

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:40 A.M. on February 3, 2005 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Kansas Legislative Research  
Martha Dorsey, Kansas Legislative Research  
Gordon Self, Revisor of Statutes Office  
Nancy Kirkwood, Secretary

Conferees appearing before the committee:

Tom Winters, County Commissioner, Sedgwick County  
Carlos Mayans, Mayor, City of Wichita  
Tom Docking, Wichita Downtown Development Corporation  
Richard Taylor, Building and Construction Trade Council of Central and Western KS  
Lyndon Wells, chairman-elect, Wichita Area Chamber of Commerce  
John Waltner, Mayor, City of Hesston (Regional Economic Area Partnership (REAP))  
John Rolfe, Wichita Convention and Visitors Bureau  
George Fahnstock, Greater Wichita Area Sports Commission  
Kim Henning, volunteer for "Vote Yea" arena  
Tony Rangel, Project Architect, Law/Kindgon, Inc.  
Jim DeHoff, Exec. Secretary, Kansas AFL-CIO  
Wess Galyon, President/CEO, Wichita Area Builders Association  
William Moore, Exec VP & Chief Operating Officer of Westar energy and Executive Board Member of the Wichita Area Chamber of Commerce  
Kirby Clark, Business Mgr, Sheet Metal Workers Local 29  
Ed Wolverton, Wichita Downtown Development Corporation  
Bob Hanson, Greater Wichita Area Sports Commission  
Tony Utter, Business sector (Utter Commercial Real Estate, Inc.)  
Clay Bastian, Business sector (Fidelity financial Corporation)  
Don Blasi, Business sector (Wichita Growth Center, PA) & Grassroots  
Michael Jameson, Grassroots  
Gerald Layman, Grassroots  
Steve Grimes, Grassroots  
Daniel Lien, Grassroots  
Steve Shaad, Grassroots  
Greg Sevier, Wichita Independent Business Association  
Bernie Koch, VP, Government Relations, Wichita Area Chamber of Commerce  
Bud Burke, on behalf of the Cessna Aircraft Company  
Karl Peterjohn, Exec. Director, Kansas Taxpayers Network  
Duane Sanders, Sedgwick County  
John Todd, Wichita  
Jerry Winkelman, Wichita  
Jim Davis, Business Mgr, Electrical Workers, Wichita  
Ronald Kinkor, Wichita  
Gary Wright, Wichita  
Greg Dye, Wichita  
Bob Weeks, Wichita  
Mel Lallement, Wichita

Others attending:

See attached list.

## CONTINUATION SHEET

MINUTES OF THE Senate Assessment and Taxation Committee at 10:40 A.M. on February 3, 2005 in Room 423-S of the Capitol.

### Introduction of Bills

Chairperson Allen opened the meeting today asking for bill introductions. Senator Taddiken appeared before the Committee requesting the introduction of a bill that would exempt members of the military from paying taxes on student loan repayments and sign-up bonuses. Senator Jordan made a motion to introduce this bill. Senator Schmidt seconded the motion, and the motion carried. Chairperson Allen then recognized Senator Steineger. He appeared before the Committee requesting the introduction of a bill that would allow local cities or counties to enact an earnings tax for public schools. Half the money would be kept at the local level and the other half would go to the state for redistribution through the school finance formula. Senator Apple made a motion to introduce this bill. Senator Pine seconded the motion, and the motion carried. Chairperson Allen asked if there were any more introductions as this is the last day to introduce bills. None were offered.

### Hearing on:

#### SB 58 - Authorizing countywide retailers' sales tax for Sedgwick County Arena

Chairperson Allen opened the hearing today and addressed the issue of time. She informed the Committee and the conferees that each side (proponents and opponents) would be allowed thirty minutes to speak. Each conferee would be limited to three minutes. Following testimony, the Committee would be able to ask questions for the remaining time. The proponents were given the opportunity to testify first.

Tom Winters, County Commissioner for Sedgwick County, was recognized by Chairperson Allen. He urged the committee to support **SB 58**, which would ratify the vote of the citizens of Sedgwick County. The citizens have voted in favor of a one cent sales tax for thirty months for the construction of a downtown arena in the City of Wichita (Attachment 1).

Carlos Mayans, Mayor for the City of Wichita, was recognized by Chairperson Allen. He testified in support of **SB 58** (Attachment 2).

Tom Docking, representing the Wichita Downtown Development Corporation board of directors, was recognized by Chairperson Allen. He presented testimony in support of **SB 58** (Attachment 3).

Richard Taylor, representing the Building and Construction Trade Council of Central and Western Kansas, was recognized by Chairperson Allen. He testified the council was in favor of **SB 58** (Attachment 4).

Lyndon Wells, Chairman-elect for the Wichita Area Chamber of Commerce, was recognized by Chairperson Allen. He appeared in support of **SB 58** (Attachment 5).

John Waltner, Mayor for the City of Hesston, and the Chair for the Legislative Committee of the Regional Economic Area Partnership (REAP), was recognized by Chairperson Allen. He testified in favor of **SB 58** (Attachment 6).

John Rolfe, President and CEO of the Greater Wichita Convention and Visitors Bureau, was recognized by Chairperson Allen. He testified the Bureau was in support of **SB 58** (Attachment 7).

George Fahnestock, representing the Greater Wichita Area Sports Commission, was recognized by Chairperson Allen. He testified on behalf of the Board of Directors of the Commission in favor of **SB 58** (Attachment 8).

Kim Henning, a volunteer for "Vote Yea" arena, was recognized by Chairperson Allen. She testified in favor of **SB 58** (Attachment 9).

There being no others wishing to testify as proponents, the opponents of **SB 58** were then given their opportunity to testify.

CONTINUATION SHEET

MINUTES OF THE Senate Assessment and Taxation Committee at 10:40 A.M. on February 3, 2005 in Room 423-S of the Capitol.

Karl Peterjohn, Executive Director of the Kansas Taxpayers Network, was recognized by Chairperson Allen. He testified in opposition to **SB 58** ([Attachment 10](#)).

Duane Sanders, a private citizen of Sedgwick County, was recognized by Chairperson Allen. He appeared in opposition to **SB 58** ([Attachment 11](#)).

John Todd, a private citizen of Wichita, was recognized by Chairperson Allen. He testified against **SB 58** ([Attachment 12](#)).

Ronald Kinkor, a private citizen of Wichita, was recognized by Chairperson Allen. He testified in opposition to **SB 58** ([Attachment 13](#)).

Mel Lallement, a private citizen of Wichita, was recognized by Chairperson Allen. He testified against **SB 58** ([Attachment 14](#)).

The following people submitted written testimony.

Proponents:

Tony Rangel, Project Architect, Law/Kingdon, Inc. ([Attachment 15](#))

Jim DeHoff, Exec. Secretary, Kansas AFL-CIO ([Attachment 16](#))

Wess Galyon, President/CEO, Wichita Area Builders Association ([Attachment 17](#))

William Moore, Exec VP & Chief Operating Officer of Westar energy and Executive Board Member of the Wichita Area Chamber of Commerce ([Attachment 18](#))

Kirby Clark, Business Mgr, Sheet Metal Workers Local 29 ([Attachment 19](#))

Ed Wolverton, Wichita Downtown Development Corporation ([Attachment 20](#))

Bob Hanson, Greater Wichita Area Sports Commission ([Attachment 21](#))

Tony Utter, Business sector (Utter Commercial Real Estate, Inc.) ([Attachment 22](#))

Clay Bastian, Business sector (Fidelity financial Corporation) ([Attachment 23](#))

Don Blasi, Business sector (Wichita Growth Center, PA) & Grassroots ([Attachment 24](#))

Michael Jameson, Grassroots ([Attachment 25](#))

Gerald Layman, Grassroots ([Attachment 26](#))

Steve Grimes, Grassroots ([Attachment 27](#))

Daniel Lien, Grassroots ([Attachment 28](#))

Steve Shaad, Grassroots ([Attachment 29](#))

Greg Seuiet, Wichita Independent Bs Assn. ([Attachment 30](#))

Bernie Koch, Wichita Chamber of Commerce ([Attachment 31](#))

Bud Burke, private citizen. ([Attachment 32](#))

Opponents:

Jerry Winkelman, private citizen Wichita ([Attachment 33](#))

Jim Davis, Business Mgr, Electrical Workers Wichita ([Attachment 34](#))

Gary Wright, Wichita ([Attachment 35](#))

Greg Dye, Wichita ([Attachment 36](#))

Bob Weeks, Wichita ([Attachment 37](#))

There being no others to testify on **SB 58**, Chairperson Allen closed the hearing.

Chairperson Allen informed the Committee it would be on call next Monday, February 7, 2005.

The meeting adjourned at 11:40 a.m.

**SENATE  
ASSESSMENT & TAXATION COMMITTEE**

**GUEST LIST**

DATE: 2-3-05

NAME	REPRESENTING
George Farnestock	Wichita Sports Commission
David Corbin	KDOR
Ron Holt	Sedgwick County
Joe Merny	G.M. Beer - Self Co
Bill Buchanan	Sedgwick County
Kristi Zukovich	Sedgwick County
Phil Journey	26th Dist.
Tom Docking	Wichita Downtown Dev. Corp.
Ed Wolverton	Wichita Downtown Development Corp.
LYNDON WELLS	WICHITA AREA CHAMBER OF COMM
Carlos Mayans	Mayor of Wichita
RICHARD TAYLOR	BUSINESS MGR. CENT. KS BLDG. TRADES
Anker Shwerdi	FALCA of KS
John Rolfe	Greater Wichita Convention/Vistage Bureau
Karl Peterjohn	Kansas Taxpayers Network
Mollie Diney	LC Farm Bureau
Jim McHaff	KS AFH-CTO
Mike Pego	Sedgwick County

**SENATE  
ASSESSMENT & TAXATION COMMITTEE**

**GUEST LIST**

**DATE:** 2-3-05

NAME	REPRESENTING
Tom WINTERS	Sedgwick County
John Walter	REAP
Kim Henning	Vote Yea Volunteers
Michael Jameson	YEA on Downtown ADELA
Duane Sanders	Rural people
Charles E Becker	Waco Township Trustee Sedgwick Co
Troy Lorenz	Sedgwick County Farm Bureau Ag Assoc.
Debra Ellis	Sedgwick Co Farm Bureau
Mel L. Allment	Opponent - Rural West 26 km.
Cara Kumari	KAKE-TV

**SENATE  
ASSESSMENT & TAXATION COMMITTEE**

**GUEST LIST**

**DATE:** 2-3-05

NAME	REPRESENTING
Bob HANSON	Wichita Sports Commission
Bill Livingston	Wichita Sports Commission
Kingsbill Hill	KFBF
Peggy Hill	KFBF
Gayle Ross	KFB
Marilyn Leonard	KFB
Tom PALACE	PCHA OF KANSAS
Bernice Koch	Wichita Area Chamber
Richard Crum	KIDOR-
DON McNEELY	KADA
Ron Kirkor	Citizen against Access Tax
Ted Rowley	Rep #181
April Holman	Kansas Action for Children
Ron McNEELY	HEIN LAW FIRM
Shelby Perkins	KFB
Don Perkins	KFB
Chris Wright	Concerned Citizen
John Todd	Kansas Citizen



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



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

COUNTY COURTHOUSE • SUITE 320 • 525 NORTH MAIN • WICHITA, KANSAS 67203-3759  
TELEPHONE (316) 660-9300 • FAX (316) 383-8275  
e-mail: [twinters@sedgwick.gov](mailto:twinters@sedgwick.gov)

**TESTIMONY SB 58**  
**SENATE ASSESSMENT AND TAXATION COMMITTEE**  
**FEBRUARY 3, 2005**

Chair Allen 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.

Assessment & Taxation  
Date 02-03-05  
Attachment # 1

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.





**TESTIMONY SB 58  
SENATE ASSESSMENT AND TAXATION COMMITTEE  
FEBRUARY 3, 2005**

Chair Barbara Allen 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**

City Hall • 1st Floor • 455 N. Main • Wichita, Kansas 67202-1698

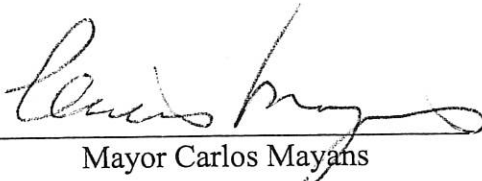
**T** 316.268.4331 • **F** 316.268.4333

**Assessment & Taxation**  
Date 02-03-05  
Attachment # 2

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.



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Mayor Carlos Mayans



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

Ralph R. Brock  
Joseph W. Kennedy  
Robert I. Guenther  
Ken M. Peterson  
Robert D. Overman  
A.J. Schwartz, Jr.  
Donald E. Schrag  
William B. Sorensen, Jr.  
Jeffery L. Carmichael  
Robert W. Coykendall  
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  
Luke A. Sobba\*

Kimberly K. Bonifas  
Richard A. Kear  
Cameron V. Michaud  
Ryan M. Peck  
Shannon M. Braun  
Will B. Wohlford

Of Counsel  
Gerald L. Michaud  
Robert P. Burns  
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

Sender's email: tdocking@morrislaing.com

## Thomas R. Docking

### TESTIMONY ON SB 58 Senate Committee on Assessment and Taxation February 3, 2005

Honorable Chair Allen 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.

Respectfully submitted,

Thomas R. Docking

BUILDING & CONSTRUCTION TRADES COUNCIL  
OF CENTRAL & WESTERN KANSAS

**TESTIMONY SB 58**  
**SENATE ASSESSMENT AND TAXATION COMMITTEE**  
**FEBRUARY 3, 2005**

Chairperson Allen and members of the committee. My name is Richard 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.

Richard Taylor



Building and Construction Trades Council of  
Central and Western Kansas

1330 EAST 11<sup>TH</sup> STREET NORTH, SUITE 115  
WICHITA, KANSAS 67214-4000  
PHONE (316) 265-4291 FAX (316) 265-5731

**Assessment & Taxation**  
Date 02-03-05  
Attachment # 4

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



**TESTIMONY SB 58  
SENATE ASSESSMENT AND TAXATION COMMITTEE  
FEBRUARY 3, 2005**

Chairperson Allen 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 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 educating 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 Visioneering Wichita was the importance of job growth. The arena represents new opportunity for jobs, both during the 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 the 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

Assessment & Taxation  
Date 02-03-05  
Attachment # 5

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 1990, \$481 million has 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 Senate Assessment Taxation Committee*

*Date: February 3, 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 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 31 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 a 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 from citizens living in communities in the region.

REAP also supports SB 58 on the principle 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.

Assessment & Taxation  
Date 02-03-05  
Attachment # 6

**ANDOVER**  
Mayor Ben Lawrence

**ARKANSAS CITY**  
Commissioner Arleta Rice

**AUGUSTA**  
Mayor Ross Rountree

**BEL AIRE**  
Mayor Gary O'Neal

**BENTLEY**  
Mayor Sandra Wellman-Moon

**BENTON**  
Mayor Mike Swalley

**BUTLER COUNTY**  
Commissioner Will Carpenter

**CHENEY**  
Mayor Scott Tatge

**CLEARWATER**  
Council Member David FitzGerald

**CONWAY SPRINGS**  
Mayor Wayne Taylor

**DERBY**  
Mayor Dion Avello

**EL DORADO**  
Mayor Connie Phillips

**HALSTEAD**  
Mayor Bill Ewert

**HARVEY COUNTY**  
Commissioner Kenneth Meier

**HAYSVILLE**  
Mayor Bruce Armstrong

**HESSTON**  
Mayor John Waltner

**HUTCHINSON**  
Council Member David Razo

**MAIZE**  
Council Member Cathy Reed

**MULVANE**  
Mayor James Ford

**NEWTON**  
Mayor Willis Heck

**PARK CITY**  
Mayor Emil Bergquist

**RENO COUNTY**  
Commissioner Frances Garcia

**ROSE HILL**  
Council Member Mark Conway

**SEDGWICK**  
Mayor D. Keith DeHaven

**SEDGWICK COUNTY**  
Commissioner Carolyn McGinn

**SUMNER COUNTY**  
Commissioner Gene Bongiorno, Jr.

**TOWANDA**  
Mayor Karen Gibson

**VALLEY CENTER**  
Council Member Bess Roberts

**WELLINGTON**  
Mayor Richard Granger

**WICHITA**  
Mayor Carlos Mayans

**WINFIELD**  
Mayor Mike Ledy





**TESTIMONY ON SB 58**  
**Senate Committee on Assessment and Taxation**  
**February 3, 2005**

Honorable Chair Allen 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 (CVBs) 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 Promisekeepers went to Oklahoma City, because they wanted 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



**TESTIMONY SB 58**  
**SENATE ASSESSMENT AND TAXATION COMMITTEE**  
**FEBRUARY 3, 2005**

Chair Barbara Allen, Vice Chairs Les Donovan and Derek Schmidt and all members of the Senate Tax 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 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 speaking 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 told me 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 am not here today to speak of the civic, cultural, educational and religious events, concerts and tours that the new state of the art events center located in the heart of our region will bring to the community. I will focus solely on 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 of 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,

George Fahnestock

*Kim Henning*  
*2250 N. Rock Road*  
*Wichita, Kansas 67226*

**TESTIMONY ON SB 58**  
**Before the Senate Assessment and Taxation Committee**  
**February 3, 2005**

Chair Allen and members of the committee, I am Kim Henning 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 personally worked side-by-side 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.

**KANSAS TAXPAYERS NETWORK**

**P.O. Box 20050  
Wichita, KS 67208  
February 3, 2005**

**web:www.kansastaxpayers.com**

**316-684-0082**

**Fax 316-684-7527**

**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

**Assessment & Taxation**  
Date 02-03-05  
Attachment # 10

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.

January 29, 2005

To: The Senate Assessment and Taxation Committee  
Re: Senate Bill No. 58

Madame Chairman and Committee members:

I am compelled to speak in opposition to Senate Bill No. 58. I see it as another pie in the sky project dreamed up by promoters of the City of Wichita.

I am well aware of the rule of majority under which we live and operate, and of the duty and powers of our representative government. One of government's duties is to protect minorities. In the Sedgwick County vote on this sales tax, the Wichita boosters spent \$350,000 on a propaganda campaign to convince voters it was a grand project. The minority did not possess resources to counteract the campaign.

Let's look at some facts according to the Wichita Eagle and government officials.

--The Hyatt Regency Hotel is breaking even if no allowance is made for depreciation. The occupancy rate is so low a meth lab was being operated on the 4<sup>th</sup> floor.

--Exploration Place is being subsidized, I know not how much.

--Ice sports Wichita is operating at a loss.

--Old Town Cinema Plaza is not coming close to expectations.

--Century II is costing the taxpayers \$830,000 a year to stay open and the City wants to enlarge it.

--Several years ago, the attendance at Wichita State University football games was low so they about doubled the size of the stadium and the football program was dropped a short time later.

--The Kansas Coliseum, a 12000 seat facility, is seldom filled. The average attendance runs about 3500. It enjoys easy access and spacious parking.

A new 18000 seat Arena will necessitate the destruction of a large area of buildings at considerable cost in acquisition, demolition, and removal to say nothing of the permanent loss of tax base.

A sage of ages past said "the height of stupidity was repeatedly doing the same thing over and over that doesn't work and expecting different results."

History is a great teacher. I don't want to be saddled with a tax to build and subsidize another white elephant.

Yours sincerely,

Duane Sanders  
(The Main Turkey)

Assessment & Taxation  
Date 02-03-05  
Attachment # 11



1559 Payne  
Wichita, Kansas 67203

February 3, 2005

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

Subject: **Testimony in OPPOSITION TO SENATE BILL #58 (Sales Tax Increase For The Proposed Wichita/Sedgwick County 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.

The reason why I am here in opposition to this government driven plan is my basic belief that individuals know best how to spend their own money, and that they should be allowed the freedom to spend the fruit of their own labor as they wish, and not as government dictates, particularly when it involves mandatory spending for an elective entertainment venue like the proposed downtown arena.

If the need for a Downtown Arena were market driven, the private sector would already be building it, and the taxpayers would be left out of the loop. Obviously, it is not, and so the proponents want the taxpayers to build it and absorb the losses. I believe their plan calls for over \$20 million in operational losses. This does not count the business property that will be taken off the tax rolls for a county owned facility. If the Wichita Eagle's pre-election numbers of \$40 million in property value was correct, those losses in real estate taxes could amount to \$1 million more in lost taxes per year, and I would bet that that shortfall will be spread back over the other real estate property taxpayers.

How did we ever get the idea that the road to prosperity is built on government spending and the heavy taxation of our people? How far from the truth can this be?

Anyone who has read the Eagle in recent months can attest to the massive number of so called "economic development" projects in downtown Wichita that are losing money, and that the taxpayer is being asked to cover. One only needs to read of the \$1.00 per year 99 year leases that are being awarded for the millions of dollars taxpayer owned land and the \$7 million dollars needed to lure a second or third choice anchor retailer downtown to grow disenchanted with local government's ability to "manage" anything, particularly if it is related to real estate development.

And why should anyone be concerned with these boondoggles? We can't continue to take \$184.5 million here and \$140 million there, and \$100 million yonder out of our economy and hope to favorably compete with other cities, counties, and states in our region.

There are numerous excellent examples of free market economics at work in our city. One only needs to look north and south on Rock Road in Wichita to observe the benefits of this privately funded system that expands the tax base, creates jobs, and is

Assessment & Taxation  
Date 02-03-05  
Attachment # 12

indeed true “economic growth”, and best of all, the taxpayer is not liable if any of these business ventures fail. Will a 1% sales tax that will remove \$184.5 million from the Sedgwick County economy hurt these local businesses? Absolutely! And according to an article in the March 2001 issue of “FedGaxette,” published by the Federal Reserve Bank of Minneapolis entitled “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.”

The proponents of this Bill here today will tell you that 52% of the voters voted for the arena. That is true; however, they ignore the fact that our County elected officials were less than forthcoming in advising voters that the arena vote was an advisory election only, and is not binding. The County is not authorized to raise sales taxes without first obtaining legislative approval prior to any vote. Sedgwick County broke state law! The legislature is now faced with the dilemma of passing enabling legislating, and making it retroactive to the November 2, 2004 election and calling that election binding. This is wrong, and you should not let it happen. At the very least, if you pass the enabling legislation, a subsequent public vote should be required before allowing the County to raise the sales tax.

Before you pass this Bill into law, several matters need to be considered.

1. Is the \$184.5 million dollar price tag excessive?
2. What is the real impact of taking \$184.5 million dollars out of the private economy in terms of retailer profits and potential job losses?
3. The arena vote was won by a narrow margin. Rural Sedgwick County voters voted against the arena as did voters in the less affluent neighborhoods. Perhaps the sales tax should be optional at the check out stand. Those who want to pay the arena tax could and those who don't could simply ‘opt out’.
4. What will happen to the Sedgwick County economy if the Legislature or the Supreme Court mandates a statewide sales tax to meet the Court's requirements for school financing?
5. What is the specific location for the proposed arena? Who owns the land? Is the land going to cost \$1.00 per square foot or \$20.00 per square foot? And is the \$20 million for land acquisition going to cover the actual cost, or will it be double or triple that amount? Would not an astute “private” investor already own the land or control the price under an option to purchase contract? If the Legislature allows the County to fill its checkbook, will not the price of land double or triple?
6. No one knows what the proposed arena will look like since it has not been designed. Should not the taxpayers have known what they are voting for?
7. Before you authorize giving the Sedgwick County Commission a blank check with \$184.5 million of taxpayer money deposited in it, perhaps you need to consider placing some “controls” over how they spend the money?
8. Will the people who contributed to the pro arena campaign be allowed to bid on the construction work, participate in the design work, earn commissions for


the sale/purchase of the land, or will these be considered a "conflict of interest"?

9. Will the Sedgwick County commissioners be required to explain why they voted for a \$55 million dollar renovation for the Kansas Coliseum and then decided that it was too expensive? What did they do with the long-term capital improvement fund(s) that should have been earmarked for this project? And how do they explain that only \$25 million in private funds were needed to renovate a similar size arena at Wichita State University? Does it always cost the public sector twice the amount to do the work as the private sector? Perhaps we need to enlist the business acumen of the private sector to build the arena for half of the proposed cost?
10. Perhaps our voters need better information in order for them to make an informed decision regarding a new arena or a renovated Coliseum? Property taxes were made an issue in the arena campaign. Many votes expressed their frustration to me that they were not given the opportunity to vote for "none of the above", and since they were more opposed to property taxes than sales taxes, they were forced to vote for the arena. Perhaps the legislature needs to enact legislation requiring a public vote before local governments can raise local property taxes?
11. Are not government directed projects like the arena the antitheses of the free market system? Does anyone else tire of working until April or May of each year to pay his or her taxes? Is government really the answer?

Too many questions need to be answered before you decide to pass this Bill into law. A non-binding public vote for a downtown arena in 1993 failed to pass by a wide margin. Since the 1993 vote was ignored, you have the necessary precedence and current state law on your side to ignore this vote, and at the very least amend this Bill to require another public referendum.

Thank you for allowing me to speak. I would be glad to answer questions.

Sincerely,

  
John R. Todd

A quote by: John A. Pugsley

“Regulation,” *The Freeman: Ideas on Liberty*, December 1980

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*“The people of the United States are not rich because of any special intelligence, natural resources, or work habits. We are rich because for the first 150 years after the founding of the nation individuals were allowed nearly total freedom to produce and control the products of their labor. This freedom encouraged individuals to develop habits of hard work and thrift, and to apply their intelligence to the natural resources in order to create the wealth of this nation. As one person after another discovered that government is a willing agent that will plunder others on request, plunder has grown and the rewards of production have fallen: Thus, the freedom that created the nation withers, and so does your standard of living.”*

Foundation For Economic Education  
30 South Broadway  
Irvington-on-Hudson, NY 10533  
[www.fee.org](http://www.fee.org)

## PRESENTATION FOR OPPOSITION TO THE DOWNTOWN ARENA.

Good Morning Ladies & Gentleman of the Tax Committee. My name is Ronald Kinkor and I am a resident of Wichita Ks, I have lived in Wichita since 1982. Today you are hearing arguments for and against the Wichita Downtown Arena 1% sales tax. I am here to let my voice be heard in opposition to this proposal my reasons are plentiful.

- 1) Wichita does not need a Downtown Arena. We already have Century 2. The Sedgwick Co. Coliseum north of Park City fills the needs the Century 2 facility can't handle.
- 2) Shows at the Coliseum seldom if ever sell out, How will having a facility in downtown Wichita fill 5 thousand more seats? It won't happen. Oklahoma City has a new facility that they can't fill, how will Wichita fill theirs? The proponents of the Downtown arena say, "If we build it they will come". "They" meaning NCAA basketball tourney's and other sporting events, there is no guarantee that the NCAA will come to Wichita for a Tourney, there is no guarantee that the NBA will come for an exhibition. They have passed over Eck Stadium for College Baseball tourneys, and Eck Stadium is one of the finest stadiums in the mid-west.
- 3) The proponents say Unions are for it, of course they are, my tax dollars are paying their salary to build it.
- 4) Proponents say people from outside the county will come to town to purchase cars and appliances. I know that if I lived in Butler Co. and I needed to buy a car I wouldn't go to Sedgwick co. to buy it. Why would I want to spend 300 extra dollars on a 30,000 dollar car when I can get it for less elsewhere. If I am needing to replace my car I'll wait till the tax goes away if it ever goes away.
- 5) Government officials say this tax is for only 30 months. I believe that's what they said about the tax to improve Kellogg so many years ago. It's been so long that most Wichitan's have forgotten they are paying a tax to build that thoroughfare. I am sure that "They" the government will come up with a reason to keep the tax, like your already paying it so it won't hurt to keep paying it.
- 6) If you want numbers I don't have them, but I think it is a bad idea for government to get into the business of building stadiums, arenas, and ice rinks. Yes, help the private sector build it, by not putting up road blocks, but build it with private sector funds. If it's such a great idea why hasn't the private sector raised the money and build it themselves. Do not put the financial burden on the backs of people who are going to feel the hurt and not see any benefit from this tax. The poor, the elderly, the fixed income population on just groceries will see this tax take food out of their mouth, and they won't be able to attend any events in the Arena, because they won't be able to afford the 30 dollar ticket to see Joe Schmoo sing "I've been working on the railroad".
- 7) With education financing problems lurking in the near future it is no wonder the proponents want to push this through. They are afraid that if a education tax is passed then the voters of Sedgwick County will have a change of heart on this sales tax for an arena.
- 8) Before you know it My sales tax burden will reach the 10% level.
- 9) The Proponents didn't follow the correct procedure for requesting this sales tax. Are they not suppose to come to you first then let the voters vote.
- 10) If the opponents were able to spend 300,000 dollars for a campaign against the arena like the proponents spent for the arena, then I don't think the voters would have said yes to this proposal.

Finally, there has been much discussion in Wichita about how our representatives should vote on the tax issue. Proponents say the will of 52,000 should determine how you vote but, my representative does not represent the whole City of Wichita, She represents my precinct and my precinct voted against it, if she votes for this tax it is taxation without representation. Very similar to what England did in 1773. Let's see what happened next A giant Tea Party! Brenda Landwehr if you vote for this you will loose my and my wife's vote in the next election.

Thank you for your time ladies & Gentleman I appreciate your time that you've taken to hear my voice. And thank you for your commitment to serving your communities by representing us here in Topeka.

Assessment & Taxation  
Date 02-03-05  
Attachment # 13

Written comments to the the Kansas Senate Committee on Assessment and Taxation in a hearing held at 10:30AM on 2-3-2005 in Room 519-S in the Capitol at Topeka, Kansas.

Remarks are in regard to **Kansas Senate Bill SB58 to authorize a 1% Sedgwick County sales tax increase to be levied for 30 months commencing 7-1-2005.**

Honorable Kansas Senators:

My name is Mel Lallement. I live in west Sedgwick County near Goddard. My contact information is:

Voice and FAX: (316)794-8360 e-mail: lallepops@cox.net

Thank you for allowing me to testify before you today.

It is my honor to address you concerning a matter of great importance to South-Central Kansas, in general, and all of Sedgwick County, in particular. Since your time must be precious hard to come by, and since I am not an eloquent speaker, I ask for your patience with some abbreviated remarks. I am providing each of you with the complete text of what I would like to say to you if we all had the time and we were just chatting.

Before I get going on this local sales tax issue, let me recite some appropriate quotes:

"Taxation is the art of plucking the goose so as to obtain the largest amount of feathers with the smallest amount of hissing."

**Jean-Baptiste Colbert**

"An unlimited power to tax involves, necessarily, a power to destroy; because there is a limit beyond which no institution and no property can bear taxation."

**Chief Justice John Marshall**

"There is no more costly means of payment than by taxation. No man ever pays more for anything than when he gets services from the state."

**Dr. Rousas John Rushdoony**

"A democracy cannot exist as a permanent form of government. It can only exist until the voters discover that they can vote themselves largess from the public treasury. From that moment on, the majority always votes for the candidate promising the most benefits from the public treasury, with the result that a democracy collapses over loose fiscal policy ... always followed by a dictatorship."

**Alexis de Tocqueville**

Now to the business at hand.

Normally I would commend any of you who might wish to support the arena sales tax increase because of your support for the Taxpayers Bill Of Rights (TABOR). However I think it is contrary to the rule of law (KSA 12-187) and the spirit of TABOR to support an advisory tax referendum when the responsible order of business has been disregarded. I believe that this was the case with the recent non-binding arena sales tax referendum. I am concerned about the way this referendum was held. I feel there is evidence of circumvention of state statute (KSA 12-187), deceptive campaigning, and other circumstances that allowed an unlevelled playing field to exist during the campaign. Let me make my case point by point:

1. I listened to the 1:37 hour online archive tape of the 7-14-2004 Sedgwick County Commission meeting during which County Manager Buchanan introduced the arena/sales tax program you have before you today to the commission. During his discourse Manager Buchanan stated that proposing a real estate tax levy for an arena was unacceptable. So, the county commissioners put a hammer over the heads of the local taxpayers by using an unauthorized voter advisory referendum scheme to hopefully push through a sales tax increase instead of using their already existing authority to increase the real estate taxes. I feel increasing real estate taxes for something as unjustifiable as introducing another entertainment venue into an already overcrowded market might have created a huge political firestorm or even a taxpayer revolt, and apparently the commissioners felt the same way. In the end it was a rubber stamp vote for Manager Buchanan's plan. Now, had the law required voter approval for all county tax increases, real estate as well as sales taxes, then this tax scheme would not have worked. There would have been no leverage and the taxpayers could not have been held hostage. This would have leveled the field.

Assessment & Taxation  
Date 02-03-05  
Attachment # 14

2. The proposed tax should never have come to a citizens' vote without both houses of the Kansas legislature having first voted to authorize a binding vote (KSA 12-187). This advisory referendum was the political equivalent of putting the cart before the horse. Technically, just to follow the law as I understand it, if our legislators now vote favorably on this local request to levy a new sales tax, Sedgwick County should then hold a binding referendum on the sales tax. Really, that is all the November 2, 2004 vote should amount to, just a vote to authorize Sedgwick County to ask the state lawmakers to authorize a binding referendum on these issues. A county-wide re-vote would then follow state law by putting the horse before the cart where it belongs. Even if there are uncodified precedents, I hope you will agree with me that we should follow the rule of law and not allow counties to make law by usurping an authority reserved to our state lawmakers (KSA 12-187).

3. The huge amounts spent on the arena/sales tax campaign by its backers were partially funded by persons and companies with likely vested financial and/or political interests. It seems likely to follow that those who contributed the most to the campaign would have the most to gain economically. At one point, campaign sources indicated that more than \$350,000 had been brought in, but fundraisers also stated that \$150,000 more was needed. Ladies and gentlemen, that is over \$500,000, a half-million dollars.

4. The anti-tax groups had only limited financial resources and were quite naturally limited in their ability to present their case against the arena/sales tax question. Even at that, nearly 50% of the the Sedgwick Count voters voted against the sales tax increase. Money just out-voted reason and common sense.

5. The ballot question boiled down to either voting for the arena proposal or facing long-term increased property taxes that would be required to finance enhancing only the Coliseum. The threatening ads (scare tactics) ran for days on end, and yet when they were called on this deceptive tactic, the leadership of the pro-taxers denied they had run the ads. Many people heard the ads. And, the denial came too close to the vote for anyone to effectively debunk this lie. The problem was that there was no way to tell who was doing what to promote the arena tax. It was all very fuzzy to the voters, except they did understand they were being threatened. Everyone I talk to understood the message. There just didn't seem to be any accountability for what was being said by the arena supporters.

6. The 20 year property tax threat was made even more deadly by projections based on inflated interest rates for the bonds to be issued to finance just the Coliseum upgrade. This projection was based on an over 9% interest rate. This had the effect of inflating the estimated property taxes which would be needed to finance a Coliseum upgrade, in the event the sales tax proposal was defeated. In other words the taxpayers were being deceptively told that they would be punished by highly distorted, long-term property taxes if they voted down the arena sales tax. A county commissioner later admitted that the stated estimated Coliseum bond rate was too high, and he verbally reduced that estimated rate to something around 7% (still way too high), but he never, to my knowledge, tried to undo the damage already done. He seemed to me to just slough off the erroneous projection.

7. Someone suggested that the Coliseum upgrade-only route could also be financed by a sales tax of a lesser amount for a shorter period if the county were not to build the arena. I understand that, even though this was a viable option, the ballot question had already been formed and the backers felt it was too late to change the ballot. In other words, the choices to the voters were limited and the vote was thus unfairly skewed toward the arena sales tax, the voters having been given only the choices of either the 1%-30 month sales tax, or the grossly overstated property taxes for 20 years. How well might an additional choice of a .75%-9 months sales tax proposal, for just the Coliseum remodeling, have fared with the voters? And, why was it necessary to include sky boxes in the Colliseum plan?

8. The only way the pro-arena groups could swing the initial polled vote from a 66+% "no" vote to a 50+% "yes" vote in such a short time was to pour on the advertising dollars to distort, contrive, contort, convolute, and flat out lie about the facts and choices on the issues.

9. As an example of what we are up against with the Wichita/Sedgwick County tax and spend frenzies, I recently talked with one of the city fathers about the proposed arena, wherein I voiced my concern that the arena, once built, would probably fail just as so many of the other local development ventures have. He blamed those failures mostly on faulty projections from developers which were approved by employees who are no longer with the city. The councilman couldn't explain to my satisfaction why, when tax dollars are involved, the city relies primarily on a developer's projections rather than having the city do its own projections. I asked him if he was sure that all of the incompetent city employees responsible for the debacles are gone. He assured me that was the case. Honorable Senators, Wichita and Sedgwick County governments always have excuses for their financially failed adventures, and they are always going to do better next time around, but they never do, and we pay, and we pay, and we pay, and then we pay some more. If the arena goes the way of the several recent local misadventures, I am convinced that it is again going to cost us taxpayers bigtime to bail it out.

I also heard Manager Buchanan explain how parking for the arena would be dispersed and otherwise set up so as to minimize the impact on downtown during arena events. I am sorry, but I didn't understand how his plan will make ingress and egress

from downtown much easier. One reason we quit going to Riverfest some years ago was the insufferable traffic jams afterwards. I heard nothing from Mr. Buchanan that would seem to relieve that congestion after an arena event in downtown Wichita.

You may propose to require a new vote on any extension of the sales tax beyond 30 months, and that's good. But, the pro-tax bureaucrats can simply argue that this sales tax gimmick worked so well and that the taxpayers are then so used to paying the 1% tax without too much hissing, that it would therefore be illogical not to continue the tax beyond 30 months. It has happened a couple of times in the past. For instance, I heard Manager Buchanan admit, and some commissioners confirm, that an arena would always have operating losses, but that it should however be considered a loss-leader (my words), because it would bring about all sorts of wonderful things for Wichita and its businesses. It appears the county is projecting that this venture will never break even. A slush fund to cover operating losses is included in the proposal, but when that fund runs dry the operating losses will come out of the county general fund. The way it would work is that the taxpayers will pay taxes ahead of time for future operating losses. You guessed it, more taxes have to come from somewhere in a few years! So, the county might argue, why not just use an extended 1% sales tax to pay for the arena operating losses when the slush fund runs dry? It's so logical, and promises made now can easily be broken later. The continued 1% sales taxes could also finance future projects ABC and/or XYZ, which we could be told at the time, that we must absolutely have to have to placate our insatiable appetites for entertainment, or to finance whatever may be popular at that moment with the influential of this community. I dislike getting nasty, but some of these folks remind me of little children in a toy store. They are never satisfied with the toys they have, but they are always wanting to spend somebody else's money for their new toys.

Any of you who take an affirmative position on this 1%-30 month sales tax issue based on your commitment to TABOR might legitimately, and in good conscience, abrogate that commitment if you feel a greater moral issue, namely the rule of law, is involved. Could you not? Then, given the deceptive tactics of the pro-tax enthusiasts; and given the impropriety of Sedgwick County conducting an advisory vote on a sales tax the Ks legislature had not yet recommended as required by law; and given the fact that Wichita and Sedgwick County have miserable track records on their ventures involving taxpayer funding; and given that the historically miserable failure of city/county economic projections makes it highly unlikely that projected increased purchases and sales taxes in Sedgwick County from out of county visitors will materialize; and given the county's admission that an arena will always be a losing venture that sooner or later will require more tax dollars to cover operating losses; and given the strong possibility that this sales tax would be extended indefinitely beyond 30 months; and given the fact that historically we are not even close to using the capacity of the entertainment venues we already have; and given the fact that local ticket promoters stated they don't think the prime acts will book Wichita even if it has the arena; and given the probability that most Sedgwick County residents will not be able to afford the arena ticket prices; and given the probability that a good deal more than 50% of county residents will never set foot in the arena; and given the fact that 100% of the taxpayers will be taxed to allow considerably less than 50% of Sedgwick County residents to have access to entertainment they can attend in several other cities close enough to drive to for their "must attend" events; and given the probability of major arena traffic congestion; and given the tightness of our city, county and state budgets; then given all of the above, how can any fiscally conservative legislator vote at this time to authorize this sales tax and make its approval retroactive to the November 2, 2004 vote?

My plea is that perhaps some of you will understand, and help, with the plight of the nearly 50% of Sedgwick County residents who presently have no local tax representation.

Thank you for your courtesy and patience in considering my extended remarks against recommending authorization of the proposed arena sales tax without at least requiring a more even-handed re-vote.

Respectfully, Mel Lallement





ARCHITECTS  
ENGINEERS  
PLANNERS

February 3, 2005

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

Kansas State Senate Assessment and Taxation Committee  
Testimony RE Senate Bill 58

Dear honorable Senators,

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 those 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 really mean anything since they are not "permanent" jobs. Nothing could be further from the truth. Construction jobs are "permanent" jobs 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 and good wages to remain and thrive in Wichita.

The point is that construction trade jobs are a significant part of the local economy and should not be discounted as meaningless to the success of Wichita.

Ratify the peoples' vote, approve the sales tax amendment, 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

Assessment & Taxation  
Date 02-03-05  
Attachment # 15



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TESTIMONY ON S.B. 58  
to the Senate Assessment & Taxation Committee

by Jim DeHoff, Executive Secretary  
Kansas AFL-CIO  
February 2, 2005  
10:30 A.M., Rm. 519-S

Chairperson Barbara Allen 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



Testimony on SB 58  
Senate Committee on Assessment and Taxation  
Thursday, February 3, 2005

To: Chairman Allen and members of the Committee

From; Wess Galyon, President/CEO  
Wichita Area Builders Association

Re: Senate Bill 58

On behalf of the 1250 members of the Wichita Area Builders Association who are involved in building and construction related activities in Sedgwick, Harvey, Butler, Sumner, Cowley, Harper and Kingman Counties, I am submitting written testimony in support of Senate Bill 58, which authorizes a temporary increase in the sales tax in Sedgwick County for construction and maintenance of a Regional Events Center (arena) in downtown Wichita.

In addition to a number of our members who contributed dollars to the campaign to urge voters to "Vote Yea" in support of the proposal, our Association also contributed \$5,000 and, in addition, spend a good deal of time assembling and distributing factual information about the proposal so that our members who live in Sedgwick County and had an opportunity to vote on the measure last November went to the polls as informed and educated as possible.

Some would think it only natural to expect members of a Builders Association to support such a proposal in order that our members and their employers might benefit from the employment the project will generate when built. The fact is, however, that the vast majority of our members are residentially oriented home builders and Remodelors and do not work in the segment of the industry that will be involved in the construction of such a facility. Our support was given in consideration of our collective and genuine desire as citizens of the City of Wichita and Sedgwick County to see the central core of our states largest city continue to improve. Like others, we believe a downtown Regional Events Center (arena) will create new jobs and stimulate investment in the core area, enhance Wichita and Sedgwick County's convention appeal, and provide the community with an asset that, coupled with others, help retain our youth.

We sincerely ask for you early consideration and support of Senate Bill 58.

Thank you.

Assessment & Taxation  
Date 02-03-05  
Attachment # 17



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

TESTIMONY SB 58  
SENATE ASSESSMENT AND TAXATION COMMITTEE  
FEBRUARY 3, 2005

Chairperson Allen and members of the committee. My name is William Moore, Executive Vice President and Chief Operating Officer of Westar Energy, and Executive Board Member of the Wichita Area Chamber of Commerce. 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.



*Sheet Metal Workers' International Association*  
*Local Union No. 29*

1723 Southwest Boulevard  
Wichita, KS 67213, Phone: (316) 941-4311, Fax: (316) 941-4313

February 2, 2005

Senate Assessment and Taxation Committee  
Room 519-S  
Topeka, Kansas

Dear Senator,

In regards to the Wichita Arena, that voters passed in November 2, 2004 election day, let's build it. The voters of Sedgwick County voted for this arena and it passed. If you, as Senators, vote no on this bill, what does it show to the voters of Sedgwick County?

Members of Sheet Metal Workers Local #29 support the arena, what does it show to these men and women if you oppose this project?

Wichita needs the arena project to help develop its downtown core area. Old Town in Wichita is a start to recover the development of this area. If Wichita is going to continue to grow, it needs this arena.

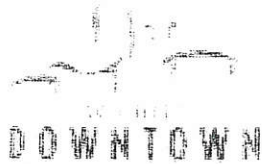
At this time, let me tell a story about election evening 2004. As usual it was a phone call to my mother to talk politics. We have done this phone call for so many years on election night I do not remember if she started it or me. We discuss all of the candidates that we voted for pro and cons. Then we got to the Wichita Arena and I asked her how she voted. She told me it was a no brainer, Wichita needs this to help it grow. Senators, my mother will be 85 years old on February 7<sup>th</sup>, she is still as sharp as a tack. Maybe with Gods help she will be able to attend an event at the arena. If not at least spending her biggest share of her life in the Wichita area, she at 85 can see what Wichita needs. Please help support this project in Sedgwick County.

Sincerely,

Kirby Clark  
Business Manager  
Sheet Metal Workers Local 29

KC/sb

Assessment & Taxation  
Date 02-03-05  
Attachment # 19



**Senate Assessment and Taxation Committee**  
**Testimony in Support of SB 58**  
**February 3, 2005**

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Edwin J. Wolverson

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

Chair Allen and members of the committee, my name is Ed Wolverson, 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 SB58 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 issue many residents want to know is 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.

Assessment & Taxation  
Date 02-03-05  
Attachment # 20

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 the public meetings expressed overwhelming support for even more parking near the Downtown Arena. For this reason, the final arena plan includes \$28 million to improve infrastructure (providing additional entry and exit points in all directions of the community) and provide additional parking facilities in the downtown area.

As most arena events will take place in the evenings and weekends, this will provide urban planners with an opportunity to create new parking to 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



**Senate Assessment and Taxation Committee  
Testimony in Support of SB 58 – Bob Hanson  
February 3, 2005**

Chair Allen and committee members, 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, would amend KSA 12-187 so that local government leaders can implement the will of voters to construct this new regional entertainment 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 of 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 mean 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 both the Senate and House.

Thank you.

Bob Hanson  
President & CEO  
Greater Wichita Area Sports Commission



Presenter: Tony Utter  
Written testimony on Senate Bill 58  
Submitted to the Senate Assessment and Taxation Committee  
February 3, 2005

To the members of this esteemed committee:

I thank you for the opportunity to submit my written testimony in support of a new downtown arena in Wichita.

My name is Tony Utter. I am a member of the Board of Directors of the Wichita Area Association of Realtors and owner of Utter Commercial Real Estate, Inc. I have been specializing in office, retail and entertainment properties for 27 years. I have been a lifelong resident of Wichita, except for three years in Topeka, when I attended Washburn Law School.

The primary reason I support a downtown arena coincides with the same reason the Realtors Association supports it. 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 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. 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.

One of my roles as a commercial real estate broker is to assist clients in a search for a suitable location for their office, store, restaurant or club. Last fall, I received a phone call from a long-time client. I had been working with him and his partners for a year, searching for a suitable location for a new jazz club that they wanted to open. We had looked in Old Town, east Wichita, several hotels and numerous other locations, but just couldn't seem to find the right place. It seems my client had just read the headlines in the Wichita Eagle newspaper trumpeting the Mayor's support for a new downtown arena. At that time, my client and his partners seemed to favor the east side of town, but the prospect of a new downtown arena in close proximity to the Wichita Waterwalk motivated them to reconsider and to change their focus toward downtown. I have a couple of other clients who own commercial properties in the area under consideration for a new arena. Prior to the big marketing push for the downtown arena, they had given me their asking prices for their properties. After the excitement started about the arena, these owners increased their asking prices for their properties. They knew what every logical person would conclude...if the downtown arena is constructed, property values all around it will increase dramatically.

Whenever I am counseling a client in their evaluations to decide whether or not to do a development, I advise them to analyze the upside and downside of proceeding with the development. 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. In my professional opinion as a commercial real estate broker, I believe that a new downtown arena will stimulate new developments and economic activities in the area, accompanied by tremendous increases in revenue and additional or increased 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. The consequences of doing nothing with respect to a downtown arena would be a very disheartening situation.

During all of my working life, I have vigorously opposed the implementation of anything resembling a new tax or assessment, until now. This is the first time I have ever supported one. Why now? Because of the economic activity and development that a small, short-term sales tax will generate. This is one of those rare examples of a temporary tax that could actually produce revenue and economic benefits...for the City, for the County and for the State of Kansas!

The majority of voters of Sedgwick County have spoken in favor of a new downtown arena. This is a democracy and it is the duty of the elected representatives of the people to acknowledge and ratify the will of the people! 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.

**TESTIMONY ON SB 58**  
**Before the Senate Committee on Assessment and Taxation**  
**February 3, 2005**

Honorable Chair Allen and members of the committee. My name is Clay Bastian, and I am President of Fidelity Financial Corporation, the holding company for Fidelity Bank. I would like to present written testimony in support of SB 58, a bill that will authorize a temporary increase in the sales tax in Sedgwick County for construction and maintenance of a Regional Events Center (arena) in Downtown Wichita.

Fidelity Bank made a \$25,000 contribution toward the Downtown Arena education and advocacy campaign. Additionally, "Vote Yea" yard signs were displayed at our 13 Sedgwick County bank offices, a "Vote Yea" link was installed on the Fidelity Bank Internet web site to help provide the facts about the Downtown Arena plan, and numerous employee informational meetings were held to assure that we addressed questions and concerns about the Downtown Arena plan.

You may ask why the ownership and management of Fidelity would expend the time, money and effort on a campaign that would risk alienation from its customer segment that is opposed to the Arena? Fidelity, its owners and management do not own property that is in the area designated as a potential Arena site. We also do not have any interest in participating in any finance of the Arena construction.

For us, we see the Downtown Arena as a vital turning point for Downtown Wichita and our regional community. We believe the Downtown Arena will promote creation of new jobs and investment in the core area, enhance Wichita's convention appeal, and provide another community asset to help retain our youth.

For these reasons we urge you to support SB 58, so we can enjoy the benefits of a Downtown Arena in our community for years to come.



Clay Bastian  
President  
Fidelity Financial Corporation

Assessment & Taxation  
Date 02-03-05  
Attachment # 23

# 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

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January 29, 2005

Kansas Senate Tax Committee  
Topeka, Kansas

Dear KSTC:

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

Assessment & Taxation  
Date 02-03-05  
Attachment # 24

*Michael Jameson  
1715 W. Marlboro  
Wichita, KS 67217*

**TESTIMONY ON SB 58  
Senate Assessment and Taxation Committee  
February 3, 2005**

Members of the Senate Assessment and Taxation Committee:

My name is Michael Jameson, and I urge your passage of Senate Bill 58, which would fulfill the mandate of the citizens of Sedgwick County, who voted to increase their sales tax by 1% for 30 months to fund a Downtown Arena and supporting infrastructure.

I grew up in Wichita but moved to California as a young adult and had lived there since. I was back in Wichita for an extended visit when I developed an interest in the Downtown Arena issue. I worked as a political consultant on many campaigns in California and was amazed that there were people here volunteering to help pass an issue to **raise** their own taxes!

At first my interest was merely professional in nature. But as I met many people involved in the campaign to pass the Downtown Arena issue, I got caught up in it myself. I found myself working 8 to 10 hour days for more than five weeks straight on an issue without any promise of compensation or personal gain!

Seeing the passion of citizens volunteering because they saw the Downtown Arena as a dramatic improvement to their community truly impressed me. As people began to realize the option to the Downtown Arena was an expensive renovation to the Kansas Coliseum, paid for with property taxes, momentum clearly swung in support of the Downtown Arena. The results on Election Day were as exciting and as satisfying for me as any political campaign I had done in my career!

In fact, I was so impressed by the values of the community, by the passion of the volunteers, by the potential for the Arena to impact the area that I flew back to California, packed up my belongings and moved back home to Wichita.

Don't deny the passion of the volunteers. Don't reverse the will of the people.  
Pass Senate Bill 58.

Assessment & Taxation  
Date 02-03-05  
Attachment # 25

**Gerald Layman**  
**2439 Coolidge Avenue**  
**Wichita, KS 67204**

**TESTIMONY ON SB 58**  
**Before the Senate Assessment and Taxation Committee**  
**February 3, 2005**

Chairman Allen, Vice Chairs Donovan and Schmidt, members of the Senate Assessment and Taxation Committee:

My name is Gerald Layman, and I want to thank you for the chance to testify on behalf of passage of Senate Bill 58, to increase the Sedgwick County sales tax by 1% for 30 months to fund a Downtown Arena.

I support the Arena Bill (Senate Bill 58) without amendments. Building the Downtown Arena will help enhance the growing public/private investment in the heart of Sedgwick County.

Recently, the Wichita Eagle reported that three downtown buildings had already been purchased by investors in anticipation of passage of the Downtown Arena. The new arena will add to the diversity of entertainment venues available to the people of this region. More building and renewal will follow as other downtown projects move ahead.

This community has discussed a downtown arena ever since Century II Convention Center was built decades ago. Twelve years ago the issue came to a vote, but was rejected. It took more than a decade to come to a vote again. This time 52% of the voters approved the building of the downtown arena. That is a larger margin of support than our last four presidential elections!

I hope our legislators will follow the will of the people of Sedgwick County and approve SB 58. We need a regional events center in Downtown Wichita to enhance our community.

Assessment & Taxation  
Date 02-03-05  
Attachment # 26

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

TESTIMONY ON SB 58  
Before the Senate Assessment and Taxation Committee  
February 3, 2005

Honorable Chairperson Barbara Allen, Vice Chairs Les Donovan and Derek Schmidt and all members of the Senate 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.

**Assessment & Taxation**  
Date 02-03-05  
Attachment # 27

***Daniel M. Lien***

1814 Red Brush Street  
Wichita, KS 67206

**TESTIMONY ON SB 58**  
**Before The Kansas State Assessment and Taxation Committee**  
**February 3, 2005**

Honorable Chairperson Allen 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

**Assessment & Taxation**  
Date 02-03-05  
Attachment # 28



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

**TESTIMONY ON SB 58  
Before the Senate assessment and Taxation Committee  
February 3, 2005**

Chairman Barbara Allen, Vice Chairs Les Donovan and Derek Schmidt, all members of the Senate 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

Assessment & Taxation  
Date 02-03-05  
Attachment # 29



**Wichita Independent Business Association**

*THE VOICE OF INDEPENDENT BUSINESS*

Written Testimony by Greg Sevier  
in Favor of SB 58  
Senate Committee on Assessment and Taxation  
February 3, 2005

Chair Allen 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 submit my written comments.

415 S. Main Street / Wichita, KS 67202-3719  
316-267-8987 / 1-800-279-9422 / FAX 316-267-8964 / E-mail: [info@wiba.org](mailto:info@wiba.org) / Web Site: [www.wiba.org](http://www.wiba.org)

Assessment & Taxation  
Date 02-03-05  
Attachment # 30

**Testimony on Senate Bill 58**  
**Submitted**  
**Senate Assessment and Taxation Committee**  
February 3, 2005

Bernie Koch, VP/Government Relations  
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.

We have 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.

Assessment & Taxation  
Date 02-03-05  
Attachment # 31

**ISSUES**



**MANAGEMENT GROUP, INC.**

## Testimony on SB 58

February 3, 2005

Bud Burke

Madam Chair and Members of the Senate Committee on Assessment and 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 on projects revitalizing our community. 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, for a specific project, 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.

# 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!

Trust the nun ;?



Mayans

I am an angry lifelong Wichita resident after reading "Plaza falls short" (Nov. 14 Eagle). This is the exact reason I 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

## 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 DODDS  
Wichita

## 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



## 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

# 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.

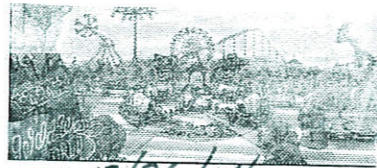
## Decide by district

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  
Wichita



## 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

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

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

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

# 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 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.



Swenson 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.

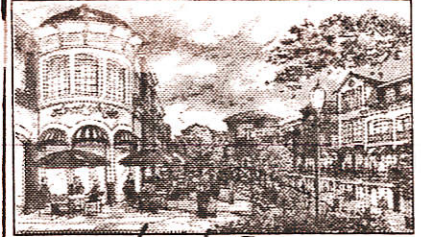
My concerns have been heightened recently. The newspaper reported that audiences at the Kansas Coliseum were smaller in 2004 than previous years ("Coliseum crowds fell 21% in 2004," Jan. 18 Eagle). The same is true for other public entertainment venues in our area. Is this solely due to the economic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

There are times when dreams need to be delayed, and I think now is a great time to realize that perhaps the area cannot afford such things as Wichita WaterWalk, with its tax-supported businesses holding their hands out, or the downtown arena, which will require continuous tax support "forever" to remain open.

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

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

TIMOTHY J. EWERTZ  
Garden Plain

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.



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

February 3, 2005

Members of the Senate Assessment and Taxation Committee,

~~Last November the citizens of Sedgwick County were presented with an unfair election. Rather than choosing between two comparable arena proposals we were asked to choose between a 30-month one cent sales tax or a 20-year property tax.~~

Around a year ago the Sedgwick County Commission voted to move forward with improvements to the Kansas Coliseum. The Commission voted to use property taxes over 20 years to fund the improvements. Then the Arena proponents came forward and asked that they have one more opportunity to put a Downtown Arena proposal before voters using a one-cent sales tax collected for 30 months. This was unfair. The deck was stacked in favor of the Arena. Who wouldn't rather have a 30-month sales tax over a 20-year property tax?

Thus Arena proponents had their arsenal supplied to them by the County Commission. Anyone who watched, read, or listened to Wichita media last fall knows that the majority of the advertising in favor of the Arena was about a sales tax vs. a property tax, not about the merits. Then, some of those same commissioners who months earlier had voted for improving the Coliseum with property taxes were now speaking and working in favor of the Arena and against the Coliseum. They were arguing against the very proposal they had spent months forming and then adopting.

**I would ask the members of this committee to stop or table this sales tax proposal.** Let Sedgwick County voters have a free and fair election. In April we will have a countywide election. Why couldn't we have a ballot with: (one cent sales tax Coliseum) vs. (one cent sales tax Downtown Arena)? It seems like the democratic thing to do.

Now the Arena proponents are going to say that time is of the essence, that they can't delay. Interesting, but....

In 2002 the proponents of the Downtown Arena were telling us that now was the time for action. Many in the community asked that the Arena vote be on the November ballot, but Arena supporters were in a hurry and wanted it on the primary election. When the polls were going overwhelmingly against them they went back to the Wichita City Council saying that it was not the right time to vote and the council took it off the ballot. Proponents of a Downtown Arena have been pushing this plan for around a decade, why not wait until April and let the people of Sedgwick County vote in a free and fair election on two proposals with the same funding mechanisms. Don't we deserve at least that much?

Some legislators have said that the taxpayers of Sedgwick County have made their choice and that they will not stand in their way. But the legislature should not be just a rubber stamp. You need to take a critical look at an election that was severely flawed. The voters of Sedgwick County did not vote in favor of a Downtown Arena, they voted against a property tax. If you believe in fair elections. If you believe in fair taxation. You will stand up for the rights of the citizens of Sedgwick County to have a free and fair election and **vote to stop or table this bill.**

Thank you,

  
Gary Wright

Assessment & Taxation  
Date 02-03-05  
Attachment # 35

To Whom It Should Concern,

## DOWNTOWN ARENA PROBLEMS

Will Wichita follow in the mistakes made by a number of other cities who built large arenas? **The Astrodome is now used as a rodeo arena. The Kingdome in Seattle has been demolished but still carried a \$127 million debt. The Silverdome in Detroit and the Metrodome in Minneapolis were disasters that were never paid. The Superdome in New Orleans had 60 national conventions held inside it but sports never was the main attraction. The Superdome cost \$163 million. According to a New Orleans magazine article only 30-to-35% of income actually came from sporting events.**

There are 452,869 Sedgwick County citizens who will foot the arena bill that is currently projected to cost \$141.5 million. Any interest cost will increase this price tag. This will cost every citizen an average of \$311 per person or \$1,245 for a family of four.

The City of Wichita has previously spent tax funds for the Family Inn Hotel at the corner of Broadway and Kellogg. This hotel stood empty for years before it was finally sold. The city also subsidized Old Town development with only mediocre results with many of the firms in this area like the Pasta Mill and Chicago Cab Company, as two examples, failing.

This arena proposal is coming at a time when other projects, notably the River Walk and the Coliseum renovation, involving considerable taxpayer expense are also going forward. All of this cost is hitting a local economy that has suffered large layoffs in aircraft and other local industries, with over 5,000 at Boeing alone. We don't need more taxpayer funded projects siphoning tens of millions of dollars out of the pockets of already over extended taxpayers.

If an arena is truly needed it should be funded by private investors and not forced upon families and workers. This arena should be financed privately. However, many financial institutions may be skeptical of this high risk project.

It is historically clear that taxes increased for any project such as this rarely, if ever, are actually rescinded. Look at the "temporary" sales tax hike enacted in 2002! This is regardless of the political promises made. This sales tax increase would place burdens on families at the precise time when gasoline, grocery, and utility costs are skyrocketing. This position paper wants to place important facts upon the record. These facts might be considered unpleasant but it is a reality we cannot ignore.

Greg Dye

Assessment & Taxation  
Date 02-03-05  
Attachment # 36

*Greg Dye*  
*Wichita 2005*

Written testimony of Bob Weeks regarding Senate Bill No. 58, an act concerning sales taxation; relating to countywide retailers' sales tax in Sedgwick County.

Bob Weeks  
2451 Regency Lakes Ct.  
Wichita, KS 67226  
316-636-9526  
[bob.weeks@cox.net](mailto:bob.weeks@cox.net)

February 3, 2005

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

Honorable Senators:

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 warn 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 Subsidizes 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 Entirely 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, borrowing \$55 million, paying 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. Yet, if we believed the county commissioners, 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, he 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, if we are to be truthful. 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.

### ***Unintended Economic Effects***

A paper titled "An Assessment of the Economic Impact of a Multipurpose Arena" by Ronald John Hy and R. Lawson Veasey, both of the University of Central Arkansas, (Public Administration & Management: An Interactive Journal 5, 2, 2000, pp. 86-98) looked at the effect of jobs and economic activity during the construction of the Alltel Arena in Pulaski County, Arkansas. This arena cost \$50 million. It was funded in part by a one percent increase in the county sales tax for one year (1998). The sales tax generated \$20 million.

In the net, considering both jobs lost and jobs gained due to sales tax and construction effects, workers in the wholesale and retail trades lost 60 jobs, and service workers lost 52 jobs. There was a net increase of 198 jobs in construction.

The fact that jobs were lost in retail should not be a surprise. When a sales tax makes nearly everything sold at retail more expensive, the supply curve shifts to the left, and less is demanded. It may be difficult to estimate the magnitude of the change in demand, but it is certain that it does change.

Workers in these sectors, should the sales tax increase take effect, may want to reconsider their career plans. How many retail and service workers can make the transition to construction work is unknown. It is certain, however, that when workers lose their jobs it imposes benefits costs on the government -- and the taxpayers.

The population of Pulaski County in 2000 was 361,474, while Sedgwick County's population at the same time was 452,869, so Sedgwick County is a somewhat larger. Our sales tax will last 2.5 times as long, and our proposed arena is about three times as expensive. How these factors will impact the number of jobs is unknown, but I feel that

the number of jobs lost in Sedgwick County in retail and services will be larger than what Pulaski County experienced.

It is interesting to note that the authors of this study, while measuring a positive net economic impact for the Alltel Arena, make this conclusion:

"The primary reason for this positive economic impact is that the state of Arkansas contributed \$20 million to the construction of the arena. As a result, the economic impact of building the arena in Pulaski County is greater than it would be if the county had funded the arena by itself. A vast majority of the jobs that will be created will be in the service sector that frequently offers lower wages than jobs in other sectors of the economy."

The proposed downtown Wichita arena does not have the advantage of having 40% of its cost paid for by outsiders. It may be that we feel even more strongly the negative impacts of the sales tax.

### ***The Difference Between a Publicly-Owned and Privately-Owned Arena***

Instead of the government building an arena, suppose that arena supporters, along with those who voted yes for the sales tax and anyone else who wants to, formed a corporation to build and own an arena.

Instead of having paid taxes to the government, arena supporters would be investors and they would own something: their shares in the arena. They would have the pride and responsibility that comes with ownership. They would have a financial stake in its success. Even taxpayer-funded arena opponents might see merit in investing in a local business rather than paying taxes to a government.

Instead of government bureaucrats deciding what the people of our town want and need, a privately owned arena would be subject to the guidance and discipline of free markets. It would either provide a valuable service to its customers and stay in business, or it would fail to do that and it would go out of business. Governments do not have such a powerful incentive to succeed.

Instead of the bitter feelings dividing this town over the issue of a taxpayer-funded arena and other perceived governmental missteps, the arena corporation would act in the best interests of its shareholders and customers. Even if it didn't, it wouldn't be the public's business, because after all, the corporation is formed of private individuals investing their own money.

When individuals invest in an arena they are nurturing the virtues of investment, thrift, industry, risk-taking, and entrepreneurship, Wichita having an especially proud tradition of the last. There is nothing noble about a politician taxing and spending someone else's money on projects like a downtown arena, or a renovated Kansas Coliseum for that matter.

At this time in our town we have a chance to let private initiative and free markets work, or we can allow the government to continue to provide for us in ways that few seem truly

satisfied with. Writing about a public utility in England that was transferred to private enterprise, economist John Blundell observed:

"When it was 'public' it was very private. Indeed, it was totally captured by a small band of bureaucrats. Even members of Parliament struggled to find out what was going on. No proper accounts were produced, and with a complete lack of market signals, managers were clueless as to the correct course to take. The greatest casualty was a lack of long-term capital investment.

Now it is 'private' and very public. Not just public in the sense of open, but also in the sense of accountable directly to its shareholders and customers. Copious reports and accounts are available and questioning citizens will find their concerns taken very seriously indeed."

If we allow the government instead of private enterprise to build a new arena or to renovate the Kansas Coliseum, this is the opportunity we lose.