

Approved 3/24/89
Date

MINUTES OF THE House COMMITTEE ON Taxation X Keith Roe zave

The meeting was called to order by Representative Keith Roe at
Chairperson

9:00 a.m. ~~pm~~ on March 23, 1989 in room 519-S of the Capitol.

All members were present except:

Representative Fry, excused

Committee staff present:

Tom Severn, Research
Chris Courtwright, Research
Don Hayward, Revisor's Office
Lenore Olson, Committee Secretary

Conferees appearing before the committee:

Representative Sughrue
Representative Brown
Harolyn O'Brien, President, Kansas Arts Commission
Dorothy Ilgen, Director, Kansas Arts Commission
William Watson, President, Union National Bank, Wichita
Emily Ogle, Director, Downtown Dodge City
Katie Pyle, Topeka Symphony Society Board
Ron Temple, farmer-stockman, Norcatur
Joe Warner, Salina City Commissioner
Richard Rostenberg, Greater Kansas City Video Software Dealers Association

Representative Sughrue testified in support of HB 2519, stating that the Arts are important in our daily life, are necessary to the future of Kansas, and are a vital part of economic development. (Attachment 1)

Representative Brown testified in support of HB 2519, stating that in spite of a few recent successes, Kansas still remains at the bottom of the nation in commitment to arts and culture. (Attachment 2)

Harolyn O'Brien testified in support of HB 2519, stating that a 2% user fee on VCR rentals will assist the State of Kansas to provide continued support for the Arts Industry. (Attachment 3)

William Watson testified in support of HB 2519, stating that he is convinced the Kansas Arts Commission needs a new, growth-oriented source of revenue in order to carry out its mission of making cultural opportunities available to the people of Kansas. (Attachment 4)

Emily Ogle testified in support of HB 2519, stating that with passage of this bill, present programs can be expanded; those small communities who have very limited resources for developing funds for arts and culture activities can have a greater opportunity of bringing the arts closer to home. (Attachment 5)

Katie Pyle testified in support of HB 2519, stating that this bill will provide encouragement of development of new and existing arts in Kansas and that Kansas needs to improve the cultural image they show to the country. She also read a resolution by The Topeka Symphony Society. (Attachment 6)

Ron Temple testified in support of HB 2519, stating that offering theater in a rural area provides a place to involve many, many people in theater arts, and that HB 2519 is a positive assessment. (Attachment 7)

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Taxation,
room 519-S, Statehouse, at 9:00 a.m./~~p.m.~~ on March 23, 1989

Joe Warner testified in support of HB 2519, stating that he believes it to be a mechanism that both proposes a noble and needed effort -- providing funding for arts and cultural development activities in this state -- as well as identifying a funding source. (Attachment 8)

Dorothy Ilgen testified in support of HB 2519, stating that the per capita funding in Kansas is about 43¢ and per capita funding nationally is about \$1.10.

Richard Rostenberg testified in opposition to HB 2519, stating that this bill is unfair and discriminatory. (Attachment 9)

Chairman Roe concluded the hearing on HB 2519.

A motion was made by Representative Fuller; seconded by Representative Aylward to amend HCR 5013 on page 6, line 136 to change the date from April 4, 1989, to June 6, 1989.

A substitute motion was made by Representative Smith and seconded by Representative Shore to report HCR 5013 adversely. The motion carried with a vote count of 13 yes and 6 no. Representatives Spaniol, Adam, Lowther, Vancrum, Snowbarger, and Long requested to be recorded as voting "no."

A motion was made by Representative Charlton and seconded by Representative Roy to amend HB 2524 on page 4, line 120 by inserting a new section to read as follows: "New Sec. 3. Any entity to which funds are provided for convention and tourism promotion purposes from moneys received pursuant to K.S.A. 12-1693 or K.S.A. 12-1697, and amendments thereto, or pursuant to any charter ordinance or resolution which imposes a transient guest tax, shall provide to the city or county, as the case requires, an accounting of the expenditures of such funds in accordance with generally accepted accounting standards and procedures."; By renumbering existing sections 3 and 4 as sections 4 and 5 respectfully; In the title, in line 17, after the semicolon by inserting "requiring an accounting of funds expended by certain entities;"
The motion carried. (Attachment 10)

A motion was made by Representative Dean; seconded by Representative Lowther to amend HB 2524 on line 26 of page one to 6% instead of 2%. Representative Dean requested removal of his motion.

A motion was made by Representative Dean; seconded by Representative Aylward to report HB 2524 adversely. The motion failed.

A motion was made by Representative Reardon; seconded by Representative Branson to pass HB 2524 favorably as amended. The motion carried. Representative Dean requested that he be recorded as voting "no."

The minutes of March 21, 1989, and March 22, 1989, were approved.

The meeting adjourned.

HOUSE COMMITTEE ON TAXATION

DATE 3/23/89

NAME ADDRESS REPRESENTING

Dana F. Mill	Topeka	Budget
Ellen Morgan	Oberlin	ACAANK
HARDY (O'Brien)	LEAWOOD	KAC
Dorothy Egan	Topeka	Ks Arts Commission
Katie Pyle	"	Topeka Symphony Society Board
Roncia Lanny Gaudin	Goodland	Goodland Council
Harold Harsh	HOLTON	HOLTON Area Arts Council and USD 336.
Mary Kennedy McCabe	Lawrence	KAC
William D. Hays	WICHITA	KAC
Mona Willis	Wichita Ks	Kans. art Comm.
Michael Bradley	Lawrence Ks	Ks Alliance for Arts Educ.
Emile Osle	Sodge City	So Arts Council
Shirley Hochman	Manhattan	Legislature
Mike Beam	Topeka	Ks) North Amer.
Brod Swost	Topeka	Fourth Financial Corp
R. Dugle	Princeton	KAC
Alan Steppat	Topeka	Pete McGill & Associates
James Hamblin	Topeka	KDOR-PVD
John L. Hyslop	✓	KDOR
Dale H. Anderson	Topeka	KTWU-11
Jean Barber	Topeka	Travel Industry
Vance Killel	"	Video
Paul Meyer	Topeka	Video

STATE OF KANSAS

KATHRYN SUGHRUE
REPRESENTATIVE, 116TH DISTRICT
FORD COUNTY
1809 LA MESA DRIVE
DODGE CITY, KANSAS 67801



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
MEMBER: FEDERAL AND STATE AFFAIRS
ENERGY AND NATURAL RESOURCES
RANKING MINORITY MEMBER: GOVERNMENTAL
ORGANIZATION
MEMBER: MIDWESTERN CONFERENCE ON
HEALTH—COMMISSIONER ON
INTERSTATE COOPERATION

Mr. Chairman and members of the Taxation Committee

H.B. 2519 is an innovative approach to provide funding for the Kansas Art Commission.

The bill provides a 2% excise tax from the rental of video cassettes. The money would be administered by the Kansas Art Commission to be used to promote art and cultural development programs for the approximate 80 Art Councils in Kansas.

For several years Kansas has under funded Art Councils, ranking 42nd in the 50 states. Of the appropriation in the present budget, I understand a cut has been made in the budget for this session. We have consistently ranked near the bottom in state funding.

The Arts are important in our daily life that is vital of the people of Kansas in order to have access to cultural events and activities for over 500,000 Kansans each year. I sincerely feel that in this time of economic stresses, affordable access to the arts is necessary.

Artists and performing arts groups - dancers, actors, orchestras, painters, museums and ballet companies - are necessary to the future of Kansas. They make our state a pleasant place to live and helps attract new residents, new jobs and new money.

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Attachment 1

Also the arts are a vital part of economic development, both because of the jobs they create and because of their enormous contribution to the quality of Kansas life and thus to business location bringing in well over \$15 million to the economy of Kansas. According to the Redwood report that businesses do rank quality of life as one of the important factors in their decision to locate or expand in our state.

Thank you for the opportunity to speak for a program that I feel is very important. I urge you to pass H.B. 2519 in order to strengthen the Arts in Kansas by providing a provision to add more dollars to support the Arts.



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS

VICE-CHAIRMAN: LOCAL GOVERNMENT
MEMBER: GOVERNMENTAL ORGANIZATION
INSURANCE

NANCY BROWN
REPRESENTATIVE, 27TH DISTRICT
15429 OVERBROOK LANE
STANLEY, KANSAS 66224-9744
TOPEKA: (913) 296-7696
STANLEY: (913) 897-3186

TESTIMONY - HB 2519

Mr. Chairman and Members of the House Taxation Committee:

Unfortunately I have a previous commitment in another committee and am not able to be present at the hearing this morning. However, I do want to thank you for introducing HB 2519 and for holding hearings.

As an advocate of the Arts with a statewide interest and actively involved in my own county, I was asked to meet with members of the Kansas Arts Commission to discuss ways of funding arts and culture in Kansas. They proposed HB 2519 and I agreed to work with them along with other legislators to support their proposal.

You will hear conferees far more knowledgeable and eloquent than I, but I wanted to add my support to the bill and encourage the committee to recognize the significance of the arts in the state of Kansas. Too long the arts have been at the bottom of the economic development pile, when in reality they contribute significantly to the overall quality of life within a community and a state.

Success stories in other states can be told. . . and we even have a few of our own which I hope the Kansas Arts Commission will share with you. Yet, in spite of a few recent successes, Kansas still remains at the bottom of the nation in commitment to arts and culture. We can do better and we must if we are to move forward in recognizing the contribution the arts do make to economic development, as well as to pleasure, within our state.

HB 2519 is a significant step toward a commitment by Kansas to the arts. Your favorable consideration is encouraged. Thank you!

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Attachment 2

TESTIMONY ON H.B. 2519, 2% VCR USER FEE

By Harolyn O'Brien, President
Kansas Arts Commission

The Kansas Arts Commission, which was created in 1966 by the Kansas Legislature, is the statewide service agency for the Kansas Arts Industry. The Kansas Arts Commission provides technical and financial assistance to over 700 arts institutions and individual artists annually and fosters the growth and appreciation of the arts in communities throughout Kansas.

The Arts Industry in Kansas impacts upon our state in four major ways: economic development, quality of life, cultural tourism, and education. The arts are labor-intensive, supplying hundreds of jobs in Kansas for artists, technicians, and administrators.

The Art Industry in Kansas is undergoing significant growth. Kansans have always valued the important impact that the arts have on quality of life, and today, more and more communities large and small, urban and rural, are developing new arts institutions and programs to serve their citizens. For example, two new performing arts institutions - the Art Center of Topeka and the Performing Arts Center at Johnson County Community College - are currently being constructed. In rural communities, Kansas Arts Commission funding is serving as a catalyst for new or expanded arts activities in such communities as Harper, Courtland, Smith Center, and Strong City.

To meet the increasing demand for financial and technical assistance from the Kansas Arts Industry, the Kansas Arts Commission needs, in addition to its annual Legislative appropriation of State General Funds and Economic Development Initiative Funds and federal matching grants, a growth-oriented revenue stream. A 2% user fee in - addition to state and local taxes - on the rental of video cassette recordings would generate approximately \$1 million additional funding for the arts per annum.

Why a user fee on VCR tape rentals? VCR tapes are an arts product - created by actors, cinematographers, playwrights, directors, film editors and the like. Only persons who rent VCR tapes would pay the user fee - approximately 6¢ on a \$3.00 rental. Revenues from the user fee on this arts product would be used to underwrite the development and expansion of arts events and institutions throughout the state.

The Lou Harris Organization in 1988 conducted a national leisure time survey which noted that 55% of all households in the U.S. (48.7 million) own at least one VCR - an increase of 234% since 1984. The number of video cassette recordings rented has increased 290% in the last four years. Overall, the Lou Harris survey estimates that VCR tape rentals is a **\$2.6 billion business nationally**; Video Store Magazine reports on video rentals at an estimated \$4.5 billion annually!

The revenue from the 2% VCR user fee would be used to fund, through new KAC program categories, new and expanded arts services, programs and institutions as well as special activities such as cultural facility feasibility studies, community cultural planning, and cultural tourism

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attachment 3

marketing. Among such programs which would be created is a venture capital or seed money category for funding for new arts institutions or new programs.

In 1988, the State of Missouri created legislation which targets a 6% sales tax on VCR tape rentals for the development of an education program. Missouri officials expect to generate \$5.6 million during FY89. Other states and municipalities are also examining VCR user fees for the arts.

The Kansas Arts Commission's financial support has served as a catalyst for increased private, corporate and local government support for the arts. We recognize that while public support for the Arts Industry may always be outstripped by the increasing needs of arts institutions, a growth-oriented revenue stream should be able to keep pace with the rate of growth of the Arts Industry in Kansas.

Arts institutions have, from earliest history, relied upon the patronage of private individuals and institutions for support. Today, government agencies at the local, state, and national level have taken the place of the Medicis and other noble patrons. But because the arts industry is labor-intensive and unable to take full advantage of the technological revolution (for example, it still takes about 100 persons to perform Beethoven's Ninth Symphony, just as when Beethoven wrote it 160 years ago), the costs for arts events will continue to rise. The Arts Industry operates on very limited budgets and has long been dependent upon the vagaries of public and private support.

A 2% user fee on VCR rentals will assist the State of Kansas to provide continued support for the Arts Industry and to recognize the importance of developing new programs and institutions to provide arts events for our citizens and to visitors to our state.

KANSAS ARTS COMMISSION - BUDGET COMPARISON

	FY89 Estimate	FY90 (House Appropriation Committee)	FY90 And VCR User Fee
Agency Administration	\$ 395,555	\$ 452,181	\$ 558,087*
Program Funds	1,226,295	1,225,694	2,079,906**
TOTALS	\$1,621,850	\$1,677,875	\$2,637,993

* Based on the KAC's estimate of additional administrative expenses (including one-time capital outlay of \$8,590) of \$105,906.

** Based on the KAC's estimated net revenue of \$854,212 (\$1,089,697 total revenue less \$118,682 for Dept. of Revenue administration and \$105,906 for KAC administration).

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TESTIMONY ON PENDING LEGISLATION: House Bill 2519

FROM: William G. Watson, President and Chief Executive Officer
 Union National Bank
 Wichita, Kansas

I'm here because I'm convinced the Kansas Arts Commission needs a new, growth-oriented source of revenue in order to carry out its mission of making cultural opportunities available to the people of Kansas.

Each year, arts organizations compete for a finite source of financial assistance--the Kansas Arts Commission program funds--which has not grown in proportion to the growth in the Kansas arts industry. For example, the Kansas Arts Commission is facing a 33% increase in funding requests for Fiscal Year 1990 and a status quo budget.

The Kansas Arts Commission has achieved much with consistent support from the Legislature. The point has been reached, however, where progress depends upon a stronger source of revenue, beyond the level possible through current general fund revenues.

The question is what would be the best source of additional revenue. The legislation proposed here would establish a 2% user fee on the rentals of prerecorded video materials, in addition to existing state and local sales taxes.

A 1988 Lou Harris survey estimated the national video-rental market as generating \$2.6 billion annually, and industry projections place this figure even higher.

In Wichita alone, there are more than 50 retail outlets primarily devoted to renting videos to the public and probably as many more stores that rent videos as a sideline.

*3/23/89
 Attachment 4*

FROM: William G. Watson, President and Chief Executive Officer
Union National Bank
Wichita, Kansas

A 2% user fee on video materials would yield 6 cents on each \$3 rental. Projections indicate this fee would generate from \$1 million to \$1.3 million per year in additional revenue for the arts in Kansas, applicable following the initial set-up and administrative costs of the first year.

Prerecorded video materials are products created by artists and arts technicians. The excise tax thus represents a user fee to generate revenue for support of the arts and entertainment industry in Kansas.

Citizens already pay user fees at swimming pools, golf courses, zoos, recreation centers, and softball complexes. The State of Kansas charges fees for hunting, fishing and boating, and citizens pay to use parks and lakes.

What is important to remember is that the revenues from user fees should be used to improve and enrich the experiences for which the fees are charged, for the persons who pay the fees.

I'm from Wichita, which boasts many cultural institutions and events: The Wichita Art Museum, Wichita State University, the Wichita Art Association, the Wichita Symphony Orchestra, the Mid-America All-Indian Center, the Black History Museum, the Wichita Children's Museum, Botanica-The Wichita Gardens, the Wichita Jazz Festival, and the Wichita River Festival.

While "Wichita" appears in many of the names, these are resources shared and supported by the people of Kansas. They come to Wichita to experience them, and, thanks to the Kansas Arts Commission, there are outreach programs that make it possible for Wichita artists to share their talents with other communities throughout the state.

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FROM: William G. Watson, President and Chief Executive Officer
Union National Bank
Wichita, Kansas

By helping communities to recognize the cultural needs of their citizens, the Kansas Arts Commission has made the arts industry a significant contributor to the Kansas economy. According to a 1985 University of Kansas economic impact study, the arts return \$3 to the economy for every \$1 spent.

The Tony Redwood report on economic development in Kansas emphasized the importance of the arts industry to the quality of life. It has been demonstrated repeatedly that this element plays a key role in the decision of businesses and industries to locate in Kansas, to remain in Kansas, or to become actively involved in the Kansas communities in which they're situated.

State funding for the arts industry has been a catalyst -- not a substitute -- for support from the corporate and private sector. Many corporations, such as the Union National Bank in Wichita, provide the funding necessary to match Kansas Arts Commission grants.

Corporate support has increased precisely because the state's leaders have demonstrated their commitment to maintaining the quality of life for their constituents.

The demands for increased funding are great, and there are no signs these needs will abate. That's good for the cultural health of Kansas, provided the Kansas Arts Commission can continue to meet these needs even at minimal levels.

The Commission has demonstrated what can be done. Now is the time to help it do more, for all of our citizens.

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My name is Emily Ogle and I have come from Dodge City to speak to you on behalf of House Bill 2519. I currently serve on the Dodge City Area Arts Council Board of Directors - I am not one of the talented ones - I do not paint, draw, sing, dance, act, or play a musical instrument; but, I do appreciate the arts, I appreciate the efforts and abilities of those who do have the talents and of those who "create" for their own satisfaction. I do now appreciate the awareness of the arts that my parents pushed on me as a child.

As a professional, I work in the economic development field. In Dodge, I am the Project Manager for the Downtown Dodge Main Street Program, a self-help revitalization program. Previously, I have been the Executive Director of the Phillipsburg and Beloit Chamber of Commerces. In each of these communities, economic development is the main objective of the organization - create an atmosphere that improves the economic situation, create jobs and enhance the quality of life. You - as legislators, and I - as one of the many professionals working throughout the State in economic development - have been creating programs to enhance our State's position in the development of businesses.

We market our communities as having industrial parks, incentive programs, expansion of infrastructure, city and utility cooperation and our own community's quality of life, including its educational system, recreational and sporting opportunities and the arts available. It is time we enhanced our quality of life opportunities, as we are creating the jobs. Specifically, I am addressing the ARTS. The Kansas Arts and Culture Development Program Fund which would be established by this Bill, can enhance our economic development efforts - money spent creates jobs along the way, and we know how many times one dollar will roll over in our own communities, and within the State.

Money spent encourages more interest and creativity. Programs both on the State and local levels can be developed for the encouragement of the youngster in the arts, and for the pleasure and enjoyment of the adult. With additional funds, present programs can

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be expanded; those small communities who have very limited resources for developing funds for arts and culture activities can have a greater opportunity of bringing the arts closer to home.

Not only will be able to give greater exposure to our arts within the State, but marketing opportunities for our creations and abilities to the visitor to our State, and to other parts of the country can even be pursued through our community's and State's tourism programs.

It is fitting that the vehicle that will create this fund, has been created by artists themselves. I urge your support of this Bill and the continuance of all areas of our economic development efforts in Kansas.

Thank you.

March 23, 1989

R E S O L U T I O N

Katie Pyle

BY THE TOPEKA SYMPHONY SOCIETY

WHEREAS THE ARTS IN KANSAS CONTRIBUTE SIGNIFICANTLY TO THE QUALITY OF LIFE IN OUR STATE; AND

WHEREAS THE QUALITY OF LIFE IN KANSAS IS IMPORTANT TO THE ECONOMIC WELL-BEING OF OUR STATE; AND

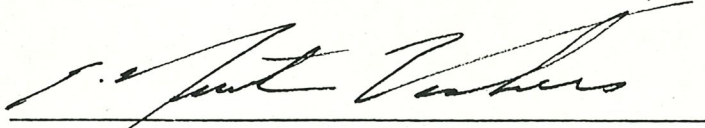
WHEREAS AN ARTS AND CULTURAL DEVELOPMENT PROGRAM WOULD ENHANCE THE ECONOMIC DEVELOPMENT EFFORTS OF OUR STATE; AND

WHEREAS THE TOPEKA SYMPHONY SOCIETY IS SUPPORTIVE OF ADDITIONAL STATE FUNDING FOR THE ARTS IN KANSAS; AND

WHEREAS, PASSAGE OF HB 2519 WOULD RAISE AN ESTIMATED \$1 MILLION ANNUALLY IN ADDITIONAL REVENUES FOR THE ARTS IN KANSAS; THEREFORE

BE IT RESOLVED: THAT THE BOARD OF DIRECTORS OF THE TOPEKA SYMPHONY SOCIETY FULLY ENDORSES AND SUPPORTS HB 2519 - THE 2% VCR EXCISE TAX FOR THE ARTS.

UNANIMOUSLY APPROVED: MARCH 21, 1989



E. NEWTON VICKERS, PRESIDENT

TOPEKA SYMPHONY SOCIETY

*3/23/89
Attachment 6*

TESTIMONY ON HB 2519
by Ron Temple
Rt. 1, Box 25
Norcatatur, Ks 67653

TAXATION COMMITTEE

Two years ago I wouldn't have been interested in House Bill 2519, but in October 1987 a group of young people called CORNERSTONE came to Norcatatur, Kansas, and put together a major theatrical production. This was made possible through a grant from the Kansas Arts Commission. Fifty people from the Norcatatur-northwest Kansas area were involved in the production, both on-stage and behind the scenes. In nine performances, 2700 people came to the theater in Norcatatur, a town of 199 people. Norcatatur received national publicity from this endeavor--the TODAY show, PEOPLE magazine, THE NEW YORKER magazine, CBS News, and THE KANSAS CITY STAR all featured stories about Cornerstone in Norcatatur. We also received coverage in local newspapers across Kansas, including THE SALINA JOURNAL and THE WICHITA EAGLE-BEACON.

Since Cornerstone left Norcatatur, I have been involved with a fundraising tour on the east coast and drove to Mississippi to watch a production. While I was in Port Gibbison, Mississippi, the concept of a need for rural arts grasped my imagination. Port Gibbison, a town of 2800--very poor and 80% black--enjoyed a production of ROMEO AND JULIET. Most of the audience was exposed to live theater for the first time--and it may be the last time if a rural arts program is not developed in Mississippi. Fortunately, Kansas does have a Rural Arts program through legislative initiative, but we need to insure the future growth of rural arts in our state.

Cornerstone has been gone from Norcatatur since early in 1988. Subsequently, we have involved ourselves with creating an arts council, and in the fall our first major theatrical endeavor will be undertaken when we present SGANARELLE, a play by Moliere.

Norcatatur is a rural area with lots of senior citizens. Farming dictates that our endeavors will be produced in the winter. The revitalization of theater in Norcatatur will help maintain our commitment to making Norcatatur a better place to live. We hope to nurture a new era in an ever-eroding population, and we also hope to have a commitment from the Norton Security prison to perform on their grounds.

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Attachment 7

Offering theater in a rural area provides a place to involve many, many people in theater arts. Our group intends to apply for a grant from the Kansas Arts Commission to help support this theatrical effort. Therefore, I feel that HB 2519 is a positive assessment. It is my fond dream that the Taxation committee will rule favorably on House Bill 2519.

Thank you for your time.

March 23, 1989

Committee On Taxation
House Of Representatives
March 23, 1989

House Bill No. 2519

Remarks By

Joe Warner, Vice Mayor
City Of Salina

Thank you Mister Chairman. It is indeed a privilege for me to be here today and to appear before the Committee On Taxation.

My name is Joe Warner and I am the Vice Mayor of the City Of Salina. I am present this morning to speak in support of House Bill No. 2519.

Believe me, as an elected public official, I can emphathize with you in your never-ending challenge to square the seemingly infinite wants and needs of our citizenry with the finite resources we have as our disposal to fund them.

That is why I come before you in support of HR-2519. I believe it to be a mechanism that both proposes a noble and needed effort -- providing funding for arts and cultural development activities in this state -- as well as identifying a funding source. In this case, the funds would result from imposition of an excise tax at the rate of 2% upon the gross receipts received from the rental of video cassette recordings.

Surely, the positive impact of this legislation will be seen in its ability to foster growth of new arts services, programs and institutions throughout Kansas. Additionally, it will assist with the expansion of existing arts programs and institutions.

My community, Salina, as Rep. Aylward can attest, has a long and proud tradition in pursuit of things cultural -- the arts and humanities. We, the current residents of Salina, like our forebearers, hold dear the belief that this is what truly distinguishes us as a community.

(More)

*3/23/89
Attachment 8*

To this end, we have developed and nurtured a strong public/private partnership which, we feel, provides many benefits -- both altruistic and economic. We're proud of Salina's standing in the state for what has been achieved in this area of endeavor.

We point with pride to:

- o an outstanding Community Theatre, which is presently raising funds to complete an ambitious expansion project
- o an Arts Center which recently moved into new quarters and is already casting an eye to expansion
- o the Smoky Hill Museum, which preserves our past
- o the Smoky Hill River Festival in early June amounts to an annual "celebration of the arts" for the region and beyond
- o a tradition of a strong presenting arts service
- o an annual Ethnic Festival which highlights the diverse artistic and cultural contributions of all our residents

Futhermore, Salina is presently in the forefront by virtue of its commitment to completing a community cultural plan. In this effort, which we have allocated local monies to match those anticipated in a federal grant, we will be looking into the future to examine our community for its intentional cultural development. Obviously, we take things of this nature seriously in Salina.

As I mentioned earlier, as an elected official I do recognize the financial strain created to fund programs -- especially the arts. And, in the case of the arts, we on the local level depend on the State to do its part ... recognizing also that it is important for the State to set the tone and to be an active partner.

Enactment of HR-2519 will channel much needed monies -- up to approximately \$1 million by some estimates -- to benefit arts and cultural development in Kansas. When measured against the annual \$1.6 million budget of the Kansas Arts Commission, the immediate impact seems readily apparent.

(More)

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The funding currently earmarked by the State in this area of the arts falls in comparison to the other states. I believe the possibilities of the positive impact of this measure on a statewide level are great. We could:

- o fund technical assistance programs such as feasibility studies for cultural facilities as well as provide funding for community-wide cultural planning (like the effort we're going to make in Salina)
- o provide "venture capital" to assist with the creation of new arts services, programs and institutions
- o assist in the expansion of existing programs for the arts as well as existing institutions
- o provide funds to communities and arts institutions for marketing the arts to Kansans and tourists; perhaps even to develop cooperative marketing projects for cultural tourism with the appropriate agencies such as the Kansas Department of Commerce's Division of Travel & Tourism

These additional monies, generated by the 2% excise tax, would enable the various community efforts to bond into a more viable network across the State. Efforts could be made in my area, for example, to enhance the arts and cultural opportunities for a host of smaller communities that encircle Salina. Outreach efforts, such as traveling educational programs and exhibits, could become a reality in areas where none exist today.

As I noted earlier, the arts also have an economic benefit. Tony Redwood, in his well-known study, has estimated that every dollar spent on the arts returns \$3 to the Kansas economy. I fully realize that those truly devoted to the arts will cringe at the suggestion, feeling that speaking of the arts in economic terms serves to demean them somehow. Yet, the economic facts remain.

I am confident you will give this proposal -- ^{HB}HR-2519 -- a fair hearing and will also consider that those who advance a funding "problem" also present a "solution." I believe that the 2% excise tax is a rather painless way for the citizens of Kansas to contribute to an important aspect of what we all know distinguishes us as a place -- our arts and cultural development.

Thank you for your kind attention.

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8-3



VIDEO SOFTWARE DEALERS ASSOCIATION

A TAX ON VIDEO RENTALS DISCRIMINATES AGAINST LOW AND MIDDLE INCOME FAMILIES SEEKING AFFORDABLE HOME ENTERTAINMENT

For many families in Kansas, renting home video is an affordable, wholesome form of family entertainment. For example, any family that rents two videos during a week can expect to pay about \$5. By contrast, going to a movie theatre with a family of five twice a week can cost between \$40 and \$50.

Some state legislators now seek to single out home video rentals and penalize consumers with a 2% tax.

Sponsors claim this is a fee for the privilege of renting videos. The plain truth is that no matter how cleverly it's labeled, this is still a tax that will be paid by consumers. "A rose by any other name is still a rose."

Kansas video stores, with few exceptions, are small, family owned neighborhood businesses. They operate on a small margin. With present high operating costs (for losses, security and screened staff), they already have difficulty maintaining sufficient inventory depth and customer services. They would have to pass on the tax to the consumer. For a typical family renting four movies for the weekend, that will mean an extra twenty cents out of their pocket.

There already is a 5 1/2 % tax on video rentals. On a typical \$2 rental, this additional 2 % would mean a total of 7 1/2 % consumer tax on video rentals.

That's unfair and discriminatory. The tax would not be applied to theatre, moviegoers or those who can afford to subscribe to cable services. It's anticompetitive and gives large cable system operators and theatre owners an unfair advantage over small neighborhood video stores. Why are the cable operators and movie theatre chains being protected? Why pick on only home video consumers?

The proposal should be defeated. The tax committees should develop a fair, broadbased revenue measure (or, at the very least, one applied equally to all forms of consumer entertainment and recreation).

3/23/89
Attachment 9

Rep Charlton

Proposed Amendment to HB 2524

On page 4, after line 120, by inserting a new section to read as follows:

"New Sec. 3. Any entity to which funds are provided for convention and tourism promotion purposes from moneys received pursuant to K.S.A. 12-1693 or K.S.A. 12-1697, and amendments thereto, or pursuant to any charter ordinance or resolution which imposes a transient guest tax, shall provide to the city or county, as the case requires, an accounting of the expenditures of such funds in accordance with generally accepted accounting standards and procedures.";

By renumbering existing sections 3 and 4 as sections 4 and 5, respectively;

In the title, in line 17, after the semicolon by inserting "requiring an accounting of funds expended by certain entities;"

*3/23/89
Attachment 10*