

Testimony – Gary Sherrer
Lieutenant Governor / Secretary of Commerce and Housing

House Tourism Committee
January 25, 1999

Thank you for the opportunity to discuss HB 2016. As I have in the past, I continue to endorse this legislation.

One of the more basic rules of good marketing is to fully develop your product before you advertise it. The ability of Kansas to enhance its economic growth through tourism is directly related to the quality of its tourist attractions. We have attractions that have potential to attract more visitors but they do not have the financial resources to realize their potential. A dedicated source of funding would have significant impact on the quality of Kansas tourist attractions.

The difficulty in enhancement of funds for tourist attraction development is a result of the current formula for Economic Development Initiatives Funds (EDIF). While we are fortunate to have this consistent source of revenue for investment in economic development, we are also limited to a “fixed pool” of funding. In effect we have a “zero-sum game” in which the addition of dollars to one area is at the expense of another economic development program. Thus while Tourism is important, so is Business Development, International Trade, Agriculture Marketing and other economic development areas. This legislation allows us to add resources to Tourism while not subtracting vital funds from other EDIF recipients.

My support for this legislation is contingent upon it being dedicated to attraction development. Use of these funds for other purposes was never the intent of this legislation and I am not willing to support efforts to use it for support of other tourism activities. Dedicated funds should be done carefully so as to not weaken the legislative budget process. This legislation meets that test as it has a clear purpose and provides funding for a specific and on going need. The work of this summer’s committee to improve and clarify the language of the original bill was constructive and effective. As it is before you today, this bill has my support.

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Testimony of the Travel Industry Association of Kansas Becky Blake, Past-President January 25, 1999

Good afternoon Chairman Allen and members of the House Committee on Tourism. My name is Becky Blake and I am the immediate past-President for the Travel Industry Association of Kansas, better known as TIAK. TIAK was formed in 1982 as a small but determined group of tourism promoters and marketers in Kansas. Our organization was structured on a model of the Travel Industry Association of America, and our membership includes convention and visitors bureaus, chambers of commerce, hotels and motels, attractions, regional promotional organizations, and businesses who service tourists and tourism promotion. Our ranks also include a variety of representatives from state agencies who are involved in the tourism industry in one way or another.

Our mission was, and is, to speak with one voice for the tourism industry. With a group as diverse as ours that is not always an easy task.

House Bill 2016 is a product of the Joint Committee on Economic Development that met this summer. TIAK offered its support for the concept and language that makes up the bill you are hearing today. I am pleased to offer support on behalf of TIAK for this measure.

I think that it is important to note that utilizing funds outside the Travel & Tourism Division budget to fund attraction development is not a new concept. You may recall that during the last days of the legislative session last year, several independent attractions received direct appropriations from the legislature to the tune of approximately \$3 million dollars. I would never want to fault anyone for funding tourism projects at any level, however; HB 2016 would

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serve as an excellent mechanism to provide the opportunity for **all** attractions (large or small) to apply for development funding on a level playing field.

We commend the previous legislature for having the foresight to create the State Tourism Fund. HB 2016 will now provide the dollars needed to fulfill the original concept of that fund. As the bill is written, the amount equal to \$2,000,000 or 25 percent of the amount credited to the state gaming revenues fund each year in excess of \$50,000,000, whichever is less, shall be transferred and credited to the state tourism fund on June 25, 1999 and each year thereafter on June 25. We support the role of the Secretary of Commerce and Housing in the adoption of rules and regulations in establishing criteria for obtaining these grants and look forward to working with Secretary Sherrer in advancing this measure through the various legislative channels.

TIAK would like to recognize Secretary Sherrer's efforts in elevating the Travel & Tourism Division's budget line for Tourism Grants from \$452,100 to \$952,100 in the FY 2000 Kansas Department of Commerce and Housing's budget (a \$500,000 increase). Should HB 2016 become law, we also support Secretary Sherrer's recommendation to reallocate the increased amount of \$500,000 to an area/s where it would be better utilized. We would respectfully request that the original amount of \$452,100 (used for Tourism Grants) be utilized for increased efforts in tourism marketing and promotion.

STATE TOURISM OFFICES DOMESTIC ADVERTISING BUDGETS

STATE	1994-95	1995-96	1996-97	1997-98
Kansas	\$ 230,000	\$ 398,000	\$ 345,000	\$ 386,485
Iowa	\$ 622,500	\$ 830,000	\$ 902,000	\$1,150,000
Nebraska	\$ 430,000	\$ 490,000	\$ 480,000	\$ 400,000
Missouri	\$3,754,400	\$4,205,500	\$5,900,000	\$6,285,664
Arkansas	\$5,414,215	\$5,037,104	\$5,073,098	\$5,333,737
Oklahoma	\$2,563,097	\$3,041,543	\$2,785,812	\$3,053,071
South Dakota	\$1,462,661	\$1,420,685	\$1,453,000	\$1,819,000
North Dakota	\$ 837,739	\$ 750,000	\$ 809,200	\$ 700,000
Minnesota	\$1,099,014	\$1,333,455	\$1,440,000	\$1,800,000

Source: *Survey of State Tourism Offices*; US Travel Data Center,
Travel Industry Association of America, Washington D.C.

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My name is Jana Jordan. I am the Director of the Hays Convention and Visitors Bureau and I am the TIAK (Travel Industry Assoc. of Kansas) representative on the Kansas Tourism Council.

I appreciate your allowing me the time to address this committee and express support for House Bill 2016 on behalf of the Tourism Council.

For the past several months the Council has been working toward implementing a funding mechanism for the tourism development fund which was created a few years ago. Historically, grant applications to the Travel and Tourism Division have been in the 3 million dollar range. This year's pre-application process brought in nearly 4 million dollars in potential projects, driving home the obvious need for funding to assist local communities with tourism development. The Council believes House Bill 2016 is a major step forward in putting into motion the necessary funding to accomplish major tourism activities, marketing and development.

We are aware the evaluation committee responsible for reviewing the final applications makes every effort to disburse the current monies equitably throughout the state; thereby assisting as many communities as possible both rural and urban.

HB 2016 provides the Council more input into the grant process, while still allowing the agency (KDOC&H) the opportunity to fund much needed, but smaller, projects.

We ask the committee's consideration of this bill and would encourage a favorable action on your part.

Thank you for your time. I would be happy to answer any questions.

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**Table I
Lottery and Wagering Tax Revenue Transfers**

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	Actual FY 1988	Actual FY 1989	Actual FY 1990	Actual FY 1991	Actual FY 1992	Actual FY 1993	Actual FY 1994	Actual FY 1995	Actual FY 1996	Actual FY 1997	Actual FY 1998	Cumulative Total
SGF Receipts/Offsets:												
Lottery Transfers to SGF	\$ 2,843,321	--	--	--	\$ 1,500,000	--	--	--	--	--	--	\$ 4,343,321
Lottery Transfers to KBI	--	--	--	--	--	150,000	100,684	122,124	124,008	162,393	--	659,209
Racing Transfer to SGF	--	--	--	1,646,665	--	--	--	--	--	--	--	1,646,665
Racing Transfers to KBI	--	--	350,000	364,000	303,872	289,984	322,580	366,368	372,023	393,965	--	2,762,792
Total Transfers	\$ 2,843,321	--	\$ 350,000	\$ 2,010,665	\$ 1,803,872	\$ 439,984	\$ 423,264	\$ 488,492	\$ 496,031	\$ 556,358	--	\$ 9,411,987
State Gaming Revenue Fund Receipts:												
Regular Lottery Transfers (a)	\$ 8,500,000	\$ 20,115,848	\$19,081,989	\$19,453,470	\$ 22,847,019	\$ 32,479,362	\$ 45,787,329	\$ 50,806,564	\$ 54,614,751	\$ 56,182,980	\$ 60,304,388	\$390,173,700
Special Lottery Transfers	--	1,444,696	150,000	--	2,800,000	--	2,000,000	2,318,130	3,375,788	312,761	--	12,401,375
KBI Transfer to SGRF	--	--	--	--	--	--	--	--	--	--	253,195	253,195
Racing Transfers	--	--	3,682,246	7,577,665	7,103,667	5,822,316	5,963,172	4,073,564	2,476,790	1,428,020	1,598,007	39,725,447
Total Funds Available	\$ 8,500,000	\$ 21,560,544	\$22,914,235	\$27,031,135	\$ 32,750,686	\$ 38,301,678	\$ 53,750,501	\$ 57,198,258	\$ 60,467,329	\$ 57,923,761	\$ 62,155,590	\$442,553,717
SGRF Transfers Out:												
To Econ. Dev. Initiative Fund	\$ 5,100,000	\$ 12,936,326	\$13,748,541	\$24,328,021	\$ 29,475,617	\$ 34,471,510	\$ 45,000,000	\$ 45,000,000	\$ 42,500,000	\$ 42,500,000	\$ 42,500,000	\$337,560,016
To County Reappraisal Fund	2,550,000	6,468,163	6,874,271	***	***	***	***	***	***	***	***	15,892,434
To State General Fund (b ****)	--	--	--	--	--	--	3,750,501	7,198,258	10,467,329	7,923,761	12,155,590	41,495,439
To Juvenile Detention Fund	--	--	--	--	--	--	--	--	2,500,000	2,500,000	2,500,000	7,500,000
To Correctional Inst. Bldg. Fund	850,000	2,156,054	2,291,424	2,703,113	3,275,069	3,830,168	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	40,105,828
Total SGRF Transfers	\$ 8,500,000	\$ 21,560,544	\$22,914,235	\$27,031,135	\$ 32,750,686	\$ 38,301,678	\$ 53,750,501	\$ 57,198,258	\$ 60,467,329	\$ 57,923,761	\$ 62,155,590	\$442,553,717
*** No 30 percent statutory transfer for reappraisal after June 30, 1990.												
**** Only when SGRF receipts exceed \$50.0 million annually.												
Transfer to County Reapprsl. Fund ^c	--	\$ 2,915,318	\$ 24,316	--	--	--	--	--	--	--	--	\$ 2,939,634
TOTAL ANNUAL GAMING TRANSFERS	\$11,343,321	\$ 24,475,862	\$23,288,551	\$29,041,800	\$ 34,554,558	\$ 38,741,662	\$ 54,173,765	\$ 57,686,750	\$ 60,963,360	\$ 58,480,119	\$ 62,155,590	\$454,905,338
Cumulative Transfers	\$11,343,321	\$ 35,819,183	\$59,107,734	\$88,149,534	\$122,704,092	\$161,445,754	\$215,619,519	\$273,306,269	\$334,269,629	\$392,749,748	\$454,905,338	

a) Statutory rate of at least 30.00 percent changed by provision in the appropriation bill to 30.75 percent in FY 1997 and FY 1999 and 31.25 percent in FY 1998.

b) Only when SGRF receipts exceed \$50,000,000 annually.

c) Recapture of lapsed encumbrances per 1988 H.B. 3091.