

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation

The meeting was called to order by Senator Fred A. Kerr at
Chairperson

11:00 a.m. ~~pm~~ on Tuesday, January 21, 1986 in room 519-S of the Capitol.

All members were present except:
Senator William Mulich (Excused)

Committee staff present:

Tom Severn, Research Department
Melinda Hanson, Research Department
Don Hayward, Revisor's Office
LaVonne Mumert, Secretary to the Committee

Conferees appearing before the committee:

Senator Ben Vidricksen
Representative Bob Vancrum
Senator Phil Martin
Bud Grant, Kansas Chamber of Commerce and Industry
Mike Grimaldi, Bicentennial Center, Salina
Helen Regnier, Ranchmart Shopping Center and Auditorium, Prairie Village
Joe Boyd, Wichita Convention & Visitors Bureau
Jack Percival, Century of Toys and Dolls Show, Salina
Kirk Graham, Vintage Camera Club, Wichita
Nick Jordan, Overland Park Convention and Visitors Bureau, Travel Industry of
Kansas
Willie Martin, Sedgwick County Commissioner
Steven Rosenblatt, Kansas Expo Centre, Topeka
Fred Allen, Kansas Association of Counties
Gary Smith, Shawnee County Appraiser
Vic Miller, Property Valuation Division, Department of Revenue

S.B. 398 - Exempting certain property held temporarily at a site for sale,
exhibition or display from ad valorem property taxes

S.B. 412 - Tax exemption for transient merchants' wares; Re Proposal No. 64

Staff explained that legislation passed last year requires that transient merchants must pay a license fee and post a bond. In order to obtain the license, they must show that personal property taxes due have been paid. S.B. 412 would exempt the kinds of property involved in craft, hobby, and antique shows, farmers' markets, convention types of activities, etc. for goods held less than 14 days. Staff pointed out that there are other statutory references to the powers of appraisers besides K.S.A. 79-1434 and that the Committee might wish to consider adding some language to S.B. 412 to address these other references. The Revisor agreed that if S.B. 412 is passed, K.S.A. 79-210 should be amended to eliminate the requirement to apply for exemption each year.

Senator Ben Vidricksen said that he was the Vice-Chairman of the interim committee which studied this issue. He suggested that S.B. 412 be given consideration rather than S.B. 398. He mentioned the "image damage" to Kansas by the transient merchants' licensing legislation.

Representative Vancrum testified in support of S.B. 412 (Attachment 1). He described how the licensing act has caused numerous cancellations of trade and antique shows and urged that the bill be given speedy favorable consideration.

Senator Phil Martin spoke in support of S.B. 412 and gave examples of cancelled shows.

Bud Grant testified in support of the bills (Attachment 2).

Mike Grimaldi urged favorable consideration of S.B. 412 (Attachment 3).

Helen Regnier talked about the loss of revenue for various charity organizations and the loss of volunteer efforts to benefit charities.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation,
room 519-S, Statehouse, at 11:00 a.m. ~~XXX~~ on January 21, 1986.

Joe Boyd testified in favor of the bills (Attachment 4). He described a large bowling tournament scheduled to be held in Wichita in 1989 and said that it would not qualify under the 14-day limitation. He requested that the Committee consider specifying that bowling tournaments be exempt or that activities sponsored by or through a convention and visitors bureau be exempt.

Jack Percival spoke in favor of S.B. 412. He described the near-cancellation of his organization's show.

Kirk Graham told the Committee that his organization's trade fair and sale has been cancelled due to the legislation passed last year (Attachment 5). He described the loss of revenue to the state's economy and urged that the problem be resolved.

Nick Jordan raised concerns about the 14-day limitation and also mentioned that such activities as shows sponsored by car dealers and garden shows need consideration.

Willie Martin testified in support of repealing the Transient Merchants Licensing Act (Attachment 6).

Steven Rosenblatt urged that changes be made to eliminate the problems for trade shows (Attachment 7). He agreed that the 14-day limitation could be a problem and also requested that any event procured by a convention center be exempted.

Fred Allen favors the repeal of the Transient Merchants Licensing Act.

Gary Smith advised that he feels the same problems currently exist that last year's legislation attempted to resolve (Attachment 8).

Vic Miller testified in opposition to the bills. He said that the legislation created the problem, not the directive issued by his office. Mr. Miller urged that last year's licensing act be repealed. He said that passage of the classification amendment would resolve the problem by 1989. Mr. Miller stated that the permanent merchants who pay taxes should not be overlooked in an attempt to protect temporary merchants. He noted that consumer protection laws apply to "fly-by-night" operations.

Meeting adjourned.

ASSESSMENT AND TAXATION

OBSERVERS
(PLEASE PRINT)

DATE	NAME	ADDRESS	REPRESENTING
1/21/86	Jack Montgomery	Gov. - Policy	
	D. Ferrill	Topeka	Bldg. +
	V. MILLER	TOPEKA (THE GOLDEN CITY)	PVD
	P. MARTIN	13th Dist	"
	Margaret Beane	Lawrence	LWV/K
	TREVA POTTER	TOPEKA	NORTHERN NAT. GAS
	BUD GRONT	TOPEKA	KCCY
	Fred Allen	Topeka	KAC
	Donna Smith	Topeka	KBA
	JOHN C. RYBERG	SALINA	SALINA Chamber of C.
	Mike Grimaldi	Salina	B. Centennial (H
	Jack Percival	Topeka, Ks.	Century of Prog.
	KIRK H. GRAHAM	WICHITA KS	VINTAGE CAMERA
	JANET STUBBS	Topeka	HBAK
	BRUCE GRAHAM	TOPEKA	KMCA
	Ann Eslick	Ulysses	Plant & Opp
	David Litwin	"	KCCT
	Walter Martin	Shelton	Bud. Sedgwick Co.
	Gerry Ray	Clatka	Johson Co

STATE OF KANSAS



TOPEKA

HOUSE OF
REPRESENTATIVES

January 21, 1986

BOB VANCNUM
REPRESENTATIVE, TWENTY-NINTH DISTRICT
OVERLAND PARK
9004 W. 104TH STREET
OVERLAND PARK, KANSAS 66212
(913) 341-2609
STATE CAPITOL, ROOM 115-S
TOPEKA, KANSAS 66612
(913) 296-7655

COMMITTEE ASSIGNMENTS
VICE-CHAIRMAN: FEDERAL AND STATE AFFAIRS
MEMBER: ASSESSMENT AND TAXATION
JUDICIARY

TESTIMONY ON SB 412

Thank you, Senator Kerr, and Committee for asking me to appear to say a few words about SB 412. This bill was recommended by the Interim Committee on Federal and State Affairs (which I chaired) as part of a package with SB 411 intended to correct a severe problem which has arisen because of the passage of the Transient Merchant Licensing Act last session. That bill, HB 2443, was intended to meet the criticism from grocers concerning sales of dairy products and sales of seafood from so-called "shrimp boats" that set up in parking lots and compete unfairly with local merchants, without overhead or taxes and without creating jobs in the community. Because the bill required applicants for a license to prove that all taxes were paid, the Director of PVD sent out a directive to all appraisers shortly after we adjourned last year, telling them they needed to collect taxes under KSA 1434, a 70 year old law which had been largely ignored up to that time. This law requires a merchant to pay a full year's property tax on any merchandise brought into the state and offered for sale whether sold or not.

1/21/86 Sen. A+T
Attachment 1

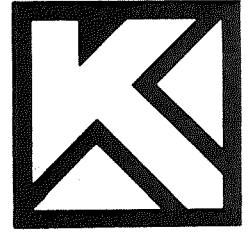
Antique shows, gun shows, toy shows, vendors at county fairs and trade and convention shows in every end of the state were besieged with requests from appraisers for lists of exhibitors and in a few cases, exhibitors were actually assessed taxes on their merchandise. Several trade shows and antique shows actually were cancelled due to this totally unexpected linkage of the licensing requirement with the 70 year old law that had laid on the books like a sleeping dog for decades. Several of the shows will probably never come back to Kansas. We heard testimony that several major articles in national trade publications had told people do not show in Kansas - it has had a disastrous impact on convention and tourism. The Interim Committee was so horrified by what we discovered that we quickly prefiled bills with individual sponsors in an attempt to slow down the rush.

A number of my committee members wanted to simply repeal the 70 year old law and we considered it. But the Director of PVD pointed out that repealing this statute wouldn't solve the problem, since other statutes would still exist giving authority to tax. He also cautioned that any attempt to create exemptions had to be very clear, since courts construe property tax exemptions very strictly.

SB 412 therefore amends the 70 year old law by enumerating dozens of activities that are exempt. The list begins with those exempt from licensing under the 1985 act and adds the same clarifying and expanded exemptions are built into SB 411 as exemptions from licensing, though the property tax bill before you is really

the one of critical importance. We must pass this bill or one very similar early this session to reassure the trade and convention show industry and the hobbyists in all parts of the state that we really do welcome their shows to Kansas.

LEGISLATIVE TESTIMONY



Kansas Chamber of Commerce and Industry

500 First National Tower One Townsite Plaza Topeka, KS 66603-3460 (913) 357-6321

A consolidation of the
Kansas State Chamber
of Commerce,
Associated Industries
of Kansas,
Kansas Retail Council

SB 398 & SB 412

January 21, 1986

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the

Senate Committee on Assessment & Taxation

by

Bud Grant
Executive Director

Mr. Chairman, members of the committee. My name is Bud Grant and I appear here today as Executive Director of the Kansas Retail Council, a major division of the Kansas Chamber of Commerce and Industry. I appreciate the opportunity to offer comments on SB 398 and SB 412.

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 3,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 55% of KCCI's members having less than 25 employees, and 86% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

1/21/86 Sen. A&T
Attachment 2

Problems associated with growth of transient merchants over the past few years have caused both state and local governments to begin to license and regulate their activities. This concern has been shared by the retail community as many of the operating methods of transient merchants cause problems for the retailers.

Close to half of the states and literally hundreds of communities have now begun the process of licensing and regulating transient merchants. The states of Texas, Oklahoma, and Kansas all began this process during 1985. I am sure it is safe to say that none of these have undertaken this task without having to make some adjustments in the statutes or regulations involved. SB 398 and SB 412 represent such adjustments to the Kansas statutes.

In presenting the proposed transient merchant legislation to the 1985 legislature the purpose was to regulate the type of operation that you would typically see setting up in a vacant lot on a Friday night, selling merchandise through the week-end, and being gone by Monday morning. The legislation was designed primarily to accomplish two things: First to assure that state and local taxes were properly paid; and, second, to provide some type of protection to the consumer who purchases the products for sale.

While the list of exemptions contained within HB 2443 of the 1985 session was very extensive, one major field was inadvertently overlooked, that is, the trade show. The act became effective on July 1, 1985 and I think by July 2, 1985, it was obvious that this was an omission which needed correction.

Surfacing at the same time was a 1915 law requiring that transient merchants pay inventory tax on all products being sold. This statute had been virtually unenforced, with a few exceptions, since its enactment in 1915. However, now, with a definite transient merchant definition in hand, local assessors began asking transient merchants of all types to pay this local inventory tax, regardless of whether that merchant was exempt from the licensing and regulation of the transient merchant act.

As the interim committees began to study this problem this summer, the Kansas Retail Council appeared and recommended two changes to the statute. First we recom-

mended that trade shows be included in the exemption section as they were obviously not meant to be licensed and regulated as other transient merchants. Secondly the council recommended that KSA 79-1434 be repealed.

These two bills before the committee today speak to the property tax exemption, each with its own approach to the problem. SB 398 would repeal KSA 79-1434 and insert into the statute a list of prescribed types of property which would be exempt from the inventory tax. SB 412 would approach the problem by amending KSA 79-1434.

It is most important Mr. Chairman that the committee take action at the earliest possible time to correct the inequities contained in last years legislation. I appreciate the opportunity of appearing before the committee today and would be pleased to attempt to answer any questions.

DATE: JANUARY 21, 1986
TO: ASSESSMENT AND TAXATION COMMITTEE
FROM: F. MICHAEL GRIMALDI, ASSISTANT MANAGER
BICENTENNIAL CENTER, SALINA, KANSAS
SUBJECT: SB #398 AND SB #412

CHAIRMAN KERR AND MEMBERS OF THE COMMITTEE:

The management of the Bicentennial Center respectfully urges you to support SB 412 and amend KSA 79-1434 as filed by the Special Committee on Federal and State Affairs.

The Transient Merchant Licensing Act (KSA 1985 Supp. 19-2233, 19-2235, and 19-2237) in combination with KSA 79-1434 relating to the taxation of property has proven to be a disaster.

Our convention center lost a prestigious antique show in 1985 because of these laws. This was a show which attracted exhibitors, dealers, and collectors from throughout the country. We not only lost the show in 1985, but have been assured by the organizer it will not return until the situation is remedied.

As a result of that incident and others elsewhere in the state, Kansas has received some very damaging publicity nationally.

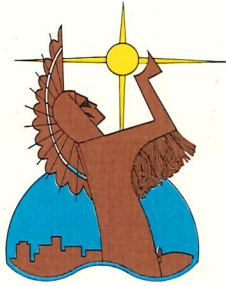
Conventions, fairs, tradeshows, and various entertainment events bring a lot of people into our state each year. That translates into millions of dollars for our economy.

We need legislation which will help that industry grow, rather than work against it.

Thank you for your assistance in this matter.

1/21/86 Sen. A+T
Attachment 3

WICHITA
*Convention &
 Visitors
 Bureau*



TESTIMONY

TO: Assessment and Taxation Committee

FROM: Joe E. Boyd, President
 Wichita Convention & Visitors Bureau

RE: Senate Bill 398 and Senate Bill 412 Relating to the Taxation
 of Property

GIVEN: January 21, 1986
 State Capitol
 Topeka, Kansas

As President of the Wichita Convention and Tourism Bureau, Inc., the delegate agency for promoting conventions and tourism for the City of Wichita, I am here today to testify on behalf of Senate Bill 398 and Senate Bill 412 as it pertains to the taxation of property, exemption of certain property from taxation, and the repeal of K.S.A. 79-1434.

I am not opposed to the exemptions contained in Senate Bills 398 and 412 with the following exceptions: lines 23 and 24 of Senate Bill 398 and line 24 of Senate Bill 412. Specifically, I am concerned with the phrase "personal property which is held for sale, exhibition, or display solely for the following described purposes at a site temporarily occupied for such purposes for a period of not more than 14 days in any one year".

The example of which I am about to recite might be one of an extreme nature, but one that has a significant impact upon the economy in Wichita Kansas.

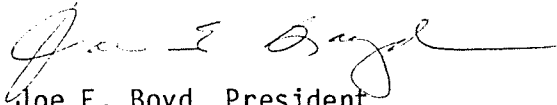
Beginning approximately February 1, 1989, Wichita will be host to the National Tournament of the American Bowling Congress. The tournament will be held in Wichita's Century II Convention and Exposition Center and will last some 90 to 120 consecutive days. The tournament and competition will be scheduled seven days a week, sixteen hours a day, within the confines of the Century II facility. My immediate concern is that during the tournament the American Bowling Congress will be selling t-shirts, bowling balls, bags, shoes, etc. for the duration of the tournament.

My interpretation of the language contained in lines 23 and 24 of Senate Bill 398 and line 24 of Senate Bill 412, is that the ABC would exceed the 14 days in one calendar year for personal property tax exemption. It is anticipated that the American Bowling Congress will spend an estimated \$15 to \$20 million in Wichita's economy during this four month period of 1989. Should the merchandise displayed and sold by the American Bowling Congress be subject to personal property taxation, Wichita's ability to host this important event would be severely jeopardized. Not only would the \$15 to \$20 million in revenue be lost to the city and state, but so would the national television coverage that accompanies the final week of tournament play, and which is telecast by one of the major networks nationally.

Testimony - Assessment and Taxation Committee
January 21, 1986
Page 2

As one promoter of conventions, expositions, and trade shows for the state of Kansas, I would ask the committee to give its consideration of the 14 day exemption and to substitute some language that might qualify the example that I have recited.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Joe E. Boyd", with a long horizontal flourish extending to the right.

Joe E. Boyd, President
Wichita Convention and
Visitors Bureau

THE RAMIFICATIONS OF K.S.A. 79-1434

Crisis of the Hobbyist

The last week of February, for the past nine years, the Vintage Camera Club and the club Daguerre-Darrah of Wichita have co-sponsored the Annual Antique and Classic Photographic Trade Fair Exhibit and Sale. These clubs are dedicated to the collection and preservation of our photographic heritage. Daguerre-Darrah specializes in stereo views, viewers and cameras; Vintage members collect magic lanterns, early photographic equipment, cameras and images. Through the years, we have become a quality show, bringing in exhibitors, not only from the Continental United States, but from Europe and Japan as well. Here we contribute our bit to the balance of trade. (The Japanese come only to buy.)

It is the only show of its type in Kansas. We have been able to bring to the collectors of Kansas, unique and exciting items; wood and brass cameras from the 1840-1880's, fine crafted viewers, rare images by famous photographers. But this year we have encountered The Transient Merchant Licensing Act and K.S.A. 79-1434, Merchandise of Transient Dealers Notice to Assessor Before Sales. The latter law has become cost-prohibitive for our group.

Ninety-six percent of our exhibitors are hobbyist; the remaining 4% often follow the shows and could be considered

1/21/86 Sen. A*
Attachment 5

professional. The majority is composed of farmers, teachers, mill hands, preacher, mailmen, and clerks. Many are retired or on fixed incomes. We call them exhibitors because they are not dealers. They do not buy or sell at a show anywhere else the remainder of the year. They haunt the garage sales and flea markets adding "treasures" to their collections.

Many of our exhibitors tell us they save up the whole year in order to come to Wichita. They save a certain amount for their space; a certain amount for food, etc. Each year they have mailed in their state sales tax (as has the show). Now we must tell them they must pay an additional tax. Over the years, these people have become our friends-our fellow collectors-they keep an "eye out" for what we collect, too. They must pay for gas to get here, (and gas to go home); two or three nights lodging; at least 6 meals; and their space. We bring in about thirty-eight out of state tables, plus 700 to 1,000 collectors through the door. At least half of our "door" is from out of state. They come caravan from Tulsa, Oklahoma City, Kansas City, St. Louis, Lincoln, Omaha, and Denver. These people, too, stay at motels and purchase meals. We usually write the host motel a check for \$1,000+, that's just for our show rooms and banquet. We buy advertising space in newspapers throughout Kansas. We order 5000 posters from Towanda, Kansas. We pay \$300.00 for overnight security. We just don't have enough left in the treasury to pay the assessors tax for them. We don't make money, but we do try to break even. We can't even try to determine what they will bring. If

someone bought a daguerrean camera, it would ruin us.

We exhibit only antique or classic photographica. We use this criteria antique = 100 years or older. The 1920's-1940's usually comprise the "classic conotation". No new items are allowed. We do not compete with local camera dealers. The local Wichita camera stores support us, handing out posters, calling one of us if they make a "find". One Wichita dealer buys space, as do dealers from Topeka and Kansas City. They use the show as a vehicle to sell all their trade-ins. This is one ripple effect from our show. The local camera store owner can give you a better trade-in deal, knowing they can probably turn your old camera at the Photographic Trade Fair. This revitalized enforcement could adversely affect your "trade-in" allotment.

In the past we have stressed the historical importance of our show. We encourage our exhibitors to bring their unique items. They are assured of an appreciative audience. Many groups make arrangements to tour our show - historical society members, girl scouts, women's groups. Last year a gentleman from Dallas brought a megaethascope. A megaethascope is a pre-photographic viewing device approximately 4 x 6 feet on a large stand. There are very few remaining: One in the Albert and Victoria Museum in London; one at Eastman House. Last year one was in Wichita, Kansas! This item was the highlight of the show. The media attention increased our gate. It did not sell, but it was available should a Kansas museum have desired it. Enforcement of K.S.A. 79-1434 would, we fear, discourage if not halt our people from bringing historically significant

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items to Kansas.

Through the show we find many items a home. People bring in all kinds of unusual photographica. A large box of glass slides was purchased at a flea market. It contained hundreds of glass views from the 1880's-1890's from a city in Iowa. Each slide was cased, indentified and dated - churches, new houses, a new store, main street, even interiors (rare for that era)-a new steam tractor and several views of a broom factory burning. The historical buffs from Iowa were thrilled. To them it was priceless. The question is: Would the exhibitor buy it? If he'd known it/would be taxed, probably not . . . to him it wasn't that important.

An out of state collector has in his possession an old oak camera used by the Topeka police department years ago. He even has the fingerprint attachment! Normally he would bring that item to the show. Some collector of early Topeka history might love to take it home. Should he bring it and have it added to his tax debt, or increase the price to cover the tax? Either way the Kansas collector looses.

We are a small show compared to antique shows. We started nine years ago in a church basement. For our first "big" show each club "kicked in" fifty dollars. Slowly we have grown in size and reputation. For the last eight years we have brought in speakers - authorities in their particular fields. We have made it a learning experience.

Because of K.S.A. 79-1434 we have canceled the February 1986 show. The Kansas collectors will loose. We will loose.

We are listed with the National Photographic Society. By cancelling we have lost our show date. The last weekend of each February, not only for 1986 but 1987-88 as well. We are collectors not merchants. We are closed for this year. We will be closed permanently if K.S.A. 79-1434 is not abolished or amended.

Vintage Camera Club
Kirk Graham, Treasurer



2562 Victoria
Wichita, Kansas 67216
316-265-0393

klb



SEDGWICK COUNTY, KANSAS

BOARD OF COUNTY COMMISSIONERS

DONALD E. GRAGG
CHAIRMAN
FIRST DISTRICT

BUD HENTZEN
CHAIRMAN PRO-TEM
THIRD DISTRICT

TOM SCOTT
COMMISSIONER
SECOND DISTRICT

COUNTY COURTHOUSE • SUITE 320 • WICHITA, KANSAS 67203-3759 • TELEPHONE (316) 268-7411

SENATE ASSESSMENT AND TAXATION COMMITTEE

The adoption of the Transient Merchants Licensing Act created an awareness and legal obligation for counties to enforce the act. Sedgwick County is concerned about their inability to provide uniform and equal enforcement of the Transient Merchants Licensing Act.

Legislative remedy is needed but we are also concerned with the introduction of legislation which provides property tax exemptions. With such a bill loose and amendable it creates the opportunity for numerous and varied exemptions to be added. Sedgwick County has consistently opposed any legislation which further erodes the property tax base.

Inventory taxes in general are a problem but will be addressed by the Constitutional Amendment vote in November of 1986.

Sedgwick County supports the repeal of the Transient Merchants Licensing Act.

1/21/86 Sen. A+T
Attachment 6



EXECUTIVE MANAGER
STEVEN R. ROSENBLATT

Steven R. Rosenblatt
Executive Manager
Kansas ExpoCentre

TO: MEMBERS OF THE ASSESSMENT AND TAXATION COMMITTEE

Members of the committee, I am Steven Rosenblatt, the Executive Manager of the Kansas ExpoCentre, and I thank you for allowing me to be here to speak to you about issues of importance to the economic success and survival of the Kansas ExpoCentre, other convention facilities in the state and the trade show industry in the State of Kansas in general.

Several months ago, I received a letter from Mike Grimaldi of the Bicentennial Center in Salina detailing the events surrounding the cancellation of the third Regal Rose Antique Show due to a combination of the transient merchant licensing act and the personal property tax. A cancellation that cost the Bicentennial Center several thousand dollars - a loss that somehow must be made up by the local taxpayers and a financial loss of even more to the entire local community - a loss which may never be made up.

In September, I received a letter from Terry Brotherton - a producer who had a trade show scheduled at the Kansas ExpoCentre in 1987. Along with his letter, he enclosed an article from a recent issue of Old Cars Weekly - a national publication he claims has several hundred thousand subscribers. Mr. Brotherton states in his letter he was looking forward to bringing his show to Kansas and I quote, "However, after reading the attached clipping, it is my opinion that your elected state officials have just about eliminated Kansas from the trade show business." He goes on to say that I should work with facility managers and again I quote, "...because unless something is done, there will not be any more trade shows in your state." He concludes his letter with a P.S. - quote, "Attached is some informa-

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1/21/86 Sen. A&T

tion on our 1985-86 tour that will give you a better idea of what we had hoped to bring to Kansas."

The article Mr. Brotherton enclosed starts off with, "A new state law in Kansas, requiring licensing of transient merchants, is hurting trade shows in that state." It states that a Salina antique show and sale was cancelled after the promoter realized the new state law would be too costly. The Producer was quoted as saying, "Until the laws are changed, there will be no more trade shows in Kansas."

The article continues with a brief section on George Kuehler of Continental Show Ltd. in Wichita. He was quoted as saying, "Several of the dealers will probably never come back to Kansas to do a show, this is my last trip to Kansas."

Ladies and gentlemen, in this state we already have liquor laws which many feel are stifling our economic well-being and give others a negative opinion of us. You, as elected officials, have exhibited the courage and wisdom to allow those laws to be changed. Now we have trade show laws which also stifle our economic well-being and further enhance the negative opinion others have of us. Please have the wisdom and the courage to change these laws.

I know we are here to discuss the Licensing of Transient Merchants; however, K.S.A. 79-1434 (the 1915 property tax law) probably has more of a negative effect on trade shows in Kansas, so I would like to deal with these issues in relation to convention facilities across the state.

I would recommend that, at the very least, the laws be amended, changed or modified to exclude organized trade show activities which take place at convention facilities across the state. This action needs to be taken NOW - not in 1987 as it will take convention facilities at least one year from the date of the change in the law to reschedule all the shows that were cancelled, IF they even wish to return. We could realistically lose over two years of trade show business in this state if action is not taken very soon.



My reasons for excluding organized activities at convention centers is as follow:

- o The event pays rent to the facility. If the facility is municipally owned, the money is, in effect, paid to the municipality. If the facility is a convention hotel or maybe even in the future a privately owned convention center, the municipality still receives funds as a result of the event. The event leaves SOMETHING in the community!
- o If the event is in excess of one day, as most are, the transient merchants become consumers at a community's lodging and eating establishments, thereby putting money into the communities and private businesses across the state.
- o The event pays the facility for some sort of event labor, janitors, security, etc. and therefore creates jobs for our state's residents.

The true "Transient Merchant," the one in the van or pick-up who comes into town on Friday and sets up - and I use the term loosely - "shop" on empty lots or deserted gas stations has no intention of returning anything to the community. Their attitude reminds me of a Woody Allen movie - "TAKE THE MONEY AND RUN! Their desires, goals and objectives are to take as much from the community as possible while leaving as little as possible.

The Kansas communities of Topeka, Salina, Wichita, Hutchinson, Kansas City and others have invested taxpayers money in an amount in excess of 125 million dollars in publicly owned convention facilities. Privately owned hotels in Topeka, Wichita, Overland Park and other Kansas communities have also invested many millions of dollars in convention facilities or are extremely dependent on business brought to the convention facilities. These facilities should not and can not afford to pass up events which bring revenue to their own bottom lines as well as revenue to local hotels, motels, restaurants and retail establishments.



As the publicly owned facilities lose their ability to attract trade shows, the burden of any increased deficit will be shifted to and placed on the local taxpayers, thereby, in effect, penalizing the residents of Kansas and costing the community the jobs associated with the convention facility.

In requesting exemptions for organized activities at convention facilities, I fully realize I have only addressed these issues from the convention facility standpoint. I realize there are other components necessary to be discussed before these issues can be resolved.

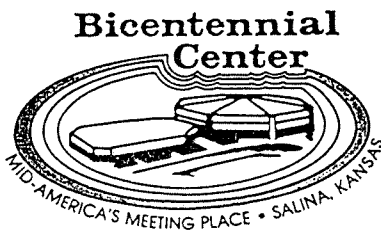
Exempting or excluding organized activities at convention centers might not be the entire solution, but it will allow us to compete for trade shows on equal terms with 49 other states, and I, for one, will certainly be willing to serve on any committee or fact-finding group working to improve these laws.

The cancellation of trade shows at our facilities has already demonstrated the economic damage that is happening as a result of these laws. We cannot afford to gamble any further with the taxpayers' 125 million dollar investment in convention facilities for the sake of the relatively few dollars generated by these laws.

These laws, if left unchanged, will spell disaster for every convention center, convention facility and exhibit hall in the State of Kansas.

Thank you for listening to this position on this important issue.





August 20, 1985

Mr. Steven R. Rosenblatt
Kansas Expocentre
3139 S.E. 29th Street
Topeka, Kansas 66605

Dear Steve:

On July 1, 1985, House Bill #2443, "Licensure of Transient Merchants," went into effect (copy of the Bill is enclosed). Our policy has been to inform tenants of any special licensing requirements. When the manager of the Center became aware of this law in early July, we were instructed to inform all clients who might be affected and instruct them to contact the County Clerk for further information.

The Regal Rose Antique Show (produced by Marita Wornom of Bethany, Oklahoma) had been held in the Center in 1983 and 1984 and was booked for July 24-28, 1985. This show had approximately 30 exhibitors from 15-20 states. Marita received a copy of the Bill around the second week in July when she was in town to place advertising. She stated she would touch base with the Clerk when she came back in advance of the show. On July 23, 1985, Marita visited with representatives of the Saline County Clerk's office and was informed that she would need to acquire a license. Marita was willing to go along with this new regulation; however, she was informed that prior to receiving the license the County Appraiser would assess all goods for sale. Marita was confused by the assessment since she had never been assessed before, and this was her third Salina show. She was informed that her show should have been assessed in past years and that it was an oversight on their part. KSA #79-1434 enacted in 1915 states that personal property tax must be paid on all goods brought into the State for sale. Apparently this law has been enforced to varying degrees in each county in the state.

Because of this tax, Marita cancelled her show, and other shows since have questioned whether they will come to Kansas. The two main problems I see with these laws are (1) It appears most events coming into facilities like the Bicentennial Center can get by without obtaining the License. All events that have property for sale should be assessed. This will include gun shows, antique shows, and even concert novelty items such as T-shirts. (2) The law should be enforced equally in all counties, which might place each of us in a position of checking on each other to insure that we are all suffering equally.

All in all, I think these laws have a very strong negative effect on our ability to attract certain events and hope that you will pass your thoughts on this issue along to your legislators. We would appreciate hearing your thinking and ideas on how to deal with this matter.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Mike", written in dark ink.

F. Michael Grimaldi

Copies to Sam Fulco, James Clancy,
George Jaworski, Mark Lair

TERRY BROTHERTON ENTERPRISES

MAIL: P.O. BOX 10

DENVER, N.C. 28037

TELEPHONE: 704-483-5916

September 7, 1985

Laurie A. Ward
Kansas Expocentre
One Expocentre Drive
Topeka, Kansas 66604

Dear Laurie:


I have been looking forward to February, 1987 and bringing our racer auction and trade show to Kansas. However, after reading the attached clipping, it is my opinion that your elected state officials have just about eliminated Kansas from the trade show business.

Most likely you and other facility managers are not aware of this new law. There is no way that trade show exhibitors will pay a \$250 license, post a cash bond of \$2,000 and pay property merchandise tax on their products.

I am sure there are several halls in the state that can not survive without trade shows. I do hope you will look at this situation and perhaps discuss it with other facility people, because unless something is done, there will not be any more trade shows in your state, which means reduced income for the various business people in cities that have previously hosted such events.

Please advise me as to what you know on this matter,

Sincerely,



Terry Brotherton

P.S. Attached is some information on our 1985-86 tour that will give you a better idea of what we had hoped to bring to Kansas.

FROM TERRY BROTHERTON

IN NORTH CAROLINA

New Law in Kansas Hurts Trade Shows

A new state law in Kansas, requiring licensing of transient merchants, is hurting trade shows in that state.

An antique show and sale in Salina, Kan., scheduled for late July, was cancelled after the promoter realized the new state law would be too costly.

Marita Warnom of Oklahoma City, promoter of the Regal Rose Antique Show and Sale, cancelled the event because of the licensing law and another law that requires property tax payments on merchandise offered for sale by out-of-state sellers.

"Until the laws are changed,

there will be no trade shows in Kansas," Warnom said.

One of the state laws took effect July 1. It requires transient merchants to obtain a \$250 license and pay a cash bond of \$2,000 or five percent of the wholesale value of the goods, whichever is less. The bond is refundable a year after its issue.

The other law, enacted in 1915, requires transient merchants to pay property tax on any out-of-state merchandise offered for sale.

The promoter of another antique show held his show despite the laws.

George Kuehler, of Continental Show Ltd. in Wichita, said a team of appraisers sent to the show collected \$833.95 for one afternoon.

Kuehler said about half of the 36 exhibits at the show were from out of state and subjected to the tax. He added that his show has been deemed exempt from the license fee, but he had been forced to pay property taxes.

"Several of the dealers will probably never come back to Kansas to do a show," Kuehler said. "This is my last trip to Kansas."

Old law creates new worries

By ANITA MILLER
Capital-Journal business editor

A 1915 state law that collected dust on the shelves is now creating havoc for the trade show industry, conventions and hotel business, and may potentially give Kansas a "black eye" across the nation if it isn't dealt with deftly by legislators.

The law deals with the personal property taxation on the inventory of transient merchants, and basically was never enforced in most counties in the state until July 1 of this year when a new law requiring the licensing of transient merchants went into effect.

"It was not designed to do what it's doing," says Bud Grant with the Kansas Chamber of Commerce and Industry, who lobbied for the new law's passage. "We were addressing the problem of the guy who pulled in on Friday night and set up a stand with stereos or blue jeans or shine-in-the-dark pictures. It had nothing to do with trade shows."

Neither law was intended to tax or regulate the "legitimate organized shows," but the end result has been that the older law has farther-reaching implications than anyone ever envisioned. That has set off anxiety in show circles, meant negative publicity for the state in at least two national trade magazines, and resulted in county clerks and county appraisers receiving voluminous numbers of telephone calls from "nervous craft ladies" and other people planning shows.

More importantly, the resurrected law has the potential to turn off convention planners and promoters who could bring trade shows — and ultimately a turnover of dollars — to the state, according to John Ryberg, director of Salina's Convention and Tourism Bureau. Salina has been faced with the most problems over the laws so far.

"There's talk all over about what's happening in Kansas. We want to get a handle on this before they (more shows) come to town," Ryberg said.

Steve Rosenblatt, executive manager of the Kansas Expocentre, agrees, saying the two laws can affect the same show differently and it becomes "confusing for the person who wants to come in and have a show."

Revisions to one or both laws will likely be facing legislators when the 1986 Legislature convenes in January. Some convention people want to completely get rid of the licensure law because they say it is "cumbersome"; others want it amended so that retail dealers are exempt.

Three legislators — Sen. Ben Vidricksen, R-Salina, Sen. Phil Martin, D-Pittsburg, and Rep. Clint Acheson, R-Topeka — have been working in a special study group to get changes drafted for the next session to consider. Vidricksen said several options are available: to repeal the 1915 law, make more exemptions in the new law, or amend the 1915 law

to make it compatible with the new law.

Vidricksen said he also has asked the attorney general to consider the constitutionality of some parts of the 1915 law.

"This is really causing some serious problems. People who have shows from out of state are really nervous," Vidricksen said. He said when the Salina County appraiser collected \$30 in taxes at the county fair, with the top bill around \$8.50, "that made people angry and they said they won't come back. The money you collect from these shows

the Cessna Center. Phillips said the promoter was from Texas and normally has three shows a year in Wichita. The same promoter has a show scheduled in November and Phillips is hoping he'll still come.

Lemon said the antique show promoter who decided to cancel a show in Salina took her case to the public and has been quoted in at least one national trade publication. "She was upset by the fact that it came as a surprise," Lemon said. There was one story in the August edition of Old Cars Weekly, a newspaper for antique car enthusiasts, and another

aches," he said. "Other areas include shows at hotels, which are scheduled to draw in people during periods when conventions aren't booking all of the facilities.

"No one understands the law, and everyone is enforcing it different. Either they're overlooking it, using the soft-glove approach or following the letter of the law," Ryberg said. "Our people felt they had to go by the law."

Gary Smith, Shawnee County appraiser, said his office is still patrolling the main streets of Topeka on weekends, looking to collect taxes from merchants set up on street corners and parking lots, but he said he hasn't instructed any of his workers to go to craft shows to tax dealers there.

"There are some real nervous craft organizations out there. We looked at that law and thought we could go in and make out 50 tax statements for 10 bucks a piece, but that's not to mention my man's time," Smith said. "The little old craft ladies have been real upset. I tell them to go ahead and have the show. I don't think they (the legislators) thought it would create all of this hullabaloo when they wrote that (the new law)."

Smith said there also is a problem of determining the value of some of the items, such as at a "starving artist" sale. "What's it really worth? The frame, plus the canvas or what? I never tried to go out and do one of them because of that," Smith said.

Paula Moege, the personal property supervisor in the Shawnee County appraiser's office, said the county will deal later this month with the first antique show since the controversy has started. Moege said she has suggested that the dealers bring in their inventory lists before the show opens, then appraisers and the sheriff's officers won't have to go to show to issue a tax warrant. Moege said if the dealers have already paid the tax on the same inventory in another county, they'll just have to show proof of that and won't be taxed again.

Shawnee County picked up \$24,794 in personal property taxes on "tool and trinket sales" in the past three years, but those tax dollars came to an abrupt stop after July because the merchants didn't want to deal with the cost of both a license, which is \$250 plus a bond, and the taxes. The taxes were collected on tools, rugs, china, shrimp and other merchandise.

Pat McDonald, Shawnee County clerk, said the new law has "caused more telephone calls than anything that was passed in the 1985 Legislature. We're receiving a lot of calls on it. It's becoming a nightmare."

McDonald, like other county clerks, is responsible for issuing the licenses. She has the forms ready, but no one has bought one yet. According to a survey of the 10 most populous counties in the state, there has been only one application for a license



—Staff/Pat Marrin

is peanuts compared to the amount those people spend and the amount they bring into a community's economy."

Vidricksen said he had heard that a national television news show had called promoters of one show in Wichita to question them about the effect of the transient merchant laws.

"This is all we really need to give us a black eye," he said. "We hope these trade show people will see the action we're taking. If they know the Legislature is looking at it, maybe they'll still plan conventions."

The push to enforce the 1915 law peaked in late July in Salina when Salina County Appraiser Darrell Lemon told the promoter of an antique show about the inventory tax. The promoter, who was from Oklahoma, canceled the show. Later the same week, appraisers in Sedgwick County arrived at the Cessna Activity Center 15 minutes before an antique show was to begin and appraised the inventories of dealers.

"It caused us some trouble," according to John Phillips, manager of

in a national antique dealers' magazine.

An antique toy show scheduled in Salina for October was canceled after the July show was canceled, but then the promoter, Jack Percival of Topeka, rescheduled it. Percival worked out a deal to pay for the taxes on the out-of-state dealers ahead of time and then raised the table fee to cover it. In-state dealers are supposed to pay the inventory tax in the county in which they live, Percival said.

"This is a poor, poor law," Percival said of the 1915 law.

Ryberg said he is concerned about the enforcement of the laws through the next three months, which are considered the season for trade shows, until legislative action can be taken.

"This may affect ag shows, rodeos, rock concerts, festivals, all kinds of festivals," he said, adding that trade shows at conventions for various professional groups could be affected as well if the merchandise is sold at the show and not ordered.

"This is going to cause real head-

Friday, September 13, 1985

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The Topeka Capital Journal

Opinion

Editorials

In God We Trust

Unnecessary black eye

Kansas has many good things going for it: clean air, open spaces, lakes, unique scenery, friendly people. But it also has its legal idiosyncrasies. Unfortunately, with many outsiders, Kansas has gained a reputation more for the latter than the former.

The latest example is the rediscovery of a 70-year-old law that allows collection of personal property taxes on inventory of transient merchants. The law had been forgotten until a new law requiring the licensing of transient merchants went into effect this summer. As a result, ambitious county assessors are pursuing this new source of revenue not just on street corners but also at convention centers and trade shows.

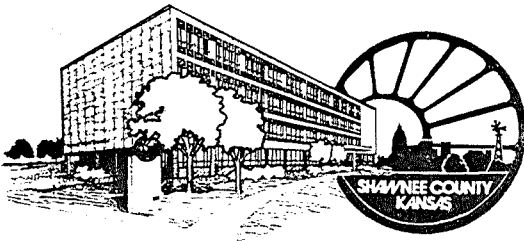
The result has been negative publicity for the state in national trade journals. In addition, some promoters have pulled their shows out of the state. And who

would blame them?

Trade shows are drawing cards for the host cities. They bring in outsiders who spend money in stores, in restaurants, in motels. Local merchants benefit and so do local and state coffers from the sales tax that is collected when they spend money. The new procedure, however, has generated more ill will than revenue.

No one is arguing against the licensing law. Requiring a license of those seeking to do business in a community is reasonable. It serves as a screen to weed out unethical dealers. That is a boon not just to the consumer but to the legitimate dealer as well.

The culprit is the 1915 law. Now that it has been taken from the shelf, the Legislature should make sure it gets tossed out as soon as possible. It is giving Kansas a black eye it doesn't need.



Shawnee County Attachment 8
Office of County Appraiser

GARY M. SMITH ASA, CKA
APPRAISER

ROOM 102
295-4100

COURTHOUSE
TOPEKA, KANSAS 66603

January 21, 1986

Senator Fred Kerr, Chairman
Senate Assessment and Taxation Committee

RE: Transient Merchant Inventory

As I read Kansas Statute 79-1434 it is obviously a plan to protect local merchants from trade by non-resident merchants who come into their trade area with special sales at discount prices, then leave holding no obligation for warranty on merchandise sold.

I feel with all the legislation which has been introduced on Transient Exemption we have the same problems we had last year.

Licensing may be the best solution to handling merchants of all kinds which pass through the State as opposed to taxation. However, the bills as introduced exempt most merchants from taxation and licensing.

The Appraiser will do his best to comply with what ever the legislation passes but would hope most of the confusion can be removed prior to final passage.

Sincerely,

Gary M. Smith
Appraiser ASA, CKA

kb

1/21/86 Sen. A+T
Attachment 8