

**Testimony in Opposition to SB 463
Senate Ways and Means Committee
March 8, 2016**

Chairman Masterson and honorable committee members,

Thank you for the opportunity to present comments on behalf of the Travel Industry Association of Kansas (TIAK), which is the unified voice speaking on behalf of the travel industry in the state of Kansas. Our organization has over 175 members representing and promoting communities all over Kansas. I am the current President of TIAK and owner-operator of the Grand Central Hotel in Cottonwood Falls, Kansas.

Our members oppose SB 463 because it would eliminate the economic development initiative fund (EDIF) and transfer its proceeds to the state general fund. This troubles our members because the EDIF proceeds directly fund the Tourism Division of the Kansas Department of Wildlife and Parks, which is an important partner to the tourism industry. Currently, the Division of Tourism receives \$1.8 million from EDIF which is roughly half of its annual budget. Passage of SB 463 would take these proceeds from the Division of Tourism and deposit them into the state general fund. TIAK members are concerned, especially in these state economic times, how this revenue will be replaced and what impact this will have on the agency.

The Division of Tourism is an important partner to the tourism industry and our partnership on tourism initiatives is a key factor in the steady growth of the Kansas tourism industry. Through our partnership, the Kansas Travel & Tourism industry, both public and private, has achieved great success. In fact, tourism is a big business in Kansas and is a growing industry in Kansas. Consider the following performance measures:

- **Over the last four years, increases in lodging revenues have generated \$42.6 M in transient guest sales tax and \$40.92 M in sales tax, as well as added over 800,000 room nights annually, accounting for over 9.5 million room nights each year.**
- **Hotel growth and occupancy is a single key indicator reflecting whether or not Tourism initiatives are working. Smith Travel Research is a nationwide hotel industry reporting tool that reflects direct reporting results including:**
 - Kansas hotel revenue increased from \$641,499,324 in 2012 to a record \$773,210,309 in 2015 (20.53% increase)
 - Demand for rooms has grown from 8,707,050 room nights per year in 2012 to 9,532,785 in 2015

- **2016 Economic Impact Study conducted by Tourism Economics and Oxford Economics Company indicated:**
 - Travel & Tourism industry had a \$9.8 billion total economic impact on the state of Kansas
 - Tourism employment has grown for four straight years, outpacing general state employment growth
 - Represents 4.9% of all employment in the state of KS
 - Tourism employment impact of over 92,698 jobs
 - Tourism activity brings in \$570 million in state and local government revenues
 - Each household in KS would have to pay \$511 to generate this revenue
 - Traveler spending growth has averaged 5.7% annually since 2009
 - Kansas hosted 34.8 million visitors....that's as if everyone from Texas, Nebraska and Missouri visited Kansas last year

The numbers above are clear indication that the EDIF proceeds are being wisely invested in Kansas travel & tourism and there is a real return on investment being recognized by this state investment. The members of TIAK respectfully ask you resist diverting EDIF proceeds to the state general fund where they will get lost in the mix of state spending and provide no real return on your investment. Instead, we urge you stay the course and continue investing in one of the most proven economic development programs --growing the Kansas tourism industry. Thank you for your consideration of our comments. If you have any questions, please do not hesitate to contact me at (620) 273-6763 or reach out to our lobbyist Natalie Bright at (316) 640-1422.