKW
Bill Livingston	GOALS COMMISSION
RICK MARTIN	SPORTS COMMISSION

# HOUSE TAXATION COMMITTEE GUEST LIST

DATE: 3/10/05

NAME	REPRESENTING
Bob Hanson	Wichita Sports Commission
Jes Ruthven	Wichita Sports Commission
Erik Sartorius	City of Overland Park
Michelle Peterson	Ks. Governmental Consulting
John Todd	interested citizen
William T. Davitt	private citizen
Amyer Shaverdi	PHH of KS
Rachel Weil	<sup>Melody</sup> Rep. Miller
Dani Davey	Intern - Allmore
KEN DANIEL	KS SMALL Biz. com
Natalie Bright	Wichita Independent Business Assoc.
Tony Folsom	PVID
MARK Beck	PVID
BRIAN Nye	INTERN - REP HUFF





**TESTIMONY SB 58  
HOUSE TAXATION COMMITTEE  
MARCH 10, 2005**

Chairman Kenny Wilk and members of the committee.

I appreciate the opportunity to testify in support of SB 58. This bill would ratify the vote of the citizens of Sedgwick County last November 2 and impose a one percent sales tax for 30 months for the construction of a downtown arena in the city of Wichita.

I am Wichita Mayor Carlos Mayans, and I am here on behalf of the citizens of the city of Wichita who clearly voted in favor of a new regional events center in downtown Wichita.

Like many cities, Wichita has seen the decline of our downtown area. Businesses have moved out of downtown, resulting in less energy and business activity in the core of our city. I strongly believe that in order to have a strong, vital community, we need to have a vibrant downtown. It is the heart of our community and the south central Kansas region. If we truly want to be competitive in the changing business and economic environment today, we have got to invest in and build up our core downtown.

I think we are on the right track for our city's future. The Old Town area has flourished, providing a blend of business, restaurant, retail and housing options. It has become a destination area in our community for entertainment and shopping. The Waterwalk project is now underway, and I think it is another integral piece of our downtown revitalization. It will help provide development along the Arkansas River, one of our community's assets in the downtown area. The construction of a Downtown Arena will be the next step in creating a new synergy in our city, providing excitement and entertainment, tourism and ultimately new development in downtown.

Businesses have many choices about where they want to locate. We know that companies have moved from Wichita or chosen to locate in other cities because they are growing, vibrant centers of commerce. We want Wichita to be one of those vibrant centers of commerce. And, we're taking steps to make that happen. Each of these projects, including the Downtown Arena, will help us bring business and development back to downtown.

**Office of the Mayor**

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Hs Taxation Committee  
March 10, 2005  
Attachment 1

If we are serious about encouraging businesses to stay in downtown or attracting new jobs to downtown Wichita, then we've got to make it more inviting. If we are serious about keeping talented youth as contributing members of our Wichita community, then we need to make it more exciting. If we are serious about making downtown Wichita the heart of our region, then we need to invest in it.

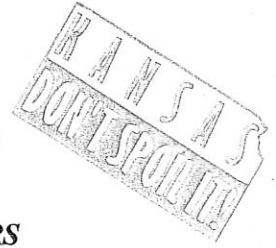
The citizens of Wichita and Sedgwick County told us on November 2<sup>nd</sup> that they want a Downtown Arena. We believe it will be good for downtown, good for Wichita, good for Sedgwick County and good for our region.

We need your help to implement the will of our citizens. I strongly urge your support of SB 58 to make the proposed Downtown Arena part of our city's future, to help us build a vibrant Wichita and Sedgwick County.

Mayor Carlos Mayans



**Tom Winters**  
**Commissioner - Third District**



**BOARD OF COUNTY COMMISSIONERS**  
**SEDGWICK COUNTY, KANSAS**

COUNTY COURTHOUSE • SUITE 320 • 525 NORTH MAIN • WICHITA, KANSAS 67203-3759  
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**TESTIMONY SB 58**  
**HOUSE TAXATION COMMITTEE**  
**March 10, 2005**

Chairman Wilk and members of the committee, I appreciate the opportunity to testify in support of SB 58, a bill that would ratify the vote of the citizens of Sedgwick County last November and impose a one cent sales tax for thirty months for the construction of a downtown arena in the City of Wichita. I am Sedgwick County Commissioner Tom Winters. I want to explain why I am supportive of a regional events center in downtown Wichita.

The Kansas Coliseum has served our community for 28 years, but it is in dire need of repair. The roof, heating and air conditioning systems, the restrooms and the seating all need to be replaced or repaired. The Kansas Coliseum also has ADA compliance issues, and as a result, a lawsuit was filed against Sedgwick County in 1996. In 1998, the City of Wichita and the business community began looking to build a new arena downtown, so Sedgwick County made minor repairs but agreed to put major renovations on hold until the Arena issues was resolved. In 2000, their downtown arena plan was put on hold, to help support passage of the community's USD 259 bond issue. The downtown arena project was put on hold again in 2002, because of the downturn in Sedgwick County's economy after 9/11.

However, despite these delays, Sedgwick County was still faced with an aging facility in need of repairs and ADA compliance. After 6 years of waiting for the possibility of a downtown arena, and aware of our responsibility for the Kansas Coliseum, the County moved ahead with a Kansas Coliseum renovation plan. With this plan, citizens knew that renovations would begin in January 2005.

In the late spring of 2004, the business community and the City of Wichita came to us and asked if we could make one more attempt for a regional events center in downtown Wichita. The County put together a proposal providing a temporary sales tax to be used only for a Downtown Arena project. The Board of County Commissioners, the Wichita City Council, and the business community approved this proposal in July of 2004.

Hs Taxation Committee  
March 10, 2005  
Attachment 2

**RESPONSIBLE LOCAL GOVERNMENT**



Testimony SB58  
House Taxation Committee  
March 10, 2005

In order to hear from citizens, we held nine open house meetings to provide information and solicit input on the Arena plan. The public said they would support a downtown arena with not less than 15,000 seats, additional parking and an operating reserve fund. They liked the short-term financing through a 1% sales tax that will end in 30 months, and construction of the Arena as soon as possible. Sedgwick County used that information to develop the ballot question for the November 2<sup>nd</sup> election.

The timing of the proposal, along with our need to move ahead with renovations at the Kansas Coliseum, a presidential election coming in 120 days, and the fact that the legislature was not in session is why we moved ahead with the vote without first coming to the legislature. But, we know that this type of thing has occurred in two other counties in the past, so it is not without precedent. And, the election results clearly gave us the indication that Sedgwick County citizens are prepared to proceed with a Downtown Arena: 78% of registered voters in Sedgwick County turned out to vote on November 2, 2004, and of them, 52% approved this local initiative.

In conclusion, I strongly urge your support of SB 58 and implement the will of the people with a temporary 30 month tax, for the specific purpose of a Downtown Arena, and make this a reality for the citizens of Wichita and Sedgwick County.



LAW OFFICES OF  
**MORRIS LAING**  
Evans Brock & Kennedy, Chtd.

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William B. Sorensen, Jr.  
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Robert K. Anderson  
Susan R. Schrag

Michael Lennen  
Karl R. Swartz  
Roger L. Theis  
Richard F. Hayse\*  
Thomas R. Docking  
Diane S. Worth  
Tim J. Moore  
Janet Huck Ward  
Roger N. Walter\*  
James D. Young  
Kelly S. Herzik  
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Kimberly K. Bonifas  
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Gladys Hoefler

\*Resident in Topeka Office

Lester L. Morris  
1901 - 1966

Verne M. Laing  
1907 - 2000

Ferd E. Evans, Jr.  
1919 - 1991

Dennis M. Feeney  
1953 - 2001

**TESTIMONY ON SB 58**  
**By Thomas R. Docking**  
**House Taxation Committee**  
**March 10, 2005**

Honorable Chairman Wilk and members of the committee. My name is Tom Docking, and I am on the Board of Directors for the Wichita Downtown Development Corporation. I would like to present testimony in support of SB 58, a bill to authorize a temporary one percent sales tax in Sedgwick County for construction of a Regional Events Center (arena) in Downtown Wichita.

Three minutes is tough, but I'd like to share with you today why the Downtown Development Corporation is supportive of a Downtown Arena in Wichita.

There is enormous potential for downtown, our Wichita metropolitan area, and South Central Kansas as a whole with the construction and operation of a regional events center. The direct and indirect construction jobs, future development in the area, and the magnet effect that an Arena would have for entertainment and tourism are compelling reasons for this project to move forward.

But, I've heard some try to sidetrack this issue with concerns about how SB58 might negatively impact funding for K-12 education. First, please understand that I am not shirking any commitment to funding issues for public education. When I ran for Governor, I was committed to improving our system of public education, and still today, I remain intimately familiar with the school finance issues facing the legislature.

However, I urge you to keep these issues separate, as they should be. The proposed Downtown Arena is based on a temporary sales tax, for a specific purpose, voted on by the people of Sedgwick County. Currently, Sedgwick County's sales tax rate is 6.3%. Today, we are 1% less than other cities of 10,000+ population. Even with our temporary 1% Arena sales tax, Sedgwick County would still be competitive with other Kansas communities, including Kansas City Kansas 7.55%, Topeka 7.45%, and Dodge City 7.30%. If the State Legislature decides to do something with school funding, it is clearly a separate issue that would not impact Sedgwick County any differently than other communities.

The Downtown Arena project is our local initiative to better our community and region. I can tell you this is very important to our community's future, which is why businesses are supportive of the project, and want Wichita and Sedgwick County to flourish.

All we're asking today is your support of SB58. The citizens of Sedgwick County have approved this initiative because they have a clear vision of growth and prosperity. We in South Central Kansas are terrifically excited to move ahead with a Downtown Arena and all the great things we believe it will bring to our communities and region.

Very truly yours,

Thomas R. Docking



**BUILDING & CONSTRUCTION TRADES COUNCIL  
OF CENTRAL & WESTERN KANSAS**

**TESTIMONY SB 58  
HOUSE TAXATION COMMITTEE  
March 10, 2005**

Chairman Wilk and members of the committee. My name is Richard L. Taylor and I represent the Building and Construction Trades Council of Central and Western Kansas. I appreciate the opportunity to provide testimony in support of SB 58, to impose a one percent sales tax for thirty months for the construction of a downtown arena in the city of Wichita.

A downtown arena is about re-energizing Wichita, Sedgwick County and our region. It's about economic development, creating jobs, encouraging tourism from around the state and keeping money in our community.

The Building and Construction Trades Council of Central and Western Kansas is behind this project 100%. We recognize the value of this type of facility in our community – not only because it will mean construction jobs for the actual Downtown Arena itself, but also we're confident that it will mean continued development in the area. And, all of that means jobs and money – jobs for construction, jobs for the businesses and money coming into our community.

Our more than 10,000 members were among the 52% in Sedgwick County who voted to support the Downtown Arena. We understand the project and its costs and the benefit of development (jobs) now and in the future. It is time to build the Downtown Arena – if our community is going to remain competitive in the business world; we need to do it now.

This is about the future of our community and region. If we want to grow and flourish, we need to think about the economic potential for individuals, families, businesses and our entire region. The members of the Building and Construction Trades Council of Central and Western Kansas encourage you to support SB 58 for a Downtown Arena in Wichita/Sedgwick County, just as it was voted on by Sedgwick County Voters.

Richard L. Taylor  
Building and Construction Trades Council of  
Central and Western Kansas

1330 EAST 1<sup>ST</sup> STREET NORTH, SUITE 115  
WICHITA, KANSAS 67214-4000  
PHONE (316) 265-4291 FAX (316) 265-5

Hs Taxation Committee  
March 10, 2005  
Attachment 4

INTRUST Bank, NA  
P.O. Box 1  
Wichita, KS 67201-5001  
Telephone 316 383-1111  
www.intrustbank.com

March 10, 2005



Chairman Wilk and members of the committee, I appreciate the opportunity to testify in support of SB 58, a bill that would ratify the vote of the citizens of Sedgwick County last November 2<sup>nd</sup> and impose a one percent sales tax for thirty months for the construction of a downtown arena in the City of Wichita.

My name is Lyndon Wells. I am the Executive Vice President of INTRUST Bank in Wichita. I also serve as Chairman-Elect of the Wichita Area Chamber of Commerce.

Over the past year, thousands of Wichita Area residents participated in Visioneering Wichita, a community-wide strategic planning effort that developed a case for change in the greater Wichita area. The key issues that the citizens of the area identified included, among others, the importance of retaining young people who represent the future of our region and our state. We currently spend a great deal of money education and growing productive future citizens only to lose them to other parts of the country, thus exporting one of our most important resources. Young people contributing to the Visioneering Wichita effort expressed concern about what our area has for them, particularly area entertainment. In the election on November 2<sup>nd</sup>, when the voters approved the arena tax, young people voted 2-1 in favor of the downtown arena.

A second key issue from the Visioneering Wichita was the importance of job growth. The arena represents new opportunity for jobs, both during construction of the arena and following with the need to staff the center with permanent jobs as well as temporary or part time jobs. Job growth was the single most important element coming out of the Visioneering Wichita process.

We learned, through the Visioneering Wichita effort, that our area ranks in the top half of 354 United States and Canadian metro areas according to the Places Rated Almanac Millennium Edition in Recreation. Our peer cities, including Denver, Kansas City, Omaha, Oklahoma City, and Tulsa all scored above 75%. One of the goals coming from Visioneering Wichita effort is to increase that score to at least our peer cities' levels. A downtown arena is critical to achieving such success.

Finally, downtown development was a key factor discovered in our Visioneering Wichita process by the community. Although much has been done in both the private and public sector in downtown Wichita, the need to continue such development is critical to our future growth and development. As our study noted, since 199

Hs Taxation Committee  
March 10, 2005  
Attachment 5

been invested in combined public and private dollars in downtown Wichita. Visioneering Wichita has targeted \$144 million annually in public and private investment in downtown Wichita to maintain the development that has been undertaken to date. A downtown arena is a key component of such a plan.

The business community has stood behind the downtown arena effort and, although sensitive to the overall cost of doing business including taxation, has felt a temporary tax, for a specific purpose, voted on by the public is important to achieving our regional objectives for the future.

In conclusion, I strongly urge your support for SB 58 and make the proposed downtown arena a reality for the citizens of Wichita and Sedgwick County.





# Regional Economic Area Partnership

strengthening the economy of south central Kansas through joint action of cities and counties

## Testimony in Support of SB 58 to the House Taxation Committee

Date: March 10, 2005

From: John Waltner, Mayor of Hesston and Chairman of the REAP Legislative Committee

Good morning, my name is John Waltner, I am the Mayor of Hesston and chair of the Legislative Committee of the Regional Economic Area Partnership. Thank you for allowing me to submit testimony in support of Senate Bill 58 on behalf of REAP.

REAP is a coalition of 32 local governments in South Central Kansas, formed in 1997 to work together on issues of common concern. REAP's mission is to help guide state and national actions that affect economic development in the region, and to adopt joint actions among member governments that enhance the regional economy.

REAP recognizes that regional event center in downtown Wichita will have a positive impact on the economy in South Central Kansas. The region is in need of additional amenities to attract visitors, and also increase the quality of life for citizens in the area.

People that live in surrounding communities will be attending events at a new arena. They will also be contributing to the costs of the project through sales tax collections as they work, play and conduct business in Sedgwick County.

It is expected that around 25 to 30 percent of the funding for the project will come from outside Sedgwick County, mainly for citizens living in communities in the region.

REAP also supports SB 58 on the principal of local control. The citizens of Sedgwick County voted to implement this temporary 1-cent sales tax to finance a specific project. The local government officials of REAP urge legislators to recognize and acknowledge this vote.

I respectfully request that the Committee support SB 58, and make the regional event center in downtown Wichita a reality for the citizens of Sedgwick County and South Central Kansas.

Thank you again for the opportunity to appear before you today.

Hs Taxation Committee  
March 10, 2005  
Attachment 6

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**ARKANSAS CITY**  
Commissioner Arleta Rice

**AUGUSTA**  
Mayor Ross Rountree

**BELAIRE**  
Mayor Gary O'Neal

**BENTLEY**  
Mayor Sandra Wellman-Moon

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Mayor Mike Ledy



**TESTIMONY ON SB 58**  
**House Committee on Taxation**  
**March 10, 2005**

Honorable Chairman Wilk and members of the committee. My name is John Rolfe, and I am President and CEO of the Greater Wichita Convention and Visitors Bureau. I would like to present testimony in support of SB 58, a bill to authorize a temporary one percent sales tax in Sedgwick County for a Downtown Arena in the city of Wichita.

The travel and tourism industry has a tremendous impact on communities throughout the world, as well as right here in Wichita. Convention and Visitor Bureaus (CVB's) focus efforts on dynamic, short-term economic development by bringing visitors and convention attendees into their communities.

Visitors to our community stay for an average of 3 to 4 days, bringing outside dollars into the Wichita economy. They spend hundreds of dollars each day they are in Wichita. They stay in our hotels, go to local attractions, eat at our restaurants and shop in our stores. They support our tax base, spending money on sales taxes, hotel taxes, gas taxes, luxury taxes, parking fees and more.

But conventions and visitors have choices about where to spend their time and money – and we compete with other major cities in our region to attract them, including Oklahoma City, Omaha, Little Rock, and Des Moines.

What we know is that all of these cities have made the investment in their community to enhance that convention and visitor appeal by building new downtown arenas. They have realized that they can compete, or they can sit on the sidelines and watch other major cities benefit from those tourism dollars.

The Greater Wichita Convention and Visitors Bureau is supporting the Downtown Arena because of the value it will bring to Wichita and our region. We know that there are many events the arena will host that will be one-day concerts or shows. But, from a convention perspective, it also provides additional space to host large conventions and groups.

Although we currently have great convention facilities, we miss out on opportunities to bring larger convention groups to Wichita due to space limitations. The Promise Keepers went to Oklahoma City, because they needed a 15,000 seat facility. The National Urban League convention needed large facilities for both meetings and exhibition space, which we could not provide. These are missed opportunities – and missed dollars for our community.

Someone once said, "The greatest danger for most of us is not that our aim is too high and we miss it, but that our aim is too low and we reach it." It's time to aim high, rise above our competition in the region and make Wichita/Sedgwick County a strong convention and visitor destination. I encourage you to support SB 58 and help us make the Downtown Arena a reality for the citizens of Wichita and Sedgwick County.

Sincerely,

A handwritten signature in cursive script that reads "John Rolfe".

John Rolfe  
President/CEO



**House Taxation Committee  
March 10, 2005  
Testimony in Support of SB 58**

Chairman Wilk and members of the committee. My name is Dr. Les Ruthven. I am a psychologist and businessman, the founder and President/CEO of a business in downtown Wichita that employs 20 to 25 employees and professional staff, and a member of the board of the Wichita Area Sports Commission. My company is a board member of the Sports Commission because it believes in the value of sports in society and it believes in sports as one of the major keys to quality of life and economic development. I am a strong supporter of Senate Bill 58 because I am a strong supporter of regional economic development.

As about 80 percent of us, I am not a native Kansan but came here from the East Coast 40 years ago. I would not have even given Kansas a "second look," except for two psychology graduate student friends who took jobs in Kansas before me and seemingly liked the place. Let's face it -- 40 years ago Kansas had an image problem, and it still does for many people outside of Kansas. It does not matter that we in Kansas have a quality of life second to none, as far as I am concerned, but in issues of economic development perception often counts more than reality. Five years ago, a businessman in St. Louis, knowing that my company employs psychologists, said, "Can you really get psychologists to come to Wichita?"

It is true that Wichita and Kansas are hidden jewels in the Midwest and Southwest, but in order to keep jobs here and to bring good jobs to the South-Central region, we have to have what our competitors have, which includes the regional events center of SB 58. We have many fine amenities in the South-Central region, but this major economic lack gave the cities like Omaha and Tulsa a leg up on business recruitment over our region. Fortunately, the voters of Sedgwick County voted with their pocketbooks to fill and remove our void and economic disadvantage. The sporting events the new facility should and could bring to the community, because of its size, location, technology and purpose, could help us fill that void. The Greater Wichita Area Sports Commission, among a host of reasons and benefits, supports the arena for the sporting events it will engage and compete for in the following years, including but not limited to the following:

- 1) The arena will be home for our hockey team and an attractive venue for the return of arena football, indoor soccer and pro basketball.
- 2) Exhibition sporting events such as NBA Basketball, All-Star Games and NHL Hockey would enjoy the hospitality of a 15,000-17,000-seat arena.
- 3) Major college NCAA basketball games, where ticket demand could easily exceed the Koch Arena capacity of 10,400, would be held at the new arena. Match-ups such as WSU vs. KU or a tournament with North Carolina vs. KU and WSU vs. Duke that could be televised nationally are potential events that would also create awareness and economic growth for our region.
- 4) NCAA Tournament basketball games will be a definite possibility to return to Wichita, with a first or second round regional, that are currently not possible due to the 12,000 seat minimum venue requirement by the NCAA. There are also opportunities for NCAA Volleyball Tournaments, high profile events such as the McDonald's All-American game, and Kansas State High School basketball and wrestling tournaments.

Hs Taxation Committee  
March 10, 2005  
Attachment 8

Ruthven  
March 10, 2005  
Page 2

All of these events, and more, will not only add to the quality of life in entertainment opportunities of the citizens of our region, but also positively enhance economic development efforts and provide another reason for us to retain our young people in our community.

Four of us couples who have been long time friends have had 16 children among us, all of whom were graduates of Kansas Universities. Only two of these children (actually two of my own three children) or 12.5% remained in Kansas after graduation. Not only did Kansas suffer a four million dollar loss in educating these Kansans, a four million dollar gain for the "greener pasture" states to which they moved, but how much in city, county and state taxes did we all lose on these 14 ex-Kansans? My son, for example, had to go elsewhere because of a limited job market in his field (mechanical engineering/computer science) has been giving the benefit of his high salary to Texas rather than to Kansas for twenty years.

We have to keep more of our kids here in Kansas, and bring more jobs to keep them here. The voters of Sedgwick County saw this need and voted for economic development in the form of the regional events center as the missing jewel in South-Central Kansas. I urge all of you to express your confidence in the voters of Sedgwick County by passing Senate Bill 58.

Thank you very much for your attention.



*Deborah Stout  
1133 East Second  
Wichita, Kansas 67214*

**TESTIMONY ON SB 58  
Before the House Taxation Committee  
March 10, 2005**

Chairman Wilk and members of the committee, I am Deborah Stout and on behalf of the 800 volunteers that worked on the Downtown Arena project, I am here to urge your support of SB 58, a bill that would ratify the vote of the citizens of Sedgwick County last November and impose a one cent sales tax for thirty months for the construction of a downtown arena in the City of Wichita.

There were various reasons why the volunteers were committed to the Downtown Arena project:

- There were young families, like Jeff and Kelli Parson and their young son and daughter, who worked on the campaign so that they would have a better place to go for family entertainment. A place to go that would be quick and easy to get to and to get back home.
- There were young adults like April Craft and Larisa Carlson, who worked on the Downtown Arena project because they want a better place to go to concerts. These young adults want to go to dinner before the event and then they want to socialize with other young adults after the event. There is not a single business within walking distance of the Kansas Coliseum, even after more than 27 years.
- There were couples that worked avidly on the campaign, like Craig and Carrie Lindeman, so that they could simply have a nice meal before attending whatever event the Downtown Arena would be hosting.
- The subset of volunteers that amazed me the most were the elderly, folks like Jack and Flora Nessly, a couple in their 80's. They were among numerous older volunteers that simply worked on the campaign so that their children and grandchildren would have an exciting place to go for entertainment. Most of them stated they would probably never attend an event there, but wanted it to pass so that they could improve the quality of life here in Wichita for those that follow them. Some had already seen their children leave the area as young adults who had moved to other cities because Wichita "has nothing to do."
- I was also impressed with two newcomers to our community, Jennifer Marisk-Friess and Dan Lien, who volunteered because they have seen what similar efforts have done in other communities. They admitted they were reluctant to move to this area because of the lack of entertainment options, but were anxious to contribute to improving their new hometown and making it attractive for other people looking to move here.

- And then there was the high school volunteer, Paul Rattana, who was too young to vote but spent hours helping at rallies, registering 18-year-old potential voters at his high school and walking precincts to ask adults to vote on his behalf. He saw the future of his community in a vibrant Downtown.

These are just a few of the many reasons that we had 800 volunteers working on this campaign for a Downtown Arena. These reasons all combine for a better quality of life for our region. The volunteers want to have more to do in Downtown Wichita; they will support the growth of new businesses and current businesses around the new arena. The volunteers want to stay here in Wichita and they want their children to stay here in Wichita.

The 800 volunteers for the Downtown Arena donated their valuable time and paid for their own gas to work on the campaign. These volunteers delivered yard signs; worked at local fairs; waved signs; typed lists for mailings; spoke publicly; canvassed neighbors house-by-house, answering questions about the Downtown Arena; and, worked in the office fielding calls, answering questions, distributing materials, and anything else that was asked of them. These volunteers were passionate about this issue. They worked arduously to see that the Arena would pass on November 2nd.

I urge you to Support SB 58. Don't take away our passion. We want to improve our community and our future. Please implement the will of our community.



**Wichita Independent Business Association**

*THE VOICE OF INDEPENDENT BUSINESS*

Testimony by Natalie Bright  
in Favor of SB 58  
House Committee on Taxation  
March 10, 2005

Chair Wilk and Honorable Committee Members,

Thank you for the opportunity to submit written testimony on behalf of the 1,300 plus members of the Wichita Independent Business Association in favor of SB 58.

Prior to the November election, our membership survey results were too divided for our Board to take a position on the arena tax and therefore we remained neutral. However, after the proposal received a majority of the citizen vote, we felt compelled to resurvey our members and see if they were still split on the issue. When asked "Now that the people have voted to support the arena sales tax should we take a position to support the down town arena project?" our membership responded "YES" by a margin of 74% in favor. It is with this resounding support from our members that I urge you to support SB 58 for the following reasons:

- A new arena in Sedgwick County will allow us to compete regionally with similar size urban areas, many of which have already built new arenas. The lack of a modern arena facility in South Central Kansas is a negative factor in our regional economic development presentations.
- The investment in a new arena will provide a much greater economic benefit to the region in comparison to the proposed renovation of the Kansas Coliseum.
- A modern arena facility will be a greater regional draw than a renovated Kansas Coliseum. It will afford South Central Kansas the opportunities to bring bigger, more popular events that will attract crowds from all over the region.
- A modern arena facility will add to the culture and quality of life as a form of entertainment that currently is not available with the Kansas Coliseum. This is vital to keeping our young people in our community.

As many of you know, it is a rare opportunity when our membership asks you to support a tax increase in the State of Kansas. Yet, it is also a monumental event when we can assure you that the majority of the citizens this tax will impact have already voted to support its enactment. With that said, I ask that you support the vote of the citizens of Sedgwick County and pass SB 58 favorably. Thank you for the opportunity to appear before you.



**Wichita Area Association of REALTORS®**

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MLS Website: <http://wichita-mls.com>

**TESTIMONY SB 58  
HOUSE TAXATION COMMITTEE  
MARCH 10, 2005**

Chairman Wilk, Vice Chair Huff and all members of the House Taxation Committee, I appreciate the opportunity to testify in support of SB 58, a bill that would ratify the vote of the citizens of Sedgwick County last November and impose a one cent sales tax for thirty months for the construction of a downtown arena in the City of Wichita.

My name is Sue Wenger. I am immediate past president of the Board of Directors of the Wichita Area Association of REALTORS (WAAR) and a REALTOR in Mulvane. WAAR represents over 2,000 real estate professionals. Our members not only sell commercial and residential real estate, they build communities.

We believe that a new downtown arena, especially in conjunction with the nearby Wichita Waterwalk, will generate substantial economic activity and development and continue the revitalization of downtown Wichita. This revitalization have been stimulated by the development of numerous museums, the Hyatt Hotel, apartments and condominiums, the Old Town Warehouse District and several other developments in the area. These developments have provided a good start toward our ultimate objectives, but they are just that...a good start. We need to continue this momentum and finish the job.

There are always risks with every proposed development, but if the upside greatly outweighs the downside and if the calculated risk is reasonable, then most developers will proceed with the proposed development. I perceive a tremendous upside potential if a new downtown arena is constructed and that the upside will greatly outweigh the downside. I believe that a new arena will stimulate new development and economic activities in the area, accompanied by tremendous increases in revenues and additional or increase taxes that will result from the developments and these activities. I can see the construction of new office buildings, retail stores, restaurants, clubs, hotels, apartments and condominiums, which in turn will generate jobs, increased revenue from sales taxes, higher property taxes resulting from higher property values and so on. I also believe that the area has the potential to become a major tourist attraction.

Anyone considering a proposed development also has another decision to make...whether they should do nothing and maintain the status quo. Continuing the status quo in this area will simply retain the existing blight. There would be no new generation of revenue or taxes of any kind. These consequences of doing nothing with respect to a downtown arena would be very disheartening situation.

The majority of voters of Sedgwick County have spoke in favor of a new downtown arena. I strongly urge you to support Senate Bill 58 and join your vote with the people's vote to make the proposed downtown arena a reality for the citizens of Wichita and Sedgwick County and for future generations! Thank you for your consideration.

Hs Taxation Committee  
March 10, 2005  
Attachment 11





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TESTIMONY ON S.B. 58  
to the House Taxation Committee

by Jim DeHoff, Executive Secretary  
Kansas AFL-CIO  
March 10, 2005

Chairperson Kenny Wilk and Committee Members:

I am Jim DeHoff, Executive Secretary of the Kansas AFL-CIO. I represent 100,000 members in the State of Kansas who are very interested in economic development issues in Kansas.

In November of 2004, the voters in Sedgwick County approved the arena issue by 52% to 48%. Labor families in Sedgwick County worked very hard in getting the arena issue passed because of the jobs that would be created in Sedgwick County. Sedgwick County has experienced job losses in the thousands for the past few years, and the arena project will provide jobs for the unemployed.

These jobs would entail new construction jobs as well as permanent jobs when the arena is completed. The arena will have a very positive economic impact in Sedgwick County and the State of Kansas.

We respectfully ask that you support passage of S.B. 58.

Thank you.

Sincerely,

Jim DeHoff  
Executive Secretary

JD:da  
kape/aft4565







**House Taxation Committee  
Testimony in Support of SB 58  
March 10, 2005**

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Edwin J. Wolverton

100 North Broadway  
Suite 465  
Wichita, KS 67202  
316.264-6005 phone  
316.264.0869 fax

Chairman Wilk and members of the committee, my name is Ed Wolverton, President of the Wichita Downtown Development Corporation. I am providing written testimony in support of SB 58 for a regional events center in downtown Wichita.

The Wichita Downtown Development Corporation is a non-profit organization focused on stimulating new economic investment and activity in the center city. Because of our economic development focus, we are working in collaboration with numerous businesses and organizations to support SB 58 amending KSA 12-187 to implement the will of voters to raise the sales tax ceiling in Sedgwick by 1% for up to 30 months. If approved, this funding will finance a new regional entertainment facility in Downtown Wichita.

The first issues many residents want to know why put an arena in Downtown. The answer is simple but lengthy. First Downtown Wichita is the largest business district in the region. We have over 1,400 businesses and 21,800 employees. To provide context, more people work locally in Downtown than with Boeing and Cessna combined. Putting an arena in a location that will help to retain businesses and jobs in this district is sound public policy.

Due to this concentration of businesses, Downtown already has existing shopping, dining and hospitality businesses that could support and enhance an arena. In fact, Downtown Wichita has over 50 restaurants, 80 shops, galleries and salons, 900 hotel rooms, 13 museums and galleries and 14 night clubs. Putting an arena in the midst of these existing users again reinforces and builds upon this critical mass of commerce.

Demographics also support an arena in Downtown. By examining density patterns, voters found that over 49% of all Sedgwick County residents live within 5 miles of Downtown. Instead of following the axiom of "build it and they will come", putting the arena Downtown actually employs a strategy of "build it where they already are".

Perhaps the most compelling reason why the arena should go Downtown is because of return on public investment. Voters learned that when government invests in Downtown, the private sector follows. Since 1990, local government has invested just over \$165 million in Downtown. In response, the private sector stepped up and invested over \$248 million. This has created over 2,400 permanent jobs for area residents. Downtown's proven and successful track record of public funds generating new private investment demonstrates that the community, and the region, will benefit even more by putting this significant investment in Downtown.

Another issue that often arises whenever any large-scale project is proposed in an urban environment is parking. In our case, my organization physically went out and conducted a census of all public and private parking spaces within a 15 minute walk of the proposed arena. This process identified over 8,100 existing parking spaces. Despite the existing parking supply, participants attending public meetings on the project expressed

overwhelming support for even more parking near the Downtown Arena. For this reason, the final arena plan includes \$28 million to provide additional parking facilities in downtown at to insure adequate infrastructure to handle ingress and egress for the arena.

As most arena events will take place in the evenings and weekends, urban planners will also have an opportunity to create new parking that can address other revitalization goals by locating lots to serve the parking needs of two different populations: daytime office workers and nighttime event attendees. Clearly, parking will not be an issue.

When all these issues were combined and evaluated, local voters made their choice and approved the Downtown arena project. Supporting SB 58 offers an opportunity for legislators to implement the will of the voters and support this local initiative.

The Downtown arena project is good for Wichita, good for Sedgwick County, good for South Central Kansas and good for the state. And, unlike other arena projects, our project requires no subsidy or financial support from the State. Your action to approve SB 58 will mean new investment and jobs at a time when our economy desperately needs help, and I encourage the committee to champion its approval by your colleagues in the Senate and House.

Thank you for considering my testimony.

*Edwin J. Wolverton*

Edwin J. Wolverton  
President  
Wichita Downtown Development Corporation



**Written Testimony on Senate Bill 58**  
**Submitted to the House Taxation Committee**  
**by Robert E. Hanson**  
**March 10, 2005**

Chairman Wilk and members of the committee, as President and CEO of the Greater Wichita Area Sports Commission, I am submitting testimony in support of SB 58 for a regional events center in downtown Wichita. This bill, if enacted, will allow local government leaders to implement the will of voters and construct a new regional entertainment & sports facility.

The Greater Wichita Area Sports Commission is a non-profit organization focused on recruiting and hosting world-class sporting events and activities for both participants and spectators. We support activities ranging from youth basketball, professional golf tournaments, the Johnny Bench National Collegiate Catcher of the Year Award, the Kansas Sports Hall of Fame and many other projects.

The Sports Commission also works to improve and upgrade local venues for sporting events. For almost a decade, we have participated in efforts to develop a new regional events center in the heart of our community. Because of our leadership, and the work of thousands of area citizens and dozens of local businesses, Sedgwick County voters approved a 1 percent sales tax for 30 months to construct a new downtown arena.

The new downtown arena will be an important facility for our sports and entertainment programming. Wichita remains a hotbed for professional minor league sports. We currently field teams for both minor league hockey and minor league baseball. A Wichita team will be joining a new professional basketball league later this year and negotiations are also underway to bring a new arena football team to our community. Other than baseball, all of these sporting teams desire a modern, state of the art arena for both their players and their fans.

The downtown arena will meet the needs of these existing teams and allow the Sports Commission to recruit other national sporting events that we cannot currently host. Foremost on our minds is returning NCAA Division 1 basketball tournament games to Wichita. We were last a host city for regional tournament games in 1994; however, the NCAA upgraded the minimum requirements and we no longer have a facility large enough to meet their needs. The new downtown arena will remedy that issue. We also hope to attract exhibition games for professional basketball and hockey teams.

We only need to look as far as our nearby competitor cities to see the impact of new, downtown arenas. Omaha, Oklahoma City and Little Rock have all recently constructed and opened new arenas. Des Moines and Kansas City both have arena projects underway. Because of this investment, these communities are bringing in events, concerts and other activities that we cannot. I believe that local voters saw what these other cities are doing and determined that Wichita was falling behind. The only way to grow and be competitive for new residents and businesses is to invest in quality of life facilities like the downtown arena.

While many people only associate spectator-sporting events with an arena, the facility actually will serve multiple purposes. It will be the preferred location for a diverse range of activities such as concerts, plays, shows and graduation ceremonies. In fact, historical data shows us that the new downtown arena in Wichita will attract an average of 200 events and 500,000 people a year. These are not "pie in the sky numbers" either. This is based solely on maintaining the current activity level of the Kansas Coliseum. We know from talking with counterparts in other cities that they have all seen dramatic increases in the number of events and attendance after their new arenas opened. The same will happen here.

Local voters have already made their choice by approving the downtown arena project. You can honor their vote by supporting SB 58 and implementing the will of the voters for this local initiative. The downtown arena project is good for Wichita, good for Sedgwick County, good for south-central Kansas and good for the state. As your support of SB 58 will create new investment and a better quality of life for residents across the region, I encourage the committee to approve the bill and help gain its passage in the House.

Thank you.

Bob Hanson  
 President & CEO



**Written Testimony on Senate Bill 58**  
**Submitted to the House Taxation Committee**  
**by George Fahnestock**  
**March 10, 2005**

Chairman Wilk and members of the committee, I would like to thank you for the opportunity to submit my written testimony in support of a new downtown arena in Wichita. I appreciate the opportunity to write in support of SB 58, a bill that would ratify the vote of the citizens of Sedgwick County last November and impose a one cent sales tax for thirty months for the construction of a downtown arena in the City of Wichita.

My name is George Fahnestock. I am a third generation heating and air conditioning businessman from Wichita. As a Charter member and Past Chairman of the Greater Wichita Area Sports Commission, I am writing on behalf of the Board of Directors of the Commission. I initially became involved in the downtown arena initiative a little over eight years ago when I asked the administration of Wichita State University what we could do to enhance Henry Levitt Arena's multipurpose facility so that we could compete nationally in indoor sports. They informed me that nothing could be done until the status of a downtown arena was resolved.

So began the process of the formation of the Sports Commission, of WSU deciding to keep its facility on campus, and the creation of Roundhouse Renaissance and Charles Koch Arena. My task was complete, except for the fact that I became privy to so many compelling reasons to continue the process of allowing the citizens of our community decide for themselves as to the long term value and benefits of a downtown arena.

I express to you the sporting events the new facility should and could bring to the community because of its size, location, technology and purpose. The Greater Wichita Area Sports Commission, among a host of reasons and benefits, supports the arena for the sporting events it will engage and compete for in the following years, including but not limited to the following:

- 1) Professional sports franchises emphatically support the downtown arena venue where they may be supported by fans from near and afar looking for an evening of entertainment or a weekend experience. The arena will be home for our hockey team and an attractive venue for the return of arena football, indoor soccer and pro basketball.
- 2) Exhibition sporting events such as NBA Basketball, All-Star Games and NHL Hockey would enjoy the hospitality of a 15,000-17,000-seat arena.
- 3) Major college NCAA basketball games, where ticket demand could easily exceed the Koch Arena capacity of 10,400, would be held at the new arena. Match-ups such as WSU vs. KU or a tournament with North Carolina vs. KU and WSU vs. Duke that could be televised nationally are potential events that would also create awareness and economic growth for our region.
- 4) NCAA Tournament basketball games will be a definite possibility to return to Wichita, with a first or second round regional, that are currently not possible due to the 12,000 seat minimum venue requirement by the NCAA. There are also opportunities for NCAA Volleyball Tournaments, high profile events such as the McDonald's All-American game, and Kansas State High School basketball and wrestling tournaments.

All of these events, and more, will not only add to the quality of life in entertainment opportunities for the citizens of our region, but also positively enhance the economic vitality of the region, elevate the tax base in the heart of our community, and provide the kind of pride a region needs to instill confidence and stability in its young people and its future.

In conclusion, I strongly urge you to support SB 58 and make the proposed downtown arena a reality for the citizens of Wichita and Sedgwick County.

With warmest regards,

A handwritten signature in cursive script that reads "George Fahnestock".

George Fahnestock

*Steve and Becky Shaad  
836 University  
Wichita, KS 67213*

**TESTIMONY ON SB 58  
Before the House Taxation Committee  
March 10, 2005**

Chairman Wilk, Vice Chair Huff, all members of the House Tax Committee:

*I appreciate the opportunity to testify on behalf of passage of Senate Bill 58, which would fulfill the will of the voters of Sedgwick County, who are asking the legislature to allow citizens of Sedgwick County to increase their sales tax by 1% for 30 months to fund a Downtown Arena.*

*I am not a political person and had never been involved in campaigning for a candidate or an issue until this year. I was one of nearly 800 citizens who worked hard to make sure our friends and neighbors understood the reasons why this issue was important to us all.*

*I worked at the Coliseum from 1979 to 1987 when I was on the staff of the Wichita Wings professional soccer team. As a nearly new building at that time, it still had many shortcomings. It was very difficult for us to market because of its location. It was designed for dirt shows. It had no press box in those early years and the locker rooms were inadequate for professional sports. It has only gotten older and more out of date since.*

*Polls conducted prior to the Arena vote showed that more than 90% of the public would prefer a facility located Downtown to the current facility at 85<sup>th</sup> and Hydraulic, on the edge of the Harvey County line.*

*Voters understood the issue and it was clear: Invest public funds at 85<sup>th</sup> and Hydraulic to renovate a building that was in the wrong location to begin with...*

*Or invest public funds in a new building in the heart of our community with the possibility of private investment in retail, entertainment and business within walking distance.*

*Once the people of Sedgwick County understood this choice, support for the Arena went from 37% five weeks away from election day to the final tally of approval on Nov. 2, 52%.*

*We ask that you approve senate Bill 58 without amendments and allow us to improve our community.*

Steve Shaad





ARCHITECTS  
ENGINEERS  
PLANNERS

March 8, 2005

L A W / K I N G D O N , I N C .

Mr. Kenny Wilk, Chairman  
Kansas State House Taxation Committee

Dear Chairman Wilk,

There are a great number of positive reasons why it is important for Sedgwick County to employ a one cent sales tax to fund the construction of a new downtown arena. One of the key reasons is the impact to the local economy by the creation of local construction jobs.

The proposed construction jobs associated with the arena project have been labeled "temporary" in a derogatory sense. The perception is that these jobs don't mean much to the local economy since they are not considered "permanent" jobs. Nothing could be further from the truth. Construction jobs are actually "permanent" jobs in every community and furthermore they are generally good paying jobs with benefits and career opportunities. The people employed in the construction field are generally permanent members of the community, they pay taxes, buy goods and services, build their homes, and raise their families in the communities that they work in. They are involved in construction trades such as masons, electricians, plumbers, heating and air technicians, fire protection specialist, security technicians, steel workers, concrete workers and roofers. They are employed by companies that specialize in: doors, windows, hardware, glazing, lighting, painting, signage, communication systems, building transportation systems, carpentry, thermal and moisture protection systems; not to mention those trades involved in site development, roads, and a number of other building systems and equipment trades. Yes, it is true that construction projects, by their nature have a beginning and end, but in a thriving community there is always another project to work on and thus the reason construction workers become significant and important members of any community.

As an example, USD 259 is winding down a five year effort of constructing school improvements in the Wichita area. The construction trades people will not be leaving Wichita, rather they will be looking for the next project. A significant number of construction workers will be needed to build the downtown arena during the next several years. Once it is complete, or even before, it will spawn additional construction projects in adjacent and related developments, thus continuing the cycle of demand for construction workers and their unique trades. New projects like the Wichita Downtown Arena allow good paying construction jobs to remain and thrive in Wichita.

Please vote to allow Senate Bill 58 to heard by the Kansas House of Representatives as soon as possible. Furthermore, I urge the Kansas House or Representatives to ratify the peoples' vote and approve the sales tax amendment as identified in Senate Bill 58, build the arena, employ Wichita area construction workers and impact the local economy in a mighty and positive way!

Sincerely,

Tony Rangel, AIA  
Project Architect  
Law/Kingdon, Inc

DALLAS • WICHITA

345 Riverview, Suite 200

Wichita, KS 67203

Phone 316-268-0230

Fax 316-268-0205

13-6



**TESTIMONY SB 58  
HOUSE COMMITTEE ON TAXATION  
MARCH 10, 2005**

Chairman Wilk and members of the committee. My name is Dion Avello and I am Mayor of the City of Derby. On behalf of the citizens of Derby who overwhelmingly supported the Downtown Arena, I am providing written testimony in support of SB 58, to provide for a one percent temporary sales tax for 30 months for a Downtown Arena in Wichita.

"If you build it, they will come." This is a cliché that gets people on both sides of the issue riled up. But, let me give you one example Derby where we built something, our new Rock River Rapids, with a temporary sales tax, and the people came. And, they're not just coming from Derby, they're coming from Winfield, Newton, Andover, Wichita and all over our region. Thankfully, our Derby citizens had the foresight to approve a local sales tax initiative to help bring about an enhancement to the quality of life in our community.

The Downtown Arena project has the potential to do the same thing and more for Sedgwick County and the region. Because I know, if you build it, they will come. For too long, we've been thinking separately. But, we are 20 cities within one thriving community. Together, we can do a lot. And, we'll all benefit from business growth, new housing development and increased tourism with the construction and operation of a Downtown Arena.

A Downtown Arena is good for our communities. I encourage you to support SB 58 and help make the regional events center a reality for Sedgwick County and our region.



Dion P. Avello  
Mayor

**Steve Grimes  
14127 W Taft  
Wichita, KS 67235**

TESTIMONY ON SB 58  
Before the House Taxation Committee  
March 10, 2005

Honorable Chairman Kenny Wilk, Vice Chair David Huff and all members of the House Tax Committee, I am Steve Grimes and I am a volunteer in support of a Downtown Arena in Wichita/Sedgwick County. I appreciate the opportunity to present testimony supporting SB 58.

I am a season ticket holder of the Wichita Thunder professional hockey franchise. The team has been in Wichita for 14 seasons now and has enjoyed great success, winning two league championships in that time and has sold out the Coliseum numerous times. Through the years, the Thunder has built a large and loyal fan base and is known as one of the Central Hockey League's strongest franchises.

In a conversation with the coach of the Thunder earlier this season, he said his team would be much more successful marketing itself if it played in a Downtown Arena. Some potential sponsors, such as restaurants, will not invest in the team if it continues to play its games 15 miles north of Wichita. If the team played in a closer facility, the fans would be much more likely to go to a sponsoring restaurant before or after a game, and sponsoring the team would make sense for the owner. This is one of the major reasons an arena should be built downtown close to Wichita's Old Town entertainment district. Moving the approximately 500,000 people who attend Coliseum events each year to a downtown location would have a dramatic and immediate impact on the businesses in that area without negatively affecting businesses in other areas of the city. Currently, after games many Thunder fans drive home. If the games are downtown, speaking on behalf of Thunder fans, I know many will congregate at clubs and restaurants in Old Town because they would be within walking distance and convenient. An Old Town filled with strong businesses, a strong and rejuvenated Downtown, and stronger and better entertainment options would all be available for Wichita and the million Kansans that live within 100 miles of the city.

Building a new facility in the heart of the state's largest city makes sense. Construction of a new downtown arena will help promote the tourism industry in South Central Kansas and will help us enhance the quality of life in our community. We know that the range of events for the Downtown Arena will serve not only Sedgwick County residents, but will attract visitors from throughout the region, including across the state line in Oklahoma.

As a volunteer, I worked with many other dedicated citizens who placed signs, walked door-to-door, wrote letters to the newspaper, and waved signs all over the area. I was at the first meeting of volunteers, in which only eleven others attended. Over the next two months, I witnessed this number swell to over 800. These hard-working people from all walks of life made a personal connection with voters around Sedgwick County. The volunteers' enthusiasm and vision for a better Wichita inspired others – that's what helped the Arena pass. I strongly request you honor the will of the voters of Sedgwick County and support SB 58.

## WICHITA GROWTH CENTER, P.A.

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641 South Hillside – Wichita, Kansas 67211 – 684-2422 – Fax 684-1210

Director – Don Thomas Blasi, Ph.D.

Kansas Licensed Psychologist

January 29, 2005

Kansas House Taxation Committee  
Topeka, Kansas

Dear KHTC:

On November 2, 2004, almost 90,000 Sedgwick County people (a majority) voted to build a Wichita Downtown Arena. And why not? Since Wichita is the major USA city closest to the geographical center of the first forty-eight states, the Arena will bring many large conventions, thousands of new visitors, millions of new dollars, and thousands of new airline passengers to Sedgwick County each year. As a result, millions of new dollars will also be spent building new hotels, new restaurants, new clothing stores, and new gift shops in Sedgwick County. Please vote for the Wichita Downtown Arena.

Sincerely,

Don Blasi



WILLIAM B. MOORE  
*Executive Vice President and  
Chief Operating Officer*

**HOUSE TAXATION COMMITTEE  
TESTIMONY IN SUPPORT OF SB 58  
MARCH 10, 2005**

Chairman Wilk and members of the committee. My name is William Moore, Executive Vice President and Chief Operating Officer of Westar Energy. I appreciate the opportunity to provide testimony in support of SB 58, a bill that would ratify the vote of the citizens of Sedgwick County last November 2<sup>nd</sup> and impose a one percent sales tax for thirty months for the construction of a downtown arena in the city of Wichita.

The downtown arena is vital to the future of Wichita if it desires to be a top contender for business and industry. Businesses today look at many factors when deciding where to expand or locate. One of the key issues influencing these decisions is quality of life for their employees.

A competitive city must provide strong schools, a safe place to live, affordable housing, good parks, cultural opportunities, sporting events and concerts.

An exciting, vibrant downtown will create energy, a sense of pride for the community, and a strong foothold into the future growth and prosperity of the area. We need to focus on creating an environment that will not only keep our talented and educated young people here, but will help businesses choose Wichita as their home.

In conclusion, I strongly urge you to support SB 58 and make the proposed downtown arena a reality for the citizens of Wichita, Sedgwick County and our region.

*William B. Moore*

William B. Moore  
Executive Vice President and  
Chief Operating Officer  
Westar Energy

**Daniel M. Lien**  
1814 Red Brush Street  
Wichita, KS 67206

**TESTIMONY ON SB 58**  
**Before The House Taxation Committee**  
**March 10, 2005**

Honorable Chairman Wilk and members of the committee, I appreciate the opportunity to provide written testimony in support of Senate Bill 58, which would allow the citizens of Sedgwick County to increase their sales tax by one percent for 30 months to fund a Downtown Arena in Wichita, Kansas.

Over the past 25 years, thanks to my military and corporate careers, I have had the opportunity to live in 15 different cities, both stateside and overseas. Some of my favorites include the progressive communities of Seattle, San Francisco, San Diego, Denver and Kansas City. Midwest natives, my wife Gail and I have proudly claimed Wichita as our home since 2002...and, I might add, we have no intentions of leaving in the near future.

I became a volunteer proponent of the Wichita Downtown Arena on October 2, 2004, the day after the Wichita Eagle announced that a poll of Sedgwick County residents widely opposed the proposal by a 2-to-1 ratio. I had seen, first hand, the benefits of tax-supported events centers and wanted to ensure that the citizens of Sedgwick County didn't vote down a once-in-a-decade opportunity to greatly improve our city and county.

As recently as the late 1980's, the western section of downtown Denver near the South Platte River, was a place you avoided. Although it had been a booming part of the local business community earlier in the century, many of its buildings were vacant, rundown, and badly in need of repairs. That all changed on August 16, 1990...when the voters from the six-county Denver area approved a sales tax to fund a baseball-only stadium, later named Coors Field, at a cost of \$215 million.

Coors Field, the privately owned Pepsi Center (1999), and INVESCO Field at Mile High (2001), another sales tax supported venue built for a cost of \$364 million, anchor Denver's now thriving LoDo (Lower Denver) business and entertainment district. The resurgence of this area has been nothing short of remarkable. Abandoned buildings, within a ten-block area of these events centers, now house new restaurants, shops, offices, and residential units, in the form of lofts and condominiums. Vacant lots no longer exist. And it all came about because the residents of metro Denver had the vision and desire to reclaim a historical part of their community...the citizens and voters of Sedgwick County want the same for Wichita.

I ask for your support and approval of Senate Bill 58, without amendments, so we may improve our community for the future generations of Wichita.

Respectfully submitted,

Daniel M. Lien  
Concerned Citizen and Downtown Arena Proponent





**the Chamber**  
Wichita Area Chamber of Commerce

**Submitted Testimony on Senate Bill 58  
House Taxation Committee  
March 10, 2005**

**Bryan Derreberry  
President & CEO  
Wichita Area Chamber of Commerce**

Senator Allen and members of the committee, thank you for the opportunity to submit testimony in support of Senate Bill 58, which authorizes the countywide retailers' sales tax in Sedgwick County for a Downtown Arena.

The Wichita Area Chamber of Commerce has supported this project for several reasons. The most obvious is the economic vitality it will help bring to our downtown area. Together with our Water Walk project, this will combine with Wichita's Old Town to make our core area vibrant once again.

We are also supporting this project because it helps address our most serious economic development challenge for the future, finding skilled professional young people to replace the workers who will begin retiring in the next decade. This is a serious economic challenge identified by our recent community visioning effort.

Visioning Wichita is an effort to write a long-range plan for the future of the community with the help of the residents of the community themselves. An unprecedented 9,000 people participated in the plan.

A key challenge identified by this community visioning is replacement of retiring baby boomers. To do this will require us to attract young people from elsewhere, as well as retaining our young population.

We believe the Downtown Arena is one key to this because 25% of the Sedgwick County voters who participated in the November 2004 election were between the ages of 18 and 35, according to the Sedgwick County Election Commissioner. A scientific survey conducted for KWCH-TV just a few days before the election was accurate in predicting this. That survey also indicated young people in this age group supported the arena overwhelmingly.

If we are unable to retain and attract young professionals, there are serious implications not only for the Wichita Area, but for the State of Kansas as well, since nearly a fifth of all income and sales tax collected by state government comes from Sedgwick County. This may seem like a local issue, but the truth is that future stable funding for state operations, including education, is also at stake.

For that reason, we urge your support for Senate Bill 58.

Thank you for your positive support for this measure.

Government Relations  
350 W Douglas Avenue  
Wichita, KS 67202  
316.268.1155

# Testimony on SB 58

March 10, 2005

Bud Burke

Chairman Wilk and Members of the House Committee on Taxation.

My name is Bud Burke and on behalf of the Cessna Aircraft Company we would like to go on record in support of SB 58. Cessna has a long history of helping the City of Wichita and Sedgwick County with projects that are important to our community and with revitalizing areas within the City of Wichita. Cessna was a strong supporter of the "Vote Yea" campaign. We feel that a downtown arena would be another project that would spur economic development, improve the quality of life, and attract a quality workforce to the City of Wichita and the South Central Kansas region.

Cessna is also supportive of the downtown arena because the pro-arena advocates had a good business plan to implement this project. We support the fact that this is a temporary tax and voted on by the citizens of Sedgwick County.

The citizens of Sedgwick County have voted to impose a one-cent sales tax in support of the Downtown arena. We are now asking that you ratify the wishes of the voters and make the arena a reality for our city.


IBEW LOCAL 271  
WICHITA KANSAS

My name is Jim Davis and I am the Business Manager for the Electrical Workers in the Wichita area.

Our union members were among the 52% in Sedgwick County who voted to support the Downtown Arena. It's time to build it – if our community is going to remain competitive in the business world; we need to do it now.

This is about the future of our entire community. If we want our community (and region) to grow and flourish, we need to think like a community. We encourage members of the legislature to implement the will of the Sedgwick County voters for a Downtown Arena in Sedgwick County.

Thank you



Jim Davis  
Business Manager  
IBEW LU 271

To Whom It May Concern:

This letter is for support of Senate Bill 58, a local sales tax for Sedgwick County for constructing a new regional events center in Wichita.

Thank you for your time in this matter.

James F. Davis      ELECTRICAL WORKERS L.U. #271

1040 S. BROADWAY      WICHITA, KANSAS 67211

To Whom It May Concern:

This letter is for support of Senate Bill 58, a local sales tax for Sedgwick County for constructing a new regional events center in Wichita.

Thank you for your time in this matter.

John H. Shepherd Jr.

11612 Carr Circle Wichita, KS 67209



To Whom It May Concern:

This letter is for support of Senate Bill 58, a local sales tax for Sedgwick County for constructing a new regional events center in Wichita.  
Thank you for your time in this matter.

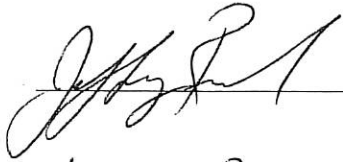
WALT SHOOK 316-721-8224 RETIRED

Walt Shook

To Whom It May Concern:

This letter is for support of Senate Bill 58, a local sales tax for Sedgwick County for constructing a new regional events center in Wichita.

Thank you for your time in this matter.



TREASURER - WICHITA/HAZELHURST LABOR FEDERATION  
AFL-CIO

JEFFREY READ 1914 COVINGTON CT WICHITA KS 67212

To Whom It May Concern:

This letter is for support of Senate Bill 58, a local sales tax for Sedgwick County for constructing a new regional events center in Wichita.  
Thank you for your time in this matter.

*Jack Samuels*

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2515 W. 32<sup>nd</sup> St. So. WICHITA, KS 67217

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To Whom It May Concern:

This letter is for support of Senate Bill 58, a local sales tax for Sedgwick County for constructing a new regional events center in Wichita.  
Thank you for your time in this matter.

*Roger D. Taylor* 7010 O'Neil - Wichita, KS 67212 *SENATOR MEMBER* # 441

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To Whom It May Concern:

This letter is for support of Senate Bill 58, a local sales tax for Sedgwick County for constructing a new regional events center in Wichita.

Thank you for your time in this matter.

MARK A. ROBY - Mal A. Roby

IRON WORKERS LOCAL UNION No. 606 - WICHITA, KS.

8905 W. CENTRAL PARK CT WICHITA KS 67205



To Whom It May Concern:

This letter is for support of Senate Bill 58, a local sales tax for Sedgwick County for constructing a new regional events center in Wichita.

Thank you for your time in this matter.

Jon Watkins

425 Top Wichita KS 67213

To Whom It May Concern:

This letter is for support of Senate Bill 58, a local sales tax for Sedgwick County for constructing a new regional events center in Wichita.  
Thank you for your time in this matter.

*Clifford M. Delay*

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*2206 W McArthur #102*

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*Retired Member of PIPEFITTERS LOCAL #441*

To Whom It May Concern:

This letter is for support of Senate Bill 58, a local sales tax for Sedgwick County for constructing a new regional events center in Wichita.  
Thank you for your time in this matter.

Richard L. Crasiberry

710 Trotter Maize, KS  
67101

To Whom It May Concern:

This letter is for support of Senate Bill 58, a local sales tax for Sedgwick County for constructing a new regional events center in Wichita.  
Thank you for your time in this matter.

James C Willcut

Retired member - Local 441 Peppertite

To Whom It May Concern:

This letter is for support of Senate Bill 58, a local sales tax for Sedgwick County for constructing a new regional events center in Wichita.  
Thank you for your time in this matter.

Jamie Desmarais      Laborers Union Local 1290, Field Rep

Haysville, KS



To Whom It May Concern:

This letter is for support of Senate Bill 58, a local sales tax for Sedgwick County for constructing a new regional events center in Wichita.

Thank you for your time in this matter.

Jim Sumner OPERATING ENGINEERS LU. 101

3830 S. MERIDIAN WICHITA KS 67217

To Whom It May Concern:

This letter is for support of Senate Bill 58, a local sales tax for Sedgwick County for constructing a new regional events center in Wichita.

Thank you for your time in this matter.

Kirby Clark SHEET METAL WORKERS 29  
1723 S.W. BIUD Wichita KS 67213

To Whom It May Concern:

This letter is for support of Senate Bill 58, a local sales tax for Sedgwick County for constructing a new regional events center in Wichita.  
Thank you for your time in this matter.

Don Graves, Vice-President / BAC Local #15 Mo/KS

3219 W. Central, Wichita, KS 67203

To Whom It May Concern:

This letter is for support of Senate Bill 58, a local sales tax for Sedgwick County for constructing a new regional events center in Wichita.

Thank you for your time in this matter.

JIM BROTHE - SPRINKLER FITTERS U.A. LOCAL 669

2810 W. 43<sup>RD</sup> ST. So Wichita, Ks 67217 316-522-3691

To Whom It May Concern:

This letter is for support of Senate Bill 58, a local sales tax for Sedgwick County for constructing a new regional events center in Wichita.

Thank you for your time in this matter.

*Michael E Ramsey* *TUPAT District Council 3*

*1330 E. 1st Street*

*Suite 112*

*Wichita, KS*



To Whom It May Concern:

This letter is for support of Senate Bill 58, a local sales tax for Sedgwick County for constructing a new regional events center in Wichita.

Thank you for your time in this matter.

*Mary Elion Carpenter Local Union #201*

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1559 Payne  
Wichita, Kansas 67203

March 10, 2005

Members  
House Taxation Committee  
State Capitol  
Topeka, Kansas 66612

Subject: **Testimony in OPPOSITION TO SENATE BILL #58 (Sales Tax Increase For The Proposed Downtown Wichita Arena).**


My name is John Todd. I am a self-employed real estate broker from Wichita, and I come before you in opposition to the enabling legislation that would allow Sedgwick County to raise the local sales tax 1% to fund a new Downtown Arena in violation of current state law.

Under current state law, Counties in Kansas are not authorized to raise county sales taxes for projects like the proposed Downtown Wichita Arena without first obtaining the required legislative approval prior to any vote of the public. A public vote advertised as *non-binding* was held in Sedgwick County on November 2, 2004 *without* the legislative approval as required by law, and now Sedgwick County officials are asking you to approve this *illegal* vote retroactively to the November General Election.

Before you consider the favorable passage of Senate Bill #58 into law that would make an *illegal* vote *legal*, ex post facto, after the fact, and retroactively, you really ought to consider what was the original legislative intent of the current state law in the first place, and whether it is good precedence to allow counties to decide which laws to obey and which to ignore. Does anyone suppose that the intent of the current law was a desire on the part of prior legislators to exercise some modest control over a counties ability to "approve" massive sales tax hikes on it's citizens, particularly for non-essential entertainment venues like arenas? Do you, as legislators not have a fiduciary responsibility to your constituents and the people of Kansas by demanding that local governmental units follow the *rule of law* in the same manner as you expect citizens to follow the law? If the current statute is flawed, perhaps you should be working to correct those flaws before you allow Sedgwick County to break the law?

The solution to this problem is for you to reject Senate Bill #58 or at a bare minimum, I would suggest that you amend the Bill by approving the 1% sales tax subject to *new vote* of the people, as current state law requires. Local governmental units should not be allowed to selectively ignore the state law(s) they chooses not to follow by essentially placing themselves *above the law*. This sets bad legislative precedence, and you should not allow it to happen.

Sincerely,

  
John R. Todd

House Taxation Committee  
March 10, 2005  
Attachment 14

# REJECT SB# 58!

Stop another money losing downtown boondoggle!

## The Wichita Eagle

Now you know.

TUESDAY, FEBRUARY 16, 2006 ■ THE WICHITA EAGLE 7A

### How about due diligence on arena?

BY JOHN R. TODD

I read with a great deal of interest an Eagle editorial admonishing the Wichita City Council for not "asking more questions and demanding more information" concerning the



Todd

downtown WaterWalk project before "spending so much taxpayer money" ("AWOL: Where was city's diligence on WaterWalk?" Feb. 4 Opinion).

Perhaps the same due diligence questions need to be answered in advance of legislative approval of the funding for a downtown arena, and before the taxpayers fill the Sedgwick County commissioners' checkbook with \$184.5 million of taxpayers' money.

On what exact parcel of land will the arena be located? Is the land "for sale"? Can it be purchased for the estimated \$20 million alluded to in the proposal, or will it cost \$40 million or

#### MY VIEW

E-mail My View submissions, 450 words or fewer, to [myview@wichitaeagle.com](mailto:myview@wichitaeagle.com), or mail to My View, The Wichita Eagle, P.O. Box 820, Wichita, KS 67201.

\$60 million? What happens if a property owner doesn't want to sell? If there is groundwater pollution, will the city of Wichita be responsible for pollution cleanup?

What is the value of the privately owned real estate being taken off the tax rolls for this public project? What is the dollar amount of these lost taxes?

What happens if the Legislature decides to increase the sales tax statewide to fund additional education spending? What kind of impact would the arena tax, plus an additional sales tax for education, have on our economy?

Would anyone else really like to see private investors build the downtown arena and leave the taxpayers out of the loop? Is anyone else tired of seeing "red ink" for government-sponsored

projects downtown?

As proposed in the Visioneering Wichita project, do our young people really need a downtown entertainment venue, or are good jobs created by a healthy economy what they really need to keep them from leaving our city and state? Will the people who contributed to the pro-arena campaign be allowed to bid on the construction work and participate in the design work for the project?

Are government-driven projects funded with taxpayer money really the answer to economic development, or is the privately funded "free market" activity that one sees when looking north or south along Rock Road what really creates an expanded tax base and new jobs without placing the taxpaying public at risk if the venture goes sour?

Have our elected county and state officials used due diligence in answering all of the questions about the arena? Or are they going to commit the taxpayers to a \$184.5 million sales tax increase and leave the questions for later?

John R. Todd lives in Wichita.

Distributed by:

Kansas Taxpayers Network, P. O. Box 20050, Wichita, Kansas 67208

Written testimony of Bob Weeks regarding House Bill No. 2132.

Bob Weeks

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March 10, 2005

Thank you for allowing me to present this written testimony. I realize that the voters in Sedgwick County voted for the arena sales tax increase. I believe, however, there is ample reason why you should vote against the tax. The idea of the taxpayer-funded arena came about so fast in the summer of 2004 that there was little thought given to the underlying issues. I wish to present what my research has uncovered.

### ***WSU Study Not Complete***

One of the main arguments advanced for having all the residents of Sedgwick County pay to build the arena was a study prepared by the Center for Economic Development and Business Research at Wichita State University. The study claimed a large economic benefit from the arena. It is because of this economic benefit that arena supporters say the entire community should pay to build the arena. This study, however, is incomplete in two important areas: its lack of depreciation accounting, and it ignores the substitution effect.

#### **No Depreciation Accounting**

Government Accounting Standards Board Statement 34 requires governments to account for the cost of their assets, usually by stating depreciation expense each year. Through a series of email exchanges with Mr. Ed Wolverton, President of the Wichita Downtown Development Corporation, I have learned that the WSU Center for Economic Development and Business Research was not aware of this requirement when they prepared their study. Mr. Wolverton admitted this after checking with the study authors. Furthermore, Mr. Chris Chronis, Chief Financial Officer of Sedgwick County, in an email conversation told me that the county will take depreciation expense for the downtown arena. I do not know what a figure for depreciation expense would be, but it would likely be several million dollars per year, and it would materially and substantially change the arena's financial footing.

#### **No Substitution Effect Allowed For**

In a television new story reported by Mr. Erik Runge of KWCH Television on October 25, 2004, I was interviewed, and I mentioned the substitution effect. This is the term used to describe what research has found: that much of the new economic activity such as bars and restaurants that might appear around a downtown arena would be bars and restaurants that have moved from other parts of the city. There is little or no new economic activity, just movement of existing activity. Mr. Runge interviewed Mr. Ed Wolverton, President of the Wichita Downtown Development Corporation, who said "In WSU's report they felt like there definitely could be some substitution effect." The reporter explained "But how much was never studied. Downtown development backer Ed Wolverton says mostly due to time restraints."

These two glaring omissions of materially important facts by the WSU study should lead us to question its other findings. Other than the report on KWCH, I saw no reporting of these two matters.

## ***Claimed Economic Benefit is Not Realized***

Arena supporters say that everyone should pay to build and operate the arena because it will generate economic impact that everyone will benefit from. The economic benefit claimed by arena supporters, however, has not been found to materialize in other cities. In the March 2001 issue of "FedGazette," published by the Federal Reserve Bank of Minneapolis, an article titled "Stadiums and convention centers as community loss leaders" contains this quote:

"Current research indicates that stadiums and arenas have a particularly bad track record when it comes to delivering on promises of community economic windfalls. University researchers Mark Rosentraub and Mark Swindell found that three decades worth of studies 'lead to the inescapable conclusion that the direct and indirect economic impacts of sports teams and the facilities are quite small' and do not create much in the way of new jobs or economic development."

In a paper titled "Professional Sports Facilities, Franchises and Urban Economic Development" (UMBC Economics Department Working Paper 03-103) by Dennis Coates and Brad R. Humphreys of the University of Maryland, Baltimore County we find this quote:

"Siegfried and Zimbalist (2000) recently surveyed the growing literature on retrospective studies of the economic impact of sports facilities and franchises on local economies. The literature published in peer-reviewed academic journals differs strikingly from the predictions in 'economic impact studies.' No retrospective econometric study found any evidence of positive economic impact from professional sports facilities or franchises on urban economies."

## ***Arena Tax Requires Everyone to Subsidize the Interests of a Few***

Since, as current research has found, arenas do not generate the positive economic impact that their supporters claim, the arena tax instead becomes the public as a whole subsidizing the leisure activities of a relatively small number of people. The people who do use the arena, moreover, are quite easy to identify: they purchase tickets to events, or they pay to rent the arena. It is these people who should pay the full cost of the arena construction and operation.

## ***Local Officials Not Truthful***

Sedgwick County Commissioners stated that if the downtown arena sales tax did not pass, they would borrow money to renovate the Kansas Coliseum. If we do the math on the figures they quoted, that is to borrow \$55 million and pay it back at \$6.1 million a year for 20 years, we find that the interest rate is 9.17%, which is a terribly high interest rate for a government to pay. The county commissioners told us they were ready to pay this much if the arena tax didn't pass.

I wrote to Sedgwick County Commissioner Tom Winters, asking him for an explanation. He replied that the interest rate is really 7.5% for this reason: To the \$55.3 million cost of the renovations, we must add \$6.5 million for capitalized interest during the construction period, and \$.9 million for debt issuance costs. So yes, Commissioner Winters is correct about the 7.5% rate, but this also means that the cost of the Coliseum renovations should be stated as \$62.7 million instead of \$55 million. But even 7.5% interest is too high to pay.

What is troubling is that local government officials are not being truthful with the public.



# VOTE NO ARENA SALES TAX!

## COMMONLY ASKED QUESTIONS ABOUT THE PROPOSED DOWNTOWN WICHITA ARENA.

QUESTION: Was the recent straw vote a mandate by the people for building a downtown arena?

ANSWER: Absolutely not. The vote was a virtual tie. Over 80,000 Sedgwick Countians voted AGAINST the arena. Also many who voted for the arena later admitted they were deceived by misleading, if not false, pro-arena campaign advertising.

QUESTION: So, now, who will decide?

ANSWER: Its up to our 40 Kansas Senators and 125 State Representatives to decide based on facts and measured against REAL NEEDS that face Wichita taxpayers.

QUESTION: Can Sedgwick County taxpayers afford to pay a quarter-billion dollars for a downtown recreational arena?

ANSWER: Definitely not. The Wichita area has many REAL, CRITICAL needs for schools, crumbling downtown buildings, 80 year old railroad bridges, health care, highway and airport expansion. ALL NEED MORE TAXES.

QUESTION: How did the arena item get included in the Wichita Visioneering plan without significant discussion by visioneering participants?

ANSWER: Ask Mr. Visioneer, Henry Luke, when he returns to Wichita after the spring thaw from Florida.

QUESTION: Will free parking be provided for the downtown arena?

ANSWER: NO. Parking will be in private parking lots within a 20 block walking radius of the arena, charged at the "going market rate."

QUESTION: Plans for the downtown arena include 24 luxurious skyboxes to cost millions of dollars in taxes. So, would ordinary citizens who pay the taxes actually get to visit the arena skyboxes?

ANSWER: Yes, if they can prove they have lunched recently with the mayor and city council in the equally luxurious city manager's offices high above Wichita's city hall plaza.

QUESTION: Will approval of tax-financing for the arena halt other requests for increases in our sales and property taxes in the foreseeable future?

ANSWER: Did a turnip truck just pass by?

QUESTION: Because most arena functions will end about midnight, which Wichita businesses will receive a positive economic impact?

ANSWER: Cab companies, convenience stores and 24 hour Wal-Mart and Dillon's Stores.

QUESTION: But wouldn't visitors shy away from buying food, medicines, clothing and big ticket items in Sedgwick County because of the higher sales taxes charged to build the arena?

ANSWER: Yes, you are correct. Strike Wal-Mart and Dillons from the previous answer.

QUESTION: Will ticket proceeds for attending sports events and concerts be used to reimburse taxpayers who pay the hard-earned taxes to build the arena?

ANSWER: Ha, Ha -- you must be kidding! Did that pesky turnip truck pass by again?

Q: Which venue is more user-friendly? 1) the Kansas Coliseum with 10,000 seats, 4,000 surrounding surface parking spaces, three adjacent pavilions for simultaneous horse shows and agricultural events, nearby R.V. parking near small picturesque spring-fed lakes and a convenient location on I-135, OR 2) an expensive industrial-style downtown arena?

ANSWER: Clues are hidden in the question to help you select the correct answer.

QUESTION: How will the Wild West Theme Park in Park City planned for a site south of the Kansas Coliseum and the Dog Racing Facility affect the proposed downtown recreational arena?

ANSWER: Frankly, it completely eliminates the need for a tax-payer financed downtown arena.

Q: Are you looking at this issue through a half-full or half-empty coffee cup?

A: Probably an empty coffee cup -- waitress!



Jerry Winkelman, Wichita.



# VOTE NO ARENA SALES TAX!



## Urban renewal plan better than arena

The article "Plaza falls short" (Nov. 14 Eagle) revealed that taxpayers will be hooked for financial misjudgments for the Old Town Cinema Plaza project. So would a new arena be more of the same?

The recent arena straw vote ended in a virtual tie. More than 80,000 voted for and against it — definitely not a mandate.

Building the arena would not correct serious downtown problems such as crumbling vacant office buildings and deteriorating railroad bridges. Also, increased support for Kansas schools, a statewide health care plan and a Wichita Mid-Continent Airport expansion are needed. Sales and property taxes might be increased — even without the added cost of a downtown arena.

This situation does offer a positive opportunity. First, modernize the Kansas Coliseum into a comfortable showcase arena — without skyboxes. Then establish a powerful urban renewal project for the entire downtown business district. Assemble a creative team of city planners, architects and citizens to produce a unique destination that would attract visitors every day — not just occasional surges of sports fans on arena game nights.

It's possible that privately financed business and retail shops, a glittering international bowling center, a modest sports arena or state-of-the-art bingo emporium might be among those future developments.

JERRY WINKELMAN  
Wichita

JERRY WINKELMAN  
P. O. Box 2534  
Wichita, KS 67201-2534

## Is arena too much or not enough?

I am one Wichitan who will continue to oppose any downtown arena until the city can adequately address how it would deal with public safety, parking and traffic concerns.

After working downtown during several Wichita River Festivals, I have seen more than my share of crimes and public disturbances. This past year, we had yet another case of shots being fired while the streets were full of people, and only luck and the professionalism of our Police Department kept the situation from becoming worse than it did.

Traffic flow is also a major problem. And where are all the cars going to park?

My major concern, however, is with the need for such an arena. What would it accomplish that a major renovation of the Kansas Coliseum would not? Would we be burdened with subsidizing it if it went belly up?

With constant increases in our taxes by the school board, city, county, state and federal governments, can we really afford yet another tax against our meager pockets? Who in his right mind really believes that the proposed sales tax increase would be lowered after the arena was paid for? It would merely take on a new name to live on.

Unless the city and county adequately address how they plan to deal with these issues, I will vote "no" in November.

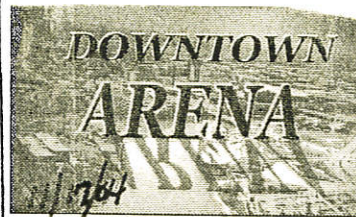
MICHAEL A. ISHAM  
Wichita

## Facts should decide

A letter in the paper illustrated the shallow concept we have of democracy ("Arena opponents ignore democracy," Dec. 1 Reader Views). The writer accused anyone in the Legislature who would dare continue to oppose construction of the arena as being undemocratic, since the voters "have spoken."

We do elect the Legislature, and that's part of the process. We even might hope they would have the good conscience, both individually and collectively, to add their blessing or withhold it, as the facts warrant.

HIBBARD DAVIS  
Wichita



## Legislators need to back constituents

Much has been said recently about the "will of the people" and the "need for unity" regarding a downtown arena. The premise is that we live in a democracy and the majority has spoken. This, however, is a false premise. Please remember the part of the Pledge of Allegiance that states, "and to the republic for which it stands." Though we have a democratic form of government, we live in a republic.

That means we have a representative form of government. Our wise Founding Fathers designed a system that would place a check on the tyranny of the masses. The fact is, a downtown arena remains a controversial and divisive issue. The massive advertising that led a majority of county residents to vote for the arena was misleading at best.

Elected representatives must weigh all of the facts and consider the interests of the voters they represent. It is perfectly appropriate for members of our local delegation to vote the will of their constituents. In fact, it is their responsibility as our representatives to do exactly that. If that leads to the ultimate defeat of this proposal, that is how our system works.

MARK DOLBE  
Wichita

## Trust the numbers?



Mayans

I am an angry lifelong Wichita resident after reading "Plaza falls short" (Nov. 14 Eagle). This is the exact reason voted against the arena tax — the city numbers

never work out, and now, after the tax has been voted in, Mayor Carlos Mayans says we need to "make sure that we are not using anyone else's numbers" and wants to make sure this doesn't happen again. Has it happened again with the arena tax? Can this question be honestly answered?

I am angry and feel lied to and cheated. How long until the arena is listed with other nonperforming public-private works projects such as the Hyatt Regency, Exploration Place, Ice Sports Wichita and — now we find out, too late — the Old Town Cinema Plaza? Whose numbers did the city use to ram this tax down our throat? Real ones? Or the ones it used for all the aforementioned projects? How can we trust anything that we have been told about the numbers for the revenue? One way is to look at the record of previous projects — ouch!

KEVIN MAY  
Wichita

## Keep fighting arena

Pundits in the local media are just beside themselves that legislators in Topeka may refuse to puppy-dog along behind the arena campaign as did — well, you know who. An Eagle editorial said that it was absurd that Topeka could usurp the majority's vote ("Lawmakers: Abide by election results," Nov. 9 Opinion). Usurp? The only thing that was usurped was common sense and the state's approval for a sales tax increase before putting the measure to a countywide vote.

If I were a legislator, I would be upset. Because now I'll be blamed for the tax increase. My voting "yes" to allow the tax means my next campaign opponent and the 82,000 voters who voted "no" will hold me directly responsible. The "yea" voter will have moved on, and the only thing everyone will remember is that I voted for a tax increase.

On the other hand, it seems unlikely that the taxpayer/voter, regardless of how they voted on the arena issue, would be angry with their lawmaker for voting against the tax increase.

GEORGE PETRIK  
Derby



# VOTE NO ARENA SALES TAX



## Arena opponents are playing by rules

The Eagle editorial board has it wrong on the arena ("Next: State needs to let Wichita have its arena," Dec. 12 Opinion). Fewer than half of sales-tax paying Sedgwick Countians — for example, everybody under the age of 18 who ever shops — voted for the arena. This is taxation without representation, per se.

Politics is politics. So long as the Legislature has the power to approve or nix the proposal, it is absolutely legitimate for opponents to take their case to Topeka. The proponents are quite capable of doing likewise. If Eagle editorial board members don't like it, they should use the bully pulpit of their positions to lobby for a state law change that takes the final decision-making authority from the state and leaves it in the hands of local voters.

Or how about getting creative? Issue two types of cards. Card one would allow arena opponents to opt out of the added tax when they shop by showing the card. Card two would enable arena proponents who pay the added tax to get a 10 percent discount on event tickets. Then everybody would be satisfied, and nobody would have any grounds to complain about the arena.

MARK SCHOOLEY  
Wichita

I hope the Legislature has the wisdom to see that the downtown arena would be a drain on the community and the economy.

## Decide by district

In response to The Eagle editorial "Unite: Delegation needs to support arena vote" (Dec. 2 Opinion): We have a "representative government," not a "majority government."

Yes, the arena vote was county-wide, but our legislators don't represent Sedgwick County or Wichita; they represent the electorate that elected them. Their votes in Topeka

are supposed to reflect what the people in their district say is best for their district. If they don't vote that way, then they won't have my vote in the next election.

PAUL MILLER  
1472-1100



12/26/04

## Breath of fresh air

The Etheredge family's plans to build a theme park in Park City are a breath of fresh air blowing across the plains of south-central Kansas ("Theme park in works," Dec. 19 Eagle).

The family members' commitment to plan, develop and build a tourist attraction in our community using their own monies is an improvement over other such projects in which promoters have required government guarantees if their poorly planned projects hit hard times up the road. I see the Etheredge family has already spent considerable money on the planning phases of this project. I am sure such planning has indicated the chances of operating a profitable theme park in this area were favorable.

When you gamble using your own hard-earned monies, you tend to plan and investigate in much more detail.

I salute the members of the Etheredge family in their theme park venture, and I, for one, will support such a park in our community.

DAVID McCALLA  
Wichita

All Sedgwick County residents should contact their state lawmakers and urge them to oppose any legislation that would permit the 1 percent sales tax increase for the downtown arena.

## Subsidy city 12/20/04

The city and/or county currently subsidizes AirTran Airways, Genesis Health Clubs, the Hyatt Regency Wichita, Old Cowtown Museum, Old Town, Century II, the Kansas Coliseum, Botanica, the Sedgwick County Zoo, the Arts Council, the Kansas African American Museum, the Mid-America All-Indian Center, Auburn Hills Golf Course, Ice Sports Wichita, the Sister Cities program, the Wichita Art Museum and the Wichita Boathouse. I'm sure there are many more. Based on this history, we'll probably be adding Wichita WaterWalk and the downtown arena in time. Since city and county leaders have all this taxpayer money burning holes in their pockets, how about subsidizing the taxpayer, for a change, by lowering the tax mill levy?

MAURICE BOWEN  
Wichita



## Empty seats 12/14/04

I noticed the article regarding Martina McBride's Christmas concert, and found I must voice a comment ("Martina home for holidays," Dec. 6 Local & State). Martina was returning home for a concert for friends and fans at the Kansas Coliseum.

The article stated that the 5,000 fans enjoyed the "corn" and the concert. Let's see — 5,000 attendees in a facility that holds about twice that amount. I've also read several articles within the past months about concerts that did not come close to filling their seats, and yet we were media blitzed with ads indicating that we need a 15,000-seat arena in the downtown area funded by a 1-cent sales tax increase for 30 months.

This community could use that public tax money in more appropriate areas, such as police, fire and education.

ROBERT FITZTHUM  
Wichita

## Failing projects should alarm city 12/14/04

Exploration Place is now asking for tax support, having been built on the promise that it would operate with no government support (Dec. 9 Eagle). We also read in The Eagle article that the Wichita Art Museum, Botanica, Old Cowtown Museum, the Sedgwick County Historical Museum, Ice Sports Wichita and the Sedgwick County Zoo already have their snouts in the public tax trough. When will the citizens of our fair city wake up?

Take note that while nationwide bankruptcy rates are declining, Wichita's is increasing. Yet we continue to let ourselves be led down the primrose path by a group of promoters looking to make a quick killing on the backs of our citizens.

To the promoters of WaterWalk and the arena, I say: Keep your nose out of the tax trough. If your plans are so good for the city of Wichita, why don't you get off your duffs and raise the money from private sources?

LARRY T. ROMINE  
Wichita

15-3



# Arena's viability needs more study

BY REP. DALE SWENSON

1/26/05  
Eagle

The Wichita Eagle has reported that I am undecided whether to vote for a sales tax increase to fund a new arena in downtown Wichita. We all want downtown Wichita to succeed. My hesitancy is a result of conflicting information that



Swenson

may cast doubt on the success of the arena project. I believe that more study is needed before giving legislative approval to a new arena sales tax in Sedgwick County.

As The Eagle reported, my legislative district is closely divided on the feasibility of this project. More than half of my constituents voted against the levy of an arena sales tax. I do not believe this was simply an "anti-tax" vote. I think there is genuine reason for concern, widely shared by those who live in my district, as to whether the arena will accomplish the purpose set

out by its backers. If the arena does not thrive as predicted, it may become a long-term drain on city and county resources that are now devoted to other worthy purposes.

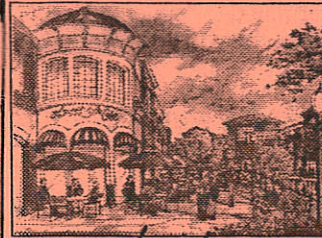
My concerns have been heightened recently. The newspaper reported that audiences at the Kansas Coliseum were smaller in 2004 than previous years ("Coliseum crowds fell 21% in 2004," Jan. 18 Eagle). The same is true for other public entertainment venues in our area. Is this solely due to the economic downturn? Or is something else at work here?

A recent issue of USA Today reported that cities across the Midwest and Southwest are spending billions of public dollars to expand sports, performing arts, entertainment and convention centers and arenas. Like Wichita, other cities in our region are seeking the additional dollars that conventioners, sports fans and performing arts devotees pump into the local economy. But while public spending is increasing, attendance across the nation is declining.

This suggests to me that the availability of seats may be greater than the market for them. What can we expect from a new downtown arena? Will we be able to fill the seats? Or will taxpayers be forced to subsidize this facility long after the proposed arena sales tax is a distant memory? It may be that the citizens of Sedgwick County are prepared to provide a public subsidy on a long-term basis for an arena downtown. However, the vote on the arena tax was not presented in these terms, or at least my constituents did not understand it this way.

Taxpayers have already made a number of worthy investments in sports, arts and entertainment that add to the quality of life in our community. But I believe that additional study is needed to determine the long-term viability of the arena project. I believe that until all the facts are in, it is premature to ask area legislators to vote on this issue.

Dale Swenson is a Republican who represents Wichita's District 97 in the Kansas House.



1/13/05

## Delay the dream

There are times when a dream to be delayed, and I think now is a great time to realize that per se area cannot afford such thing. Wichita WaterWalk, with its reported businesses holding the out, or the downtown arena, will require continuous tax "forever" to remain open.

In response to the letter "W people" (Jan. 6 Reader Views) truly want "the will of the elect to be seen on the arena discussion and proposed tax, let each elect vote as did the people of his own district, not as did the majority of several highly populated areas. All lawmakers vote according to the voice of their given district, the tax should be defeated. Lawmakers must remember that they were elected by a certain district, not by county at large.

Also, the people of Sedgwick County and the city of Wichita already being asked to support a multitude of financially dependent, semipublic and even privately owned institutions and businesses. Until the government leaders guide other ventures to profitability, I think it wise they not more tax-based anchors to the sinking budget.

TIMOTHY J. Gar

I totally agreed with state Rep. Dale Swenson, R-Wichita ("Arena's viability needs more study," Jan. 26 Opinion). Maybe we need to delay a legislative vote on the arena.

Kudos to Rep. Swenson. Surely he is not the only legislator with common sense.

Since the arena vote back in November was nonbinding, I wonder if I can change my vote to "no."

It's no wonder usage at the Kansas Coliseum is down. Look at how many folks are still out of work or making far less money than they used to. Then factor in the rising ticket prices. And some folks really believe we can fill a new, bigger arena?

The argument that the Kansas Coliseum hasn't created development is no longer valid. There is a dog track, and there soon will be a casino and an amusement park. With such attractions, there will be a great need for more hotels and dining establishments.

If the new arena is supposed to meet the community's needs 15 to 20 years from now, unless it's going to take 15 to 20 years to build it, why not wait and build it then?

If the proposed casino in Park City gets approved, I wish to retract my vote for the downtown area. The casino will revitalize the Kansas Coliseum to heights not seen since it was built.

If city officials want to move the library after the arena is built, they can move it in there, because it will be the biggest empty building in town.

**VOTE NO  
ARENA  
SALES TAX**



# KANSAS TAXPAYERS NETWORK

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February 3, 2005

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## Testimony Opposing SB 58 By Karl Peterjohn, Executive Director

SB 58 is a flawed bill that should either be re-drafted or defeated in its current form. Let me outline the major problems with this legislation.

1) This bill does not address the serious flaws already contained within KSA 12-187 that cry out for correction. This is a grossly non-uniform statute that should be made uniform covering all local government units. Today, cities may, and some already have, opt out of this statute using their home rule powers because of this statute's non-uniform condition. County home rule requires a change in statutes for the lid on local sales taxes (see KSA 19-101a). At some point in time the cities may opt out of this statute in a way that negates any requirement for voter approval at an election. It will be a sad day for Kansas government when the voter approval requirement within this statute gets voided within a municipality. This is only a matter of when, not a matter of if.

It may surprise this committee that the Kansas Taxpayers Network (KTN) supports removing this local sales tax lid under limited circumstances. The circumstances are straightforward. KTN strongly supports requiring voter approval before taxes are raised. KTN has repeatedly testified in front of both legislative tax committees in support of this principle. We strongly urge this committee to broaden this voter approval requirement to extend to city, county, and local property tax millage hikes. KTN would also like to see a requirement added to this statute that would extend this principle of voter approval of tax hikes to extend to all local taxes. Currently, Missouri, Colorado, and Oklahoma require voter approval before property taxes can be raised in those three states. In Colorado and Missouri this requirement for voter approval currently covers all local taxes.

This would correct the pro-tax raising bias that exists in current law. Local sales tax hike proponents raise local sales taxes in a way I'll describe in three words: "carrot and stick." The "carrot" approach to raising sales taxes is how Sedgwick County originally got their 1 cent local sales tax 20 years ago, "Vote for this local sales tax and we'll lower your property tax." That's how Pottawatomie County got their local sales tax raised last year.

The "stick" approach was used by arena proponents in narrowly getting voter approval during the advisory vote November 2, 2004 in Sedgwick County. "If you don't vote for this temporary sales tax hike we'll raise your property taxes." Arena proponents' flyers and advertising said, "Vote No. And a 20 year property tax buys a facelift for the aging Kansas Coliseum..." So it all comes down to: higher sales or higher property taxes--would the condemned prefer to be hung or shot?

2) SB 58 is a slap in the face for taxpayers by making an advisory vote retroactively into a binding vote. This is an affront to the rule of law. The county knew they had no authority to raise the local sales tax under current state law. Now they want you to retroactively provide them with this approval. I wrote an editorial in the Wichita Eagle last August that publicly informed them that they had no legal authority under Kansas law to impose this tax. They arrogantly proceeded anyway and now want the legislature to grant retroactive authorization.

Now I'm not saying that you can't add retroactivity into Kansas tax law. That has occurred in the past nationally and fairly recently. In 1993 then President Clinton proposed adding retroactive provisions to

Hs Taxation Committee  
March 10, 2005  
Attachment 16

federal tax code as part of his tax raising bill. This was enacted, it was litigated and the U.S. Supreme Court ruled that retroactive tax law was constitutional. This was bad federal tax law in 1993 and Kansas should not adopt this retroactivity principle in 2005.

Now let me demonstrate how a taxpayer would be a second class citizen in Kansas if you enact SB 58 in its current form. If I decided as a citizen that I would no longer be bound by the portions of the tax law I'd like to see changed, and then proceeded to ignore the law, I would be in violation of the law and could be penalized under this law. Apparently, that is not a problem if the legal entity happens to be a local government, like Sedgwick County in Kansas. If I then had the arrogance to proceed to ask you as legislators to retroactively change state law to help me out of my own violation of state law, you would not take my request seriously. Today, you are taking the county's request very seriously and if recent press reports are correct, a majority of you have already decided to vote for this bill. If this bill passes it will clearly establish the fact that taxpayers are second or perhaps even third class citizens behind local units of government in Kansas.

This bill would be a gross violation of the rule of law in this state. In fact, the legislature rarely provides retroactive provisions in state law and usually enacts statutes that only take effect at a future date.

3) Since the November 2 vote was advisory in nature, the fact that arena opponents were outspent is an abuse of taxpayer funds but is not critical under current Kansas law. Arena opponents raised over \$20,000 in private funds in the unsuccessful advisory election November 2, 2004. We were outspent by a greater than 2-to-1 margin by city, county, and state funded tax dollars spent by tax funded organizations.

This included city property taxes, city hotel/motel taxes, county tax funds, and state turnpike and regents tax dollars. This statute should be amended to ban the use of state and local tax funds in tax referendum elections. It is now clear that Kansas has already descended upon the slippery slope where tax dollars are being spent to promote higher taxes.

4) If the legislature does not act upon SB 58 or any similar legislation, then one of two events will occur. The county could follow the usual practice and get KSA 12-187 changed so a binding election could occur. The city of Wichita, which also strongly backs this tax hike, could exercise their home rule option in this matter or also seek a change in this statute to hold a binding election in the future. The rule of law could be preserved even if this important principle is contained within this flawed and non-uniform statute.

SB 58 is flawed and should be rejected by this committee. KTN has intentionally not discussed the merits of the downtown arena since that is an issue for a binding election and not for this committee or the legislature to consider. The legislature must make state law for all the citizens and all of the local units. SB 58 makes a bad statute worse.

A better approach would be to extend the principle of voter approval of local sales taxes to cover all local taxes in Kansas. Then you could remove the caps, terminate the "carrot and sticks," tax raising strategy, delete the non uniformities, and allow the Kansas economy to begin to be able to compete with our neighboring states that have already empowered their citizens with mandatory tax referendums at the ballot box.



**SB 58**

Testimony of William T. Davitt before House Committee on Taxation **AGAINST** more sales tax to build a new 15,000 seat arena in Sedgwick County that is not needed.

9 A.M. Thursday, March 10, 2005

1. There is no need for a new 15,000 seat arena in Sedgwick County.

2. On second page of attached newspaper clippings the Wichita Eagle explains that last year the average attendance at the Coliseum was 5,654. Let us give the other side 350 and refer to the average attendance as 6,000 so we have an EVEN number.

3. The present Coliseum seats 10,000. Put in an average attendance of 6,000. And you still have 4,000 seats vacant.

4. What happens if you approve more sales tax to build a new arena that will seat 15,000? Well, put in an average attendance of 6,000 and you will have 9,000 seats vacant. A new arena is not needed.

5. Sure, it is going to cost a lot of money to remodel the Coliseum - bring it up to date to accommodate wheel chairs. But, the county already owns the land and owns the Coliseum building on the land. Remodeling will cost onay a FRACTION of what it will cost to go downtown and:

Buy the land

Build a whole new 15,000 seat arena that is not needed.

Hs Taxation Committee  
March 10, 2005  
Attachment 17

6. Until shortly before the vote took place, polls showed that more sales tax was failing, losing, losing. So, the slick promoters pulled two tricks.

7. FIRST: They hired a smart alec announcer to go on the radio and scare the voters. "If you don't vote for more sales tax, you will have to pay more property tax to remodel the coliseum" He never explained that remodeling the coliseum will cost only a FRACTION of the enormous cost to buy land and build a whole new 15,000 seat arena that is not needed.

8. SECOND: The slick promoters got the TRADES - electricians and steam pipe fitters - to endorse more sales tax when poor, elderly and sick buy food and medicine on their limited and fixed income . . . . so the TRADES can get BIG hourly wages building a new 15,000 seat arena that is not needed. GREED CRUEL.

9. If the legislature approves more sales tax to build a new 15,000 seat arena, what will the smooth and slick promoters do?

10. The promoters will go behind your back, laugh, snicker, celebrate: "We really put one over on the legislature. Now, we are in a position to rake in BIG FAT PROFITS for ourselves"

11. They are trying to take you in, USE you, and make a fool of you. They plan and scheme for you to approve more sales tax on food and medicine to build a new 15,000 seat arena that is not needed . . . . because when you put in

an average attendance of 6,000, you will have 9,000 vacant seats.

12. I pray that this honorable legislature will not temporize with their trickery and duplicity. Thank you.

*William T. Davitt*

William T. Davitt  
Attorney At Law  
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Wichita, Kansas 67203  
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File photos

Officials at the Coliseum blame soaring ticket prices and the lagging economy for the drop in attendance last year.

# Coliseum crowds fell 21% in 2004



Graphic by Mike Sullivan/The Wichita Eagle



Randy Tobias/File photo

Country singer Tim McGraw performs last year at the Kansas Coliseum. McGraw was one of the Coliseum's top draws last year, with 8,305 in attendance.

**The drop in attendance causes some to question again the need for a downtown arena.**

BY LORI O'TOOLE BUSELT  
The Wichita Eagle

**A**ttendance at the Kansas Coliseum last year was the lowest since 1980.

About 571,400 people attended an event at either the arena or the Coliseum's other buildings in 2004, down nearly 21 percent from 2003.

The venue also saw a drop in revenue and the number of events in 2004.

Rising concert ticket prices, competing

entertainment, a one-time blast of Wichita State University basketball at the Coliseum in 2003 and the lagging economy may all have had a hand in the sharp drop, arena director John Nath said.

**"The numbers were frighteningly down,"** he said.

The decline raises questions about how well Wichitans support live events just as the Legislature is getting ready to decide whether to grant the county a one-cent sales tax increase to support building a downtown arena.

Rep. Dale Swenson, R-Wichita, is among the legislators who say they are uncertain about whether they will vote in favor of the arena sales tax. The attendance issue will

Please see COLISEUM, Page 5A

17-4





Bo Rader/File photo

Top-flight entertainment such as Metallica, firing up the crowd here during a September concert, couldn't prevent the Kansas Coliseum from showing a sharp attendance drop in 2004.

## COLISEUM

From Page 1A

need to be addressed, he said.

"I would hate to build an arena and have attendance go even lower than the low projections," Swenson said.

Perhaps the state needs to delay a vote and see how the Coliseum fares this year before moving forward, he said.

### 'Bullish' on the arena

Many downtown arena supporters said the 2004 Coliseum numbers do not worry them.

Ron Holt, the county's director of culture, entertainment and recreation, said the numbers will improve as the economy improves.

Sedgwick County Commission Chairman Dave Unruh said, "I guess I'm bullish on the potential for the new arena, and I think this is just a blip on the radar screen."

But the county needs to monitor the declines, he said.

Downtown arena supporter Sen. Carolyn McGinn, a former Sedgwick County commissioner, also said the attendance numbers are cyclical.

"Just because you have a cycle down one year doesn't mean you shouldn't be looking forward to the future and have a vision for the future," she said.

County lobbyist Mike Pepoon



Nath

said the downtown arena, which is planned to accommodate the area's needs for the next 20 to 25 years, might attract larger events and conventions.

"It would be very short-sighted of us to build that based on attendance figures in 2004," he said.

However, new and expanded convention centers are being built or are planned in at least 44 U.S. cities at the same time that the convention business is on the decline, according to a study published Monday.

Established centers are discounting rental space or not charging for it at all, said the study by a professor of public administration at the University of Texas-San Antonio.

That means Wichita and a new arena would be likely to face stiff competition for convention business in the future.

### Fewer visitors

Attendance dropped at events in the Britt Brown Arena — which the county may demolish if the downtown arena pushes forward — as well as in the Coliseum's pavilions and show arena, which would stay if a downtown arena is built.

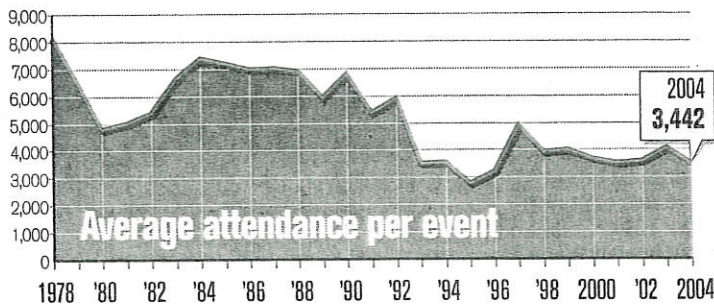
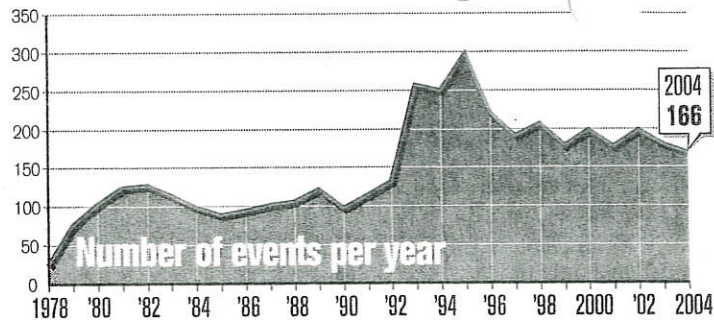
Horse shows, for example, drew 1,250 fewer people and had fewer entrants, possibly because of rising gasoline prices and other travel expenses, Nath said.

Some of the Coliseum's declines were tied to what events were available.

WSU played men's basketball in the Coliseum for part of 2003 before moving into renovated Koch Arena last season, for example.

Regardless, Nath said, people just weren't coming to other annual events.

## The Coliseum's declining numbers



The Wichita Eagle

"People are really picking and choosing where they're spending their dollars," he said.

The Coliseum reported \$1.7 million in revenue last year, a \$209,000 drop from the year before. Higher ticket prices and revenue from the Select-a-Seat ticketing system kept the revenue decrease from being as large as the attendance decrease, Nath said.

### Rising ticket prices

The attendance drop mirrors a national trend, Nath said.

Rising concert ticket prices, which are set by artists and their agents, are plaguing the music industry, he said.

Last year's average Coliseum concert ticket was \$47.26, up nearly \$11 from 2003.

"People are not going to pay \$100 to go see a mid-tier band,"

Nath said. "They're just not going to pay those kind of prices."

The Coliseum hosted 13 concerts in 2003 with an average attendance of 5,530 fans.

Last year saw 17 concerts — including some of the nation's top acts — with a slightly higher average attendance of 5,654.

Nath pointed to the Rod Stewart concert as an example of people not wanting to pay high prices. Only about 3,000 people bought the tickets, priced at \$65.75 and \$95.75. The Coliseum distributed 2,000 free tickets to help fill up the arena, he said.

"I thought he would draw better than he did," Nath said.

Nath said he expects to see lower ticket prices this year.

"The promoters realize — and the agents realize — that ticket prices have gotten out of control," Nath said.



Now you know

## 2004 COLISEUM CONCERTS

Below are the concerts held in the Kansas Coliseum last year. Listed are the total attendance and average ticket prices.

Alan Jackson/Martina McBride	9,006	\$60.50
Metallica	8,369	\$65.50
Tim McGraw	8,305	\$58.00
Hilary Duff	6,921	\$37.50
Alabama*	6,416	\$44.75
Toby Keith	6,399	\$58.00
Kid Rock	6,222	\$27.50
Josh Groban	6,055	\$55.00
Rascal Flatts	5,846	\$31.75
Van Halen	5,747	\$55.50
Rod Stewart	5,172	\$80.75
Martina McBride Christmas	4,932	\$40.00
Yanni	3,931	\$46.75
Incubus	3,771	\$33.00
Crosby, Stills and Nash	3,096	\$46.50
Trans-Siberian Orchestra	2,995	\$33.00
A Perfect Circle	2,939	\$29.50

**Source:** Kansas Coliseum

\* Note: \$1,000 and \$150 Alabama tickets, which included a guitar and other perks, not included.



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TOPEKA

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 LEGISLATIVE POST AUDIT

March 10, 2005

Honorable Representative Kenny Wilk – Chairman  
 House Taxation Committee

Ref: HCR5009 concerning taxation; relating to rules for valuing property.

Testimony by: Representative Frank Miller – 12<sup>th</sup> District

Thank you Mr. Chairman and members of the Taxation Committee for the opportunity to come before you today to testify in support of HCR5009.

Our previous home was built in 1996 by a contractor and sold to my wife in 1997. The history of the appraised value of our previous home was; 1998-\$81,500, 1999-\$89,500, 2000-\$92,670, 2001-\$96,180, 2002-\$98,100, thus the cumulative increase in the appraised value of our previous home over that five year period was 20.37%. The cumulative increase according to Kansas Legislative Services for the same period for the CPI-U index was 10.36%, thus making the accuracy of this appraisal suspect. Bear in mind the only improvement made to the property during that five year period was to add a fence to enclose a dog. We built a new home in 2001-02 and put the old one up for sale for an asking price of \$112,000. We received several bids all less than \$98,100 and finally after more than a year we gave up and sold the house for \$90,000. Due to the economic slowdown I am convinced that the actual market value of my old home was about \$90,000. The next year's appraised value of our old home for the new owners did not go down to \$90,000, but rather remained at the same whopping \$98,100. HCR5009 could make a difference in this over evaluation of property.

Attached is an article that came out in yesterday's Topeka Capital-Journal, which further substantiates the problem of residential property being over valued. According to this article 71,000 properties in Shawnee County increased in fair market value by an average of 7 percent! Can this be true market value?

The last page of my testimony is a chart that shows the percent increase in the appraised value of Residential property for Kansas as compared to the CPI-U index adjusted for population growth for the calendar years 1993-2004. The data was provided by the Kansas Legislative Research Department. It is alarming that the rate of residential appraised value has increased 2.75 times faster during this period than the inflation rate

Hs Taxation Committee  
 March 10, 2005  
 Attachment 18

adjusted to the growth in population. Now some specific communities may indeed have property values increasing at rates faster than inflation adjusted for population growth, but not 2.76 times faster, and not for the whole State of Kansas!

HCR5009 would amend the Kansas Constitution so that when a residential property is sold the appraised value of that home must be lowered or increased to the average of the latest appraised value, and the actual selling price of the home. The details requiring that the sale must be made "at arms length" would be specified statutorily by the legislature once the amendment was ratified by the voters. Or, if the committee would prefer to see this spelled out in HCR5009 I would support this amendment. However, the language of the amendment to the resolution must not be complicated and overly detailed which would then unduly complicate the language in the resolution amendment to the Constitution.

Mr. Chairman I stand for questions.

Respectfully yours,

A handwritten signature in black ink that reads "C. Frank Miller". The signature is written in a cursive style with a large, stylized "C" at the beginning.

Representative Frank Miller

**Increase In The Appraised Value of Kansas Residential Property Versus The Increase In  
The Inflation Rate Corrected For The Growth of Population. Ten Year Period 1993-2004**

18-3

Prepared by Rep. Frank Miller -- 1/8/04 -- Revised 3/9/05

Source of Data: Kansas Legislative Research Department and Federal CPI data (Chris Courtwright 6-7879)

Calendar Year	Annual Kansas Inflation rate (CPI-U) %	.85% Per Year Average Increase In Population During the 90's, Later Dates Reduced	Total Annual Kansas Inflation Rate Plus Population Growth (CPI-U)	Cumulative Inflation Rate Increase (CPI-U) Adjusted for Population Growth	Actual Assessed Value Growth For Residential Property Only	Cumulative Value Increase (Residential Only)
1993	2.99%	0.85%	3.84%	<b>3.84%</b>	0.25%	<b>0.25%</b>
1994	2.56%	0.85%	3.41%	7.38%	5.91%	6.17%
1995	2.83%	0.85%	3.68%	11.33%	10.55%	17.38%
1996	2.95%	0.85%	3.80%	15.56%	6.29%	24.76%
1997	2.29%	0.85%	3.14%	19.19%	8.42%	35.26%
1998	1.56%	0.85%	2.41%	22.06%	7.30%	45.14%
1999	2.21%	0.85%	3.06%	25.80%	8.27%	57.14%
2000	3.36%	0.85%	4.21%	31.10%	9.93%	72.75%
2001	2.85%	0.40%	3.25%	35.36%	8.23%	86.96%
2002	1.57%	0.40%	1.97%	<b>38.02%</b>	6.37%	<b>98.87%</b>
2003	2.27%	0.40%	2.67%	41.71%	6.38%	111.56%
2004	2.69%	0.40%	3.09%	<b>46.09%</b>	7.22%	<b>126.83%</b>
<b>CONCLUSION:</b>	<b>12-YEAR RATE OF VALUATION INCREASE OF RESIDENTIAL PROPERTY HAS GROWN</b>					<b>2.75</b>
	<b>TIMES FASTER THAN THE INFLATION RATE ADJUSTED FOR POPULATION GROWTH</b>					

**CJOnline.com / Topeka Capital-Journal**

Published Wednesday, March 9, 2005

**Property Taxes -- Up, up and away****By The Capital-Journal editorial board**

There's more than one way to skin a taxpayer.

Lawmakers can go home to their constituents and tell them they are trying to hold the line on your state sales tax, your income tax or even your cigarette tax. But property tax -- what you pay your county on the value of your home or business to support schools, roads, cemeteries and city and county functions -- that's a different story. You can't pin that one on the Legislature.

In Shawnee County, appraiser Mark Hixon's office last week mailed 71,000 reappraisal notices to county property owners.

Guess what. According to preliminary figures the appraised value of county residential property rose about 7 percent during the past year, to \$6.34 billion. Commercial property values rose about 6.4 percent, to \$1.43 billion.

So, the same tax rate can be applied to the same property as a year ago but the bill will be higher because, according to the appraiser, the property is worth more.

Hixon said property owners who wish to appeal their appraised valuations ("We're not perfect," he says) can schedule an informal hearing with the appraiser's office by calling 232-4461, mailing that office a form they received with their reappraisal notice or going to the appraiser's office at 1515 N.W. Saline. The deadline to schedule a hearing is March 31.

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League of Kansas Municipalities

Date: March 10, 2005  
To: House Committee on Taxation  
From: Larry R. Baer  
Assistant General Counsel  
Re: HCR 5009 – Testimony in Opposition

Thank you for allowing me to appear before you today on behalf of the League of Kansas Municipalities and its member cities to present testimony in opposition to HCR 5009.

HCR 5009 proposes to amend the Kansas Constitution by providing a simple formula for the adjustment of appraised values of residential properties at the time of sale. While we understand the intent of HCR 5009, it is the unintended consequences of HCR that pose the problems. HCR 5009 will result in artificially decreasing appraised values and, consequently, the assessed valuations and, therefore, be in violation of the "uniform and equal" requirements of the Kansas Constitution.

#### **Artificial Decrease in Value**

The adjustment formula proposed in HCR 5009 presumes that the sales price of residential properties is always representative of fair market value and, thus, a more accurate representation of value than the current county appraised value. This approach is flawed. Property can, and does, sell for less than the county appraised value without market conditions entering into the picture. Three examples promptly come to mind:

No. 1: Seller, for employment reasons, is required to relocate before selling his local residence. He ends up the proud owner of two mortgage payments. Because his financial situation won't accommodate two mortgages, he opts to reduce the sale price of his local residence below appraised value to make his property more attractive to a potential buyer.

No. 2: Upon Grandma's death, her Will is probated and it provides that her favorite grandchild can buy her house for 75% of its appraised value.

No. 3: Aunt Edna's health is failing and she decides to move to the local care facility. No family member resides locally and there is a concern about what to do with her house. Her neighbor makes a below appraised value offer to buy the house. The family decides to accept it even though it is lower than market value because no realtor's fees are involved, there is no one locally available to care for the property or to arrange for a sale and "lack of hassle" has a value.

These examples have a common thread. In each the property is sold for less than "county appraised value". The reduced selling price has nothing to do with market conditions. Under the valuation formula proposed in HCR 5009 the appraised valuation of each would be reduced. The reduction would represent an artificial decrease because market conditions played no part in the valuation.

Hs Taxation Committee  
March 10, 2005  
Attachment 19

In order to maintain fair and equal taxation, as required by the Kansas Constitution, the League supports appraisals based upon fair market value. A formula such as proposed by HCR 5009 that results in an artificial decrease in valuation no longer uses fair market value as the measuring stick for residential property valuations. When valuation of one type of property decreases, the tax burden shifts to other types of property. Stated another way, business and commercial property must generate more taxes to make up the taxes that are lost on residential property. In counties and school districts this shift of tax burden would also include agricultural property. This type of legislation does not reduce property taxes. It merely shifts the burden.

### **Departure from Current Policy**

HCR 5009 is a significant departure from the current policy on establishing fair market value. This provision is in direct conflict with that portion of K.S.A. 79-503a which provides, in part:

“... Sales in and of themselves shall not be the sole criteria of fair market value but shall be used in connection with cost, income and other factors ...”.

/ In other words, under the amendment proposed by HCR 5009 a determination of fair market value would be directly related to the sale price of the subject property without regard to the other factors to be considered.

### **Violation of Constitutional Requirement of “Uniform and Equal”**

In addition, we believe that the language of HCR 5009 potentially violates the “uniform and equal” provision of the Kansas Constitution. Article 11, § 1 of the Kansas Constitution provides, in part: “. . . , the legislature shall provide for an **uniform and equal** basis of valuation and rate of taxation of all property subject to taxation. . . .”

The Kansas courts have often stated: “Uniformity in taxation implies equality in the burden of taxation, and this equality cannot exist without uniformity in the basis of valuation. Uniformity in taxation does not permit a systematic, arbitrary, or intentional higher [or lower] valuation than that placed on other similar property within the same taxing district.”

What does this mean? It means that not just the tax rate must be uniform and equal for a given class of property but, also, that the method of determining the valuation of the property must be uniform and equal. As the above examples show, the valuation method set forth in HCR 5009 will not give uniform and equal results. In addition, because properties that do not regularly sell would not be adjusted by the proposed method, but, rather, under the current appraisal standards, there would not be an uniform and equal basis of valuation.

The League of Kansas Municipalities opposes any amendment to the Kansas Constitution that alters the current fair market value approach to valuing residential property or that would place any cap or limitation on increases in valuation or that would artificially decrease the valuation of residential property. Therefore, the League respectfully requests that you reject HCR 5009.

Thank you for your consideration of this matter. I will stand for questions when appropriate.



# K A N S A S

IOAN WAGNON, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

DEPARTMENT OF REVENUE  
DIVISION OF PROPERTY VALUATION

## MEMORANDUM

**TO:** Representative Kenny Wilk  
Chairman, House Taxation Committee

**FROM:** Mark S. Beck, Director

**DATE:** March 10, 2005

**SUBJECT:** HCR 5009

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HCR 5009 amends Section 1 of article 11 of the Kansas Constitution to provide that the legislature shall provide that the appraised valuation of real property used for residential purposes which has been sold shall be the average of the appraised valuation of such property on the date it sells and the sales price of the property when it sold. The amendment is not self-implementing. The legislature would be required to pass legislation implementing the provision. The amendment would be effective on and after January 1, 2005.

The amendment raises several issues that need to be acknowledged and discussed prior to implementation. Some of these issues may be addressed in implementing legislation. Today, I am simply attempting to bring some of these issues to the forefront as you consider this concurrent resolution.

### Current Law:

- Under current law, real properties are to be valued uniformly and equally as of January 1 of each year at fair market value. (Article 11 Section 1 of the Kansas Constitution; K.S.A. 79-501 and K.S.A. 2004 Supp. 79-503a).



## Discussion:

- The amendment applies to real property used for residential purposes. Residential property includes single-family and multi-family properties. As such, single-family houses, duplexes, townhomes, condominiums, apartment buildings, manufactured housing, mobile home parks and many adult care homes would all be subject to the provision.
- The amendment does not indicate that the sale has to be an arm's length transaction. Therefore, could sales that are not representative of fair market value be used to determine the valuation of properties?
- Is the appraised valuation as of January 1<sup>st</sup> of the year the property is sold or is it the appraised valuation as of the date of the sale? What if there are added improvements after January 1<sup>st</sup> will the value of these improvements be taken into consideration?
- There is no indication of when the valuation would be adjusted to the average of the appraised valuation and the sales price. If a sale occurs in December of a year, would the appraised value be adjusted for that year or would it not be effective until the next year? In such a case, if the valuation is to be adjusted in the current year and the adjusted value increased over the appraised value, an additional tax bill would have to be sent to the taxpayer. Making adjustments in the current year after values have been certified by the county appraiser to the county clerk would result in additional work for county appraisers, clerks and treasurers.
- Also, it is not clear how long the valuation would remain at the adjusted valuation. Is it only for the year in which the property sold, or does the valuation remain at the adjusted valuation until the property sells again? The language of the amendment states that the appraised valuation is to be "determined pursuant to law." Since appraised values are updated on a yearly basis by law, it could be argued that the adjusted valuation is only for the one year.
- Will county appraisers be required to automatically make the adjustment in valuation or does the taxpayer have to take some action to start the process?
- The effective date is January 1, 2005. However, Section 3 of HCR 5009 provides that the resolution if approved by the House and Senate would be submitted to the electors of this state at the general election on November 7, 2006. Assuming the electors approve the amendment, county appraisers would be required to go back to January 1, 2005, to adjust the valuations of residential properties that had sold. This would result in additional tax bills being issued to some taxpayers and refunds of taxes issued to others. This refund and additional taxation process would require implementing legislation to provide the authority for county appraisers to make the changes, provide notice to taxpayers, certify the changes to the clerk, the clerk to certify the adjustments to the treasurer, and the treasurer to either issue additional tax statements or issue refunds. There would be costs associated with the retroactive application of this provision for county appraisers, county clerks and county treasurers.
- Would there be an appeal process for taxpayers who do not agree with the adjusted valuation?
- Owners of residential properties would have the valuations of their properties adjusted whenever the properties sell. In some cases, the adjusted value may be less than the currently assigned appraised valuation, but in several cases, the adjusted value will be higher than the currently assigned appraised value. Therefore, some taxpayers will see their valuations decreased by this amendment and others will see their valuations increased.
- The amendment could result in additional valuation appeals being filed with county appraisers and the Board of Tax Appeals in late 2006 and early 2007 when taxpayers receive notice of the adjusted valuations for the 2005 and 2006 tax years. This assumes there is implementing legislation that provides for such appeals.

March 8, 2005

To: Legislative Budget Committee

## STATE GENERAL FUND (SGF) RECEIPTS July, 2004 through February, 2005

Based on the revised estimate of SGF receipts in FY 2005 made last November, it was estimated that receipts in November through February would total \$1.412 billion. Actual receipts for those four months were \$1.456 billion, or 3.1 percent above the estimate. Remember that the figures in both the "Estimate" and "Actual" columns under FY 2005 on the following table include actual amounts received in July-October. That means this report deals mainly with the difference between estimated and actual receipts in November through February.

**Total receipts from July through February of FY 2005 were \$43.5 million, or 1.5 percent above the estimate. The component of SGF receipts from taxes only was \$40.3 million, or 1.4 percent above the estimate. Total SGF taxes only, at the end of January, were \$38.7 million, or 1.5 percent above the estimate. Total receipts at the end of January were \$46.3 million, or 1.7 percent above the estimate.**

Taxes that **exceeded** the estimate by more than \$1.0 million were individual income (\$21.9 million, or 1.8 percent), corporation income (\$10.2 million, or 12.1 percent), compensating use (\$9.9 million, or 6.4 percent), estate (\$3.2 million, or 8.9 percent), insurance premiums (\$2.5 million, or 5.6 percent), and motor carriers property tax (\$1.8 million, or 15.0 percent). It was noted in the January SGF Receipt Report that as much as \$16 million in individual income tax receipts were related to the impact of three bi-weekly payrolls being paid in December, and the resulting withholding tax paid in January.

Taxes that **fell below** the estimate by more than \$1.0 million were corporate franchise (\$3.3 million, or 19.4 percent), retail sales (\$1.8 million, or 0.2 percent), liquor enforcement (\$1.3 million, or 4.6 percent), and severance (\$1.1 million, or 1.6 percent).

Agency earnings and interest earnings both exceeded the estimate. The amounts above the estimates were \$3.7 million and \$0.1 million, respectively. Net transfers were \$0.7 million greater than expected.

**Total SGF receipts through February of FY 2005 were \$80.5 million, or 2.8 percent above FY 2004 receipts for the same period. Tax receipts only for the same period exceeded FY 2004 by \$116.5 million, or 4.2 percent.**

This report excludes the July 1 deposit to the SGF of \$450 million, pursuant to issuance of a certificate of indebtedness. This certificate will be discharged prior to the end of the fiscal year.

**STATE GENERAL FUND RECEIPTS**  
**July-February, FY 2005**  
 (dollar amounts in thousands)

	Actual	FY 2005			Percent increase relative to:	
	FY 2004	Estimate*	Actual	Difference	FY 2004	Estimate
<b>Property Tax:</b>						
Motor Carriers	\$ 13,300	\$ 12,250	\$ 14,092	\$ 1,842	6.0%	15.0%
General Property	7,835	800	1,260	460	(83.9)	57.6
Motor Vehicle	999	1,100	485	(615)	(51.5)	(55.9)
<b>Total</b>	<b>\$ 22,134</b>	<b>\$ 14,150</b>	<b>\$ 15,838</b>	<b>\$ 1,688</b>	<b>28.4%</b>	<b>11.9%</b>
<b>Income Taxes:</b>						
Individual	\$ 1,157,127	\$ 1,201,000	\$ 1,222,934	\$ 21,934	5.7%	1.8%
Corporation	75,410	84,300	94,503	10,203	25.3	12.1
Financial Inst.	13,833	9,650	9,540	(110)	(31.0)	(1.1)
<b>Total</b>	<b>\$ 1,246,370</b>	<b>\$ 1,294,950</b>	<b>\$ 1,326,977</b>	<b>\$ 32,027</b>	<b>6.5%</b>	<b>2.5%</b>
Estate Tax	\$ 34,820	\$ 35,600	\$ 38,760	\$ 3,160	11.3%	8.9%
<b>Excise Taxes:</b>						
Retail Sales	\$ 1,086,597	\$ 1,097,000	\$ 1,095,185	\$ (1,815)	0.8%	(0.2)%
Comp. Use	142,492	154,000	163,905	9,905	15.0	6.4
Cigarette	79,463	78,600	78,033	(567)	(1.8)	(0.7)
Tobacco Prod.	3,133	3,450	3,398	(52)	8.4	(1.5)
Cereal Malt Bev.	1,479	1,525	1,410	(115)	(4.7)	(7.5)
Liquor Gallonage	10,542	10,700	10,571	(129)	0.3	(1.2)
Liquor Enforce.	26,822	28,200	26,907	(1,293)	0.3	(4.6)
Liquor Drink	4,692	4,950	4,623	(327)	(1.5)	(6.6)
Corp. Franchise	15,699	17,000	13,708	(3,292)	(12.7)	(19.4)
Severance	54,261	69,500	68,365	(1,135)	26.0	(1.6)
Gas	42,604	52,000	50,617	(1,383)	18.8	(2.7)
Oil	11,658	17,500	17,748	248	52.2	1.4
<b>Total</b>	<b>\$ 1,425,178</b>	<b>\$ 1,464,925</b>	<b>\$ 1,466,103</b>	<b>\$ 1,178</b>	<b>2.9%</b>	<b>0.1%</b>
<b>Other Taxes:</b>						
Insurance Prem.	\$ 49,745	\$ 44,750	\$ 47,255	\$ 2,505	(5.0)%	5.6%
Miscellaneous	2,736	2,800	2,566	(234)	(6.2)	(8.4)
<b>Total</b>	<b>\$ 52,480</b>	<b>\$ 47,550</b>	<b>\$ 49,821</b>	<b>\$ 2,271</b>	<b>(5.1)%</b>	<b>4.8%</b>
<b>Total Taxes</b>	<b>\$ 2,780,982</b>	<b>\$ 2,857,175</b>	<b>\$ 2,897,499</b>	<b>\$ 40,324</b>	<b>4.2%</b>	<b>1.4%</b>
<b>Other Revenue:</b>						
Interest	\$ 9,082	\$ 13,300	\$ 13,426	\$ 126	47.8%	0.9%
Transfers (net)	\$ (17,426)	\$ (31,700)	\$ (32,376)	\$ (676)	85.8	--
Agency Earnings and Misc.	\$ 85,550	\$ 56,400	\$ 60,116	\$ 3,716	(29.7)	6.6
<b>Total</b>	<b>\$ 77,206</b>	<b>\$ 38,000</b>	<b>\$ 41,166</b>	<b>\$ 3,166</b>	<b>(46.7)%</b>	<b>8.3%</b>
<b>TOTAL RECEIPTS</b>	<b>\$ 2,858,188</b>	<b>\$ 2,895,175</b>	<b>\$ 2,938,665</b>	<b>\$ 43,490</b>	<b>2.8%</b>	<b>1.5%</b>

\* Consensus estimate as of November 3, 2004.

Excludes \$450 million to State General Fund due to issuance of a certificate of indebtedness.

NOTES: Details may not add to totals due to rounding.