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To: Chairwoman Caryn Tyson and the Senate Taxation Committee  
From: Roy Eckert, City Manager of Pratt, Kansas  
Re: Testimony in Support of HB 2755 language (instead of SB 400 language)

Dear Chairman Tyson and Members of the Committee:

Thank you for the opportunity to speak today and express the City of Pratt's support for SB 400, but we prefer the language in HB 2755. This bill is the result of legal research about what potential options exist to govern all property within the Pratt city limits and what would be necessary to dissolve the Pratt Airport Authority. We view this piece of legislation as a companion bill to HB 2628, which has already passed the House 118-0. You can read the testimony on that bill provided at the end of this testimony. Assuming the successful passage of HB 2628, which would grant the City of Pratt a remedy to dissolve the Pratt Airport Authority, the current taxing authority of the Pratt Airport Authority, which is capped at four mils by KSA 27-322, would also need to be transferred to the City of Pratt.

Upon drafting HB 2628, it was asked if the transfer of all powers and authorities of the Pratt Airport Authority to the City of Pratt would cover the authority to levy taxes. The answer provided was that the taxing authority would not transfer and that another bill, HB 2626/SB 400, would be needed to transfer the existing taxing authority. We worked with the Revisor, the League of Kansas Municipalities, and consulted with the Kansas Association of Counties to ensure that the bill being offered is uniform and would apply equally to all taxing entities and therefore not harm the underlying tax policy that the Legislature has established. After HB 2626 was heard in the House, all parties who testified in favor or in opposition to the bill came together and are in agreement with new language to accomplish the purpose originally set out in SB 400. The agreed upon language is more reflective of the original intent of the request being sought by the City of Pratt. We would ask that the agreed upon language as found in HB 2755 be the policy adopted by the Legislature. This language stipulates that any tax levy increase as a result of another taxing entity being dissolved and all powers, responsibilities, duties and liabilities of the entity have been transferred to the city or county to carry on the function and responsibilities of the dissolved taxing entity, so long as the levy increase does not exceed the levy of the dissolved taxing entity.

Knowing there are many taxing entities in Kansas and consolidation of units of government is encouraged, we believe this may be the first, but certainly will not be the last time that this issue will be faced by a municipality. Clarifying tax policy to allow the transfer of existing taxing authority which will encourage, rather than discourage or prevent, the consolidation of taxing entities would be a strong public policy improvement and encourage the efficient use of taxpayer dollars.

Thank you for your consideration and support of the tax policy position articulated in HB 2755. Please don't hesitate to contact me with any questions or concerns.

### **Testimony on HB 2628**

Thank you for the opportunity to speak today and express the City of Pratt's support for HB 2628. This bill is the result of legal research about what potential options exist to govern all property within the Pratt city limits. The Pratt Industrial Airport is located three full miles from the legal boundary of the City of Pratt, but was annexed into the city in 1948 in order to accept the transfer of the old Pratt Army Airforce Base property from the federal government into the City of Pratt.

In 1991, the Pratt Airport Authority was created under KSA 27-319 to govern the property. At the time of its creation the idea was that a separate taxing entity, focused solely on economic development at the airport, would allow the airport to be better utilized for the economic benefit of the community. Under that statute, the Pratt City Commission appoints the members of the Pratt Airport Authority and also approves a portion of the mils levied, which are statutorily capped at four mils by KSA 27-322. However, other than these items the City of Pratt has no authority over Pratt Airport Authority operations.

The City of Pratt provides power, water, and wastewater services at the airport and has been named in KDHE environmental actions to be responsible for environmental remediation at the airport. In researching how the City of Pratt could dissolve the Pratt Airport Authority, should there ever be a need to do so in the future, it was discovered that an Airport Authority had never been dissolved in the state of Kansas. Additionally, through legal research and old attorney general opinions it was discovered that the current statute (KSA 27-325) has been interpreted that not only would all debts of the Pratt Airport Authority need to be remedied before the City of Pratt could dissolve the Pratt Airport Authority, but the duration of all leases for property and buildings on the airport would also have had to expire. Many of the leases at the airport are very long term and would therefore have the effect of continually perpetuating the Pratt Airport Authority and preventing the City of Pratt from ever exercising the power to dissolve the authority.

#### **To be clear, the City of Pratt is not considering dissolving the Pratt Airport Authority at this time.**

In fact, the City is suggesting beginning some regular meetings between the Pratt Airport Authority and the City. The City is also looking at ways that the Pratt Airport Authority may be able to share some city services and therefore reduce its costs. One example being discussed is housing the Pratt Airport Authority's website on the City's site and therefore saving taxpayers from funding two different websites. The City Commission looks forward to working with the members of the Pratt Airport Authority board who are also dedicated to its success and the success of the Pratt community.

However, the City of Pratt feels it is important that a remedy be in place should the City of Pratt ever wish to dissolve the Pratt Airport Authority in the future. Clarifying what would be involved in dissolving the Pratt Airport Authority, what would happen to existing debt, leases, and other obligations is important to the ability to attract new development to the area. The clarification and assignment of obligations provided through passage of this bill would provide the only remedy the City of Pratt would have to dissolve the Pratt Airport Authority, should the city determine that dissolving the Authority was in the best interest of the community in the future. The reason to pursue the bill now, is to have the remedy in place and avoid a situation where the legislature may not be in session and the City of Pratt would have no remedy to dissolve the Pratt Airport Authority if that was in best interest of the taxpayers in the City of Pratt.

Thank you for considering this bill to help provide clarification about how the City of Pratt could exercise its power to dissolve the Pratt Airport Authority should that power ever need to be exercised in the future. Please don't hesitate to contact me with any questions or concerns.