

Approved 3-21-90
Date

MINUTES OF THE SENATE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Senator Dave Kerr at
Chairperson

8:00 a.m./~~p.m.~~ on March 13, 1990 in room 123-S of the Capitol.

All members were present except:

Senator Feleciano
Senator Steineger

Committee staff present:

Bill Edds, Revisor of Statutes' Office
Lynne Holt, Kansas Legislative Research Dept.
Sue Pettet, Secretary to the Committee

Conferees appearing before the committee:

Jean Barbee, Exec. Director of Travel & Industry Assoc. of Kansas
Wayne Zimmerman, Dept. of Commerce

Chairman Kerr called the meeting to order and announced the agenda for the day was to have a hearing on S.B. 621, which establishes state matching grant program to assist public or private entities in the state with the development of tourist attractions in Kansas.

Senator Vidricksen explained that the bill would be a large boost to the tourism industry of Kansas. It would establish a state matching grant program to provide assistance of quality tourist attractions. The bill would not only assist in enhancing existing attractions, but also promote new ones. Funds from a developer or private entities would generate 60%, and matching grant funds would be 40%. The hope is that in two to three years there would be enough generated funds to start the program. Money for the fund would not come from the state. Instead it would come from contributions and fund raisers.

Jean Barbee, Exec. Director of Travel Industry Assoc. of Kansas testified in support of S.B. 621. She stated that the bill would be a good start toward providing investment dollars for tourism businesses. It would also provide an incentive for attractions to meet certain criteria. It would also afford the Dept. of Commerce an opportunity to accept grant monies from private or public sources for the enhancement of tourism in the state. (Attachment 1).

Mr. Wayne Zimmerman, Dept. of Commerce testified. (Att. 2) He stated that this program would be complimentary to programs now being conducted in the Travel and Tourism Division of the Dept. of Commerce. He urged passage of S.B. 621.

Attachment 3 is a fiscal note for S.B. 621.

After committee discussion regarding the possibility of adding language that would ensure an income tax deduction for entities contributing to this fund, Chairman Kerr decided to hold the bill until a later meeting when appropriate language could be presented.

Senator Karr made a motion to accept the minutes of March 1st and March 2nd meetings. Senator Francisco seconded. Motion carried. Meeting adjourned.



Travel
Industry
Association of
Kansas

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STATEMENT

DATE: March 13, 1990
TO: SENATE ECONOMIC DEVELOPMENT COMMITTEE
FROM: Jean Barbee, Executive Director
RE: TOURISM ATTRACTIONS MATCHING GRANT PROGRAM
(SB-621)

Mr. Chairman, members of the Committee, my name is Jean Barbee. I am the Executive Director of the Travel Industry Association of Kansas(TIAK) That is a statewide association whose membership is made up of both private and public sector representatives — hotels, motels, restaurants and attractions, as well as convention and visitors bureaus, chambers of commerce and other promotional organizations. TIAK is in favor of SB-621.

Yesterday I made a presentation to the "Close-Up Kansas" student group. The subject I addressed was, "Issues Facing the Travel Industry in the Kansas Economy." I gave them all the basic information we give you Legislators annually — about the travel industry having:

- a \$1.96 billion annual REVENUE IMPACT
 - a \$376 million WAGE IMPACT
 - a 42,700 job EMPLOYMENT IMPACT
- and - a \$63 million sales TAX REVENUE IMPACT.

I told the future leaders of Kansas that the two major issues facing the tourism industry in the Kansas economy are: having a quality product, which in tourism means having quality service and entertainment facilities; and being able to market that product.

I told them that to maintain Kansas facilities that will allow us to increase tourism revenue, the tourism industry must have:

- investment dollars for tourism businesses
- more than merely adequate infrastructure
- a favorable tax climate for business
- and marketing, marketing, marketing

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This bill would be a good start toward providing investment dollars for tourism businesses. In addition, it would:

- Provide an incentive for the development of a tourism related business
- Provide incentive for attractions to meet certain criteria. This would have a tendency to upgrade the quality of attractions in Kansas.
- Afford the Department of Commerce an opportunity to accept grant moneys from private or public sources for the enhancement of tourism in the state.

We ask that the committee report the bill favorably for passage.

Mr. Chairman, I would stand for questions.

TESTIMONY
TO
SENATE ECONOMIC DEVELOPMENT COMMITTEE
ON
SENATE BILL 621

BY D. WAYNE ZIMMERMAN
DEPUTY SECRETARY OF COMMERCE

MARCH 13, 1990

Mr. Chairman and Members of the Committee:

The tourism industry has an important fiscal impact on the state's economy. In 1987 (the last year for which totals are available) the U. S. Travel Data Center reports 2,167,500,000 travel dollars spent in Kansas.

State assisted advertising and promotion can play an important role in increasing the tourism dollars spent in our state.

An effective promotion and attraction development program requires a cooperative effort by state and local governments and private interests.

A matching grant program utilizing voluntary contributions as proposed in SB 621 will be useful to assist in the development of quality tourist attractions.

This program is complimentary to programs now being conducted in the Travel and Tourism Division of the Department of Commerce.

We support passage of SB 621.

STATE OF KANSAS



DIVISION OF THE BUDGET

MIKE HAYDEN,
Governor
MICHAEL F. O'KEEFE
Director of the Budget

Room 152-E
State Capitol Building
Topeka, Kansas 66612-1575
(913) 296-2436

March 1, 1990

The Honorable Dave Kerr, Chairperson
Senate Committee on Economic Development
Senate Chamber
Third Floor, Statehouse

Dear Senator Kerr:

SUBJECT: Fiscal Note for SB 621 by Senator Vidricksen

In accordance with KSA 75-3715a, the following fiscal note concerning SB 621 is respectfully submitted to your committee.

SB 621 would establish a state matching grant program to provide state subsistence to local tourist attractions for specific projects. Any public or private entity would be eligible to apply for a grant, but grant awards under this bill would be limited to no more than 40 percent of the total cost of any proposed project. The Secretary of the Department of Commerce would be charged with the administration of the program and would be authorized to adopt necessary rules and regulations.

This bill amends KSA 1989 Supp. 74-5032a to authorize the Division of Travel and Tourism Development with the Department of Commerce to solicit and receive moneys and administer a program of matching grants. All monies received would be deposited to the Kansas Tourist Attraction Matching Grant Development Fund established by the act.

This bill would establish the Kansas Tourist Attraction Evaluation Committee which would include three members appointed by the Secretary of Commerce and Chaired by the Director of the Division of Travel and Tourism Development. The committee would screen, evaluate and approve or disapprove all applications for matching grants, and would provide technical advice to local attractions.

Under provisions of this bill, the Pooled Money Investment Board may invest and reinvest moneys credited to the Kansas Tourism Attraction Matching Grant Development Fund in interest bearing time deposits in any commercial bank or trust company located in Kansas. Interest earned on any balances in the fund would be retained by the fund.

The Honorable Dave Kerr
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It is anticipated that additional expenditures would result from passage of this bill. Expenditures would be required for the solicitation of funds to finance the Kansas grant awards under the program, for the development of rules and regulations, and for the administration of the program. The Department of Commerce anticipates that any such expenditures for administrative expenses can be absorbed within the expenditure and position limitations included in the *FY 1991 Governor's Report on the Budget*.

The bill fails to address the make up of the membership of the committee which will review the applications for grants. In the absence of specific authorization for per diem, subsistence and mileage reimbursement, it is assumed that no payments for such will be made. The Secretary of Commerce would be authorized under the language of this bill to appoint existing staff as members of the committee for the review of applications. If the Secretary elected to make such appointments, the members would not be eligible for reimbursements as all meetings would be held in Topeka.

The principle expenditures under this measure would be for grants awarded to local tourist attractions. The amount of solicited donations which could be received is unknown at this time but would not be anticipated to be significant.



Michael F. O'Keefe
Director of the Budget

cc: Wayne Zimmerman, Department of Commerce

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