

## MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman John Edmonds at 9:00 a.m. on March 4, 2004 in Room 519-S of the Capitol.

All members were present except:

Representative John Faber- excused  
Representative Vaughn Flora- excused

Committee staff present:

Chris Courtwright, Legislative Research Department  
Martha Dorsey, Legislative Research Department  
Gordon Self, Revisors of Statutes  
Carol Doel, Committee Secretary

Conferees appearing before the committee:

Representative Mario Goico  
Jim Ziegler, Vice-President and Manager of Lear Jet  
Mike Shonka, Cessna Aircraft  
Kevin Hawley, Aerospace System Technologies  
Tim Rogers, Salina Air port Authority

Others attending:

See Attached List.

Chairman Edmonds opened the meeting for any bill introductions, however hearing none, he turned committee attention to **HB 2911** and opened the floor to public hearing.

Representative Goico presented testimony which related that the State of Kansas, especially the Wichita aviation driven economy, was hard hit by the September 11, 2001 terrorist attack. We are in need of full scale economic growth. By passing **HB 2911**, we can make our aircraft industry more competitive in maintenance, modifications and repairs. In this way we have incubation incentives to grow a segment of the aviation industry that is very price sensitive. This would result in the re-employment of our highly trained aviation work force. (Attachment 1)

Jim Ziegler, Vice-President and Manager of Learjet Inc., provided testimony in support of **HB 2911**. It is their feeling that passage of the bill would positively impact the State of Kansas and its aviation community in the following ways.

- Prevent Kansas-based aircraft service businesses from losing business solely on the basis of price to other regionally based service providers located in states where sales taxes on parts and labor need not be added to service estimates
- Insulate Kansas based aviation service businesses from the prospect of further job reductions among highly-compensated Airframe and Powerplant (A&P) mechanics and technicians
- Ensure that aviation companies operating business units in Kansas maintain their investment and long-term commitment to their Kansas sites.
- Allow Wichita, KS to grow its aviation-related business base and maintain its well-founded reputation as the "Air Capital of the World"
- Remove a significant barrier to basing of aircraft in our state and the attraction of additional aviation parts and service businesses to the state

Cessna Aircraft Company was represented by Mike Shonka who presented testimony in support of **HB 2911**. His testimony stated that amending the statute to exempt aircraft and aircraft repair parts and services from Kansas sales and consumers use tax will provide a favorable tax environment which will help Cessna attract