

MINUTES OF THE HOUSE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairman Arlen Siegfroid at 1:30 P.M. on January 30, 2007 in Room 313-S of the Capitol.

All members were present except:

Representative Owen Donohoe- absent
Representative Broderick Henderson- excused
Representative Benjamin Hodge- absent

Committee staff present:

Kathie Sparks, Kansas Legislative Research Department
Dennis Hodgins, Kansas Legislative Research Department
Mike Heim, Revisor of Statutes Office
Carol Doel, Committee Assistant

Conferees:

Michelle Swanson, Manager of Administration and Finance, Salina Airport Authority

Chairman Siegfroid opened the meeting for bill introductions and recognized Representative Mah who requested a bill which would allow Kansas State Troopers to hold elected positions from other government bodies. The Chair made a motion to accept, seconded by Representative Peterson. With no objections, the bill was accepted.

The Chairman requested a committee bill dealing with a lottery bill without sunset provisions including the provisions of requested Mr. VanPetten of the Kansas Lottery. Representative Peterson made a motion to accept the bill, seconded by Representative Olson. With no objection the bill was accepted.

The Chairman requested a second bill which was a voter ID bill similar to one Senator Huelscamp had introduced in the Senate except this bill will incorporate changes requested by the Secretary of States Office. Representative Olson made a motion to accept, the motion was seconded by Representative Peterson. With no objection, the bill was accepted.

With no further bill introductions, Chairman Siegfroid opened the floor for hearing on **SB 33** - relating to surplus property and public airport authorities.

Kathie Sparks, Legislative Services, presented an overview on **SB 33**.

Michelle Swanson, Manager of Administration and Finance, Salina Airport authority, was recognized in support of **SB 33**. Ms. Swanson appeared on behalf of the Salina Airport Authority, the City of Salina, Saline County and Salina Areas Chambers of Commerce who collectively urge consideration of **SB 33**. This bill would amend K.S.A. 27-323 to raise the general obligation bond authority of the Salina Airport Authority to 10% from 3% of the assessed valuation within the Salina city limits.

Ms. Swanson further related that the passage of **SB 33** would give the Salina Airport Authority the flexibility to meet anticipated expansions and relocations of aerospace companies and resulting job growth in Kansas.

The Salina Airport Authority intends to utilize this increased general obligation bonding authority to meet the needs of as many as 10 international and national aerospace prospects that have expressed an interest in expanding and relocation to Kansas.

Mrs. Swanson also stated that there would be no local or state financial liability. (Attachment 1)

Testimony endorsing **SB 33** was also presented for committee review by the City of Salina, Saline County, Salina Airport Authority and the Salina Area Chamber of Commerce. (Attachment 2)

With no other person wishing to testify on **SB 33**, the Chair closed the hearing.

Chairman Siegfroid called attention to the minutes for January 23rd and January 25th and entertained a motion.

CONTINUATION SHEET

MINUTES OF THE House Federal and State Affairs Committee at 1:30 P.M. on January 30, 2007 in Room 313-S of the Capitol.

for approval of the minutes of January 23rd, and January 25th.

Representative Peterson moved the minutes of January 23rd and January 25th be approved as read. Representative Huebert seconded the motion. Motion passed.

With no further business before the committee, the meeting was adjourned.

**Testimony by Michelle R. Swanson
Manager of Administration and Finance, Salina Airport Authority
Before the Kansas House Committee on Federal & State Affairs
January 30, 2007**

**Surplus Federal Properties Aerospace Growth Act
House Bill 33**

Thank you Chairman Siegfried and members of the committee. For the record, my name is Michelle Swanson, Manager of Administration and Finance for the Salina Airport Authority in Salina, Kansas.

I appear here today on behalf of the Salina Airport Authority, the City of Salina, Saline County and the Salina Area Chamber of Commerce. Collectively, we urge your positive consideration of House Bill 33, which would amend K.S.A. 27-323 to raise the general obligation bond authority of the Salina Airport Authority to 10% from 3% of the assessed valuation within the Salina city limits.

This amendment to the Airport Authority's enabling statute, which governs former federal facilities, like our airport and airport industrial center, that are designated surplus by the U.S. government, will give the Salina Airport Authority the flexibility to meet anticipated expansions and relocations of aerospace companies and resulting job growth in Kansas.

Background

The Salina Airport Authority was created under Kansas law in 1965 to develop the former Schilling Air Force Base that was designated as surplus by the Federal Government and transferred to the community. The existing 3% general obligation bonding authority was established by Kansas statute in 1965 to permit the Salina Airport Authority to finance airport facility improvements to a large inventory of existing and vacant airport hangars and facilities, formerly owned by the federal government.

In the intervening years, the Salina Airport Authority has absorbed all of the previous facilities and even built new facilities for use by job producing industries. We have now identified a number of international and national aerospace prospects that can bring additional aviation jobs to the state,

however, the Salina Airport Authority is limited by the 3% cap on financing authority available to the community to build new aerospace facilities. The Salina community needs this legislation to give it the ability to meet the financial requirements of anticipated new projects.

Other communities in Kansas have alternate means of raising capital for such aviation job growth, but the Salina Airport Authority is limited to 3% by virtue of the original cap designed for facility renovation and not new capital projects needed today. Raising Salina Airport's financing cap will increase the general obligation bond upper limit to \$40 million vs. the current \$12 million limitation, of which \$10 million is already obligated.

Near-Term, Long-Term Needs

The Salina Airport Authority intends to utilize this increased general obligation bonding authority to meet the needs of as many as 10 international and national aerospace prospects that have expressed an interest in expanding and relocating to Kansas.

No Local or State Financial Liability

While the City of Salina approves the issuance of all Salina Airport Authority general obligation bonds, neither the local community nor the State of Kansas have any liability for such financial obligations of the Airport Authority under Kansas law.

The Salina Airport Authority's financial profile is strong. Moody's Investors Service has given the Salina Airport Authority one of its highest ratings, citing the airport's diverse local economic base, sound reserve levels, well-managed operations, and a manageable debt.

Community Support

The City of Salina, the Saline County Commission, Salina Area Chamber of Commerce, and Salina Airport Authority support this proposed legislation. The legislation is also supported by the Pratt Airport Authority, which is the only other Kansas airport impacted by the proposed amendment.

In conclusion, the Salina community urges your support for this legislation that will have a positive impact on the Kansas economy.

Thank you. I am happy to answer any questions.

**Salina Airport Authority
Surplus Federal Properties
Aerospace Growth Act
House Bill 33**

Request

Amend K.S.A. 27-323 to raise the general obligation bond authority of the Salina Airport Authority to 10% from 3% of assessed valuation within the Salina city limits. This improvement to Kansas state statutes, which govern former federal facilities that are designated surplus by the U.S. government, will give the Kansas airport and its local government the flexibility to meet anticipated expansions/relocations of aerospace companies and jobs growth to Kansas.

Background

The Salina Airport Authority was created under Kansas law in 1965 to develop the former Schilling Air Force Base that was designated as surplus by the Federal Government and transferred to the community. The 3% general obligation bonding authority was established by Kansas statute in 1965 to permit the Salina Airport Authority to finance airport facility improvements to a large inventory of existing and vacant airport hangars and facilities, formerly owned by the federal government.

In the intervening years, the Salina Airport Authority has absorbed all of the previous facilities and even built new facilities for use by jobs producing industries. It now has identified a number of international and national aerospace prospects that can bring additional aviation jobs to the state, but is limited by the 3% cap on financing authority available to the community to build new aerospace facilities.

Other communities in Kansas have alternate means of raising capital for such aviation jobs growth, but the Salina Airport Authority is limited to 3% by virtue of the original cap designed for facility renovation and not new capital projects needed today. Raising Salina Airport's financing cap will increase the general obligation bond upper limit to \$40 million vs. the current \$12 million limitation, of which \$10 million is already obligated.

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Successful Salina History with the Kansas Legislature

Recently, the Salina Airport Authority and the Salina Area Chamber of Commerce successfully worked with the Kansas Legislature to eliminate the sales tax on aircraft modification and maintenance activities, which has led to jobs growth at the Salina Industrial Center. Further, both groups also worked with the Kansas Legislature to approve legislation, which has permitted construction of a new headquarters and manufacturing facility at the Salina Industrial Center. The Salina community wishes to continue to help Kansas jobs growth through this amendment.



Federal and State Affairs

Attachment 2

Date 1-30-07