

Approved: Feb. 22, 2000
Date

MINUTES OF THE HOUSE TAXATION COMMITTEE.

The meeting was called to order by Chairperson Wagle at 9:00 a.m. on February 3, 2000, in Room 519-S of the Capitol.

All members were present except: Rep. Howell - excused
Rep. Campbell - excused

Committee staff present: Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Don Hayward, Revisor of Statutes
Shirley Sicilian, Department of Revenue
Ann Deitcher, Committee Secretary
Edith Beaty, Taxation Secretary

Conferees appearing before the committee: Representative David Atkins
Mary Birch, Overland Park Chamber of Commerce
Nelson Mann, Attorney
Tom Burke, President, Kansas City, KS Community College

It was moved by Representative Wagle and seconded by Representative Vickery to introduce a bill regarding a property tax lid. The motion carried on a voice vote.

HB 2680 - an act amending and supplementing the Kansas and Missouri metropolitan culture district compact.

The Chair recognized Representative David Atkins who presented an overview of **HB 2680**. (Attachment 1).

One of the things Representative Atkins addressed was regarding the concern that some have that this was a bill to finance professional sports facilities in Kansas City, Missouri. He stressed this was not the case. This flexibility would allow for voters to consider such a proposal, but they are a very long way from Johnson County civic leaders having confidence that Kansas participation in stadium financing is appropriate even put before the voters. Only the voters can determine whether or not any tax will ever go to a specific project.

Asked if he could explain the dynamics of what was going on in Missouri with this legislation and how it was coordinated, Representative Atkins said that at this time this legislation was being considered by the Missouri Senate Committee and is now on the Senate floor. It is anticipated that it will pass in the Senate. They will continue to monitor it.

He said there was an oversight body in this particular case. The Bi-state Commission was part of the compact because Kansas voters didn't feel they could trust existing governmental entities to administer this bi-state cooperative revenue tax. So it was believed that a commission made up of representatives of both states, each state with a veto over the other state's vote, would have the ability to administer the tax in a way that both states felt their interest was protected. The compact, whether these changes are made or not, would remain in place so next year someone could bring forward to the Johnson County Commission and the Jackson County Legislature a proposal to access another eighth of a cent.

Asked by the Chair what the vote was on the Kansas side for the Union Station renovation, Representative Atkins said the vote was overwhelmingly in favor – in the mid 60's.

Mary Birch of the Overland Park Chamber of Commerce spoke in support of **HB 2680**. (Attachment 2). She told the Committee that while at one time people moved to where the company went, nowadays the companies go to where the people are. Thus, they're interested in improving the quality of life that will draw people. And they are willing to put forth money to match tax dollars to do this.

CONTINUATION SHEET

Speaking as a proponent of **HB 2680** was Nelson Mann. (Attachment 3). Mr. Mann appeared as a Board Member on behalf of the Arts Council of Metropolitan Kansas City, the Arts and Humanities Association of Johnson County and the Greater Kansas City Chamber of Commerce.

Offering testimony in support of **HB 2680** was Thomas R. Burke, President of Kansas City, Kansas Community College. (Attachment 4).

Written testimony was handed out by Kansas AFL-CIO in support of **HB 2680**. (Attachment 5).

The meeting was adjourned at 10:00 a.m. The next meeting is scheduled for Tuesday, February 8, 2000.

**Testimony before the House Committee on Taxation
House Bill 2680**

**Summary of Legislation Revising
The Bistate Cultural District Compact
by David Adkins
State Representative**

Chairman Wagle and Members of the Committee:

In your consideration of HB 2680 I provide the following information as a summary of the legislation and the reasons which support its enactment. I urge your favorable consideration of this measure.

What does the current bistate compact allow?

The existing Metropolitan Cultural District Compact allows for voters in three counties in Missouri (Jackson, Clay & Platte) and two counties in Kansas (Johnson and Wyandotte) to approve up to a ¼ cent sales tax to support cultural activities and facilities in the Kansas City Metropolitan area.

Before any such tax can be imposed on sales in any county, the county governing body of that county must approve the ballot question to be submitted to voters in that county and the voters in at least Jackson County, Missouri and Johnson County, Kansas must approve the ballot measure in an election held for such purpose.

No tax can ever be imposed without voter approval.

Even if the voters of Jackson County and Johnson County approve the ballot question, the tax is not imposed in any other county unless voters in that county also approve the tax.

Once levied, the tax is distributed only with the approval of the Metropolitan Cultural District Commission (the Bistate Commission). The Commission is comprised of one appointee by the Governors of Kansas and Missouri (the gubernatorial appointees must be members of that state's arts commission), one appointee of the governing body of each county where the tax is levied and one appointee of the governing body of any city with a population of over 50,000 in a county where the tax is levied.

Before the bistate commission can approve any measure, a majority of each state's delegation must vote in favor of the measure.

The bistate commission does not have the independent authority to issue bonds.

The legislation, approved by both states, was approved by Congress as an interstate compact. The compact does not sunset.

House Taxation

Date 2/3/00

Attachment # 1

Has any tax been approved under this compact?

Yes. At the general election in 1996 voters in Jackson, Clay & Platte Counties in Missouri and Johnson County in Kansas approved a 1/8th cent sales tax dedicated to pay for the renovation of Kansas City's historic Union Station and the creation of Science City at Union Station.

As required by the compact, the ballot question put to voters was first approved by the governing bodies of the counties whose voters later considered the proposal. The ballot language specifically dedicated all of the tax revenue to fund the Union Station project and capped the revenue at \$118 million. Once the revenue generated by the tax reaches \$118 million the tax goes away. It is predicted that the tax will expire in March of 2002. Kansas sales generate about 40% of the tax revenue and Missouri sales generate about 60% of the revenue. No tax revenue can be spent without the approval of the bistate commission.

Were private funds used to augment the current bistate tax?

Yes. The Union Station restoration project cost over \$250 million. The bistate tax will only contribute \$118 million. The rest was raised from private sources and from federal funds. Missouri offered tax credits to those that contributed to the project. It is assumed that any future projects would also require significant private funding.

If we wish to change the compact, how can we do that?

In order for any change to be effective both state legislatures must pass identical legislation and submit the legislation to Congress for approval. This is the only way to amend the compact. If the compact is not amended it remains in force as currently written.

How does HB 2680 change the current compact and why are these changes needed ?

The suggested changes and the reasons for them are quite simple:

1. ***Protect Wyandotte County***: Since the bistate cultural district compact was originally approved the governing bodies of Kansas City, Kansas and Wyandotte County have unified. The revisions to the compact would make it clear that should the voters of Wyandotte County approve any bistate tax proposal both the City and the County would be entitled to appoint a member of the bistate commission.
2. ***Provide Greater Flexibility in the Scope of Future Projects***: The definition of "cultural activities and facilities" as set forth in the current compact does not allow funds to be spent on sports activities or facilities. The legislation now before the legislature would expand the definition to include sports activities and facilities. This

would allow (only with voter approval) tax funds to flow to support the construction or renovation of sports related facilities on both side of the state line.

3. ***No Tax Would be Allowed Exclusively for a Sports Project:*** Although the compact, if amended, would allow money from a future bistate tax to be used to finance sports activities and facilities the legislation would prohibit any tax from being used exclusively for sports. This guarantees that at least some portion of the total tax approved would be used for projects in the arts.
4. ***Amendments Honor Pledge to Voters that Approved Current Bistate Tax:*** Finally, the legislation would not allow any new bistate proposal to be submitted to voters until the year 2002. This effectively allows the existing tax to sunset before any new bistate tax initiative could be approved. This provision keeps faith with a pledge to voters made by those that advocated on behalf of the current bistate tax—no new bistate tax would be imposed until the current one expired. The current tax is projected to expire in March of 2002 (when a total of \$118 million has been collected).

Does a vote for this bill mean that Kansas tax dollars will go just to support Missouri stadiums?

No. The proposed revisions to the compact would allow tax dollars to possibly be used to finance renovations at the Harry S. Truman Sports Complex but the proposed legislation specifically prohibits the tax from being used exclusively for sports.

Most important, remember that no tax **for any purpose** can be imposed without voter approval.

What safeguards does the compact provide Kansas taxpayers?

1. Community Involvement: Kansas taxpayers will have representation on the bistate commission which approves the expenditure of any tax dollars. The public will also be involved in helping draft any ballot language.
2. County Governing Body Approval: Before any measure can go before the voters the governing board of each county must approve the ballot proposal.
3. Voter Approval: No tax can be imposed in any county unless the voters of that county have approved the ballot language in a public vote.

Can the compact be expanded to allow for projects like public transportation or storm water control?

The existing compact is formally known as the Metropolitan Cultural District Compact. It would be beyond the scope of this compact to include projects other than those that can be reasonably defined as cultural activities or facilities. If a bistate compact is desired for other projects a separate compact should be considered.



Testimony
Kansas House of Representatives
Taxation Committee
Representative Susan Wagle, Chairman

By:
Mary Birch, CCE, President
Overland Park Chamber of Commerce

Good morning Madame Chairman, members of the committee. My name is Mary Birch, President of the Overland Park Chamber of Commerce. I have been asked to speak in support of HB#2680 and I thank you for allowing me a few minutes to address you this morning.

The business community is requesting this bill to expand the flexibility and choices this legislation can provide our community.

Specifically:

- ❖ The Union Station Bi-state effort was a great first step for metropolitan cooperation and the Kansas community set the parameters for that effort.
- ❖ Today, economic development has evolved to one of attracting a quality laborforce rather than companies.
- ❖ The Johnson County Chamber Presidents Council position has several significant points particularly:
 - ❖ Kansas should be a beneficiary of the next bi-state effort.
 - ❖ Before any discussions about sports facilities are realized in a ballot issue. Many issues and other revenue sources must be resolved.
- ❖ A quarter-cent sales tax will never fund everyone's everything. Therefore private efforts must continue to play a major role.

For these reasons, we ask that you support HB#2680.

House Taxation

Date 2/3/00

Attachment # 2-1

Thank you for your time.

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913.491.3600 ■ FAX 913.491.0393 ■ INTERNET: <http://www.opks.org/>



JOHNSON COUNTY *Chambers Presidents Council*

Representing over 4,800 Johnson County businesses

Chambers
of Commerce

DeSoto

Gardner

Leawood

Lenexa

Merriam

Mission Area

Olathe Area

Overland Park

Shawnee Area

Spring Hill

January 4, 2000

To: Johnson County Commission

**From: Johnson County Chambers Presidents Council
Linda Leeper, Chairman**

Re: Bi-State Efforts

As strong supporters of the bi-state initiative to renovate Union Station and construct Science City, the chambers of commerce in Johnson County wish to commend the voters of the four counties, the Bi-State Commission, the Union Station Assistance Corporation, the Union Station Project Council and civic leaders for a job well done. This phenomenal project will serve as an excellent first effort toward future partnerships that identify, pursue and support other bi-state efforts.

At this time, the Johnson County Chambers Presidents Council has discussed future bi-state efforts and would like to convey the following concepts to be considered as developments and ideas proceed.

We believe:

1. The current 1/8 cent bi-state sales tax for Union Station/Science City should sunset (end) as promised to the voters.
2. The bi-state tax should be used to enhance quality-of-life components that are not traditionally funded by government, such as the arts, and to preserve major community institutions.
3. The bi-state tax cannot and should not be seen or used as "the" solution for all the problems of the metro-plex.
4. If there is a second bi-state effort, it should include both the arts as was originally intended and consideration of efforts in Kansas. Serious consideration should be given to the renovation or construction of a building in Johnson County for an arts venue.
5. Also, consideration should be given to including sports facilities as a beneficiary of the next bi-state effort. There is no doubt that Kansas City's professional sports teams are a significant economic development component for the entire metropolitan area. The bi-state component, however, similar to Union Station, should be only one part of a larger multi-source funded effort.

Business Community Endorsements of HB 2680 Bistate Revision Legislation

American Century Investments
Bank of America
Bayer Corporation, Agricultural Division
Blades & Associates
Bryan Cave, L.L.P.
Crown Center Redevelopment Corp.
Dean Development, Inc.
Douglass National Bank
DST Systems, Inc.
EFL Associates
Firebaugh Construction, Inc.
Greater Kansas City Chamber of Commerce
Hallmark Cards, Inc.
Helzberg Diamonds
Lloyd L. Hill
J.E. Dunn Construction Co.
Johnson County Chambers Presidents Council
Kansas City Kansas Area Chamber of Commerce
Kansas City Power & Light
Kansas City Southern Railway Co.
Lathrop & Gage, L.C.
Raphael Hotel Group
Rau Construction, Inc.
River City Studio
Sloan, Listrom, Eisenbarth, Sloan & Glassman
Sprint
The University of Health Sciences
UtiliCorp United, Inc.
W+D Machinery Company, Inc.

**Testimony of T. Nelson Mann
Arts Council of Metropolitan Kansas City
Arts and Humanities Association of Johnson County
Greater Kansas City Chamber of Commerce
on HB 2680
House Taxation Committee**

February 3, 2000

Chairperson Wagle and Members of the Tax Committee, I am appearing today on behalf of the Arts Council of Metropolitan Kansas City, the Arts and Humanities Association of Johnson County, and the Greater Kansas City Chamber of Commerce in support of HB 2680, revising and amending the Kansas and Missouri Metropolitan Culture District Compact to include sports facilities and sports activities. Recognizing the need to integrate all of the elements that combine to help make the Kansas City metropolitan area a vibrant community and the compelling need of an arts initiative in eastern Kansas, the Boards of Directors of all of the organizations I represent today have formally voted to support the proposed modifications to the Compact.

My purpose today is not to address the content of any referendum that may be presented for a vote of the citizens of Wyandotte or Johnson County, to debate the economics of amateur or professional sports, or to argue the value of arts in the comprehensive education of our youth or the advancement of economic growth. Instead, I seek to emphasize the support of the arts communities for investment in our sports and cultural infrastructure. We believe this will enhance the overall viability of the entire metropolitan area and is an essential element for continued growth and economic development in Johnson and Wyandotte Counties.

I should note at the outset that, while the proposed modifications to the Compact are designed to include sports facilities and activities, the organizations I represent view the arts as an essential component of any new bi-state initiative. I have submitted copies of portions of several reports, including a study conducted by the University of Kansas for the Kansas Arts Commission which, among other things, was conducted to "provide a picture of the degree to which Kansans are involved in art activities in general and the activities of local arts organizations in particular [and to] measure Kansans' willingness to pay for additional arts activities in their local areas." This study revealed a very high level of support for the arts and the willingness of Kansas to fund their expansion. This broad support for the arts is understandable, particularly in light of the findings of the 92nd American Assembly entitled "The Arts and the Public Purpose," a summary of which is attached to my remarks. The Assembly was comprised of businessmen and women, foundation officers, academicians, politicians, policymakers, arts executives, and artists from throughout the United

House Taxation

Date 2/3/00

Attachment # 3-1

States, and concluded that arts not only contribute to America's communities by making them more livable and prosperous, but enhance individual life "by encouraging individual creativity, spirit and potential." This statement was embraced by the Johnson County Citizens Visioning Committee in its report entitled "Living Our Vision – Johnson County 2020," in which it concluded that "culture, arts and the humanities are important to the quality of life in that they provide a community identity and an opportunity to find and celebrate shared values."

While our arts organizations are adamant that the arts be included in the content of any proposal submitted to a vote of our citizens, we fully understand that a cooperative effort not only between established arts institutions and grass roots activities within the arts community, but also by and among all organizations that contribute to the quality of life in the metro area is critical. I was privileged to join twenty-five other representatives of the arts, sports, political and business communities in a whirlwind, morning-to-night, fact-finding mission to Denver to examine the results of the incredible investment made by the six counties comprising its metropolitan area in cultural and sports facilities and programs. As Steve Rose reports in his editorial submitted with these remarks, "DENVER'S SIZZLING." In ten years Denver has reconstructed an economy and lifestyle that was in recession and struggling by forging regional consensus and coalitions to build a world class performing arts center, new sports stadiums, and an indoor arena that have rallied all communities within the metropolitan area to embrace a renewed productivity and an enhanced quality of life.

Denver Mayor Wellington Webb outlined three things needed to achieve this metropolitan-wide esprit de corps:

- A vision of what you want to accomplish
- The political courage to step out and work for what you want to accomplish
- The political will not to be denied what you want to accomplish

The arts organizations I represent and the Greater Kansas City Chamber of Commerce joined by the Overland Park Chamber of Commerce and other area Chambers all have expressed their hope that the Kansas legislature will join us in our vision for the continued development of the entire Kansas City metropolitan area and, in particular, our Kansas communities by supporting HB 2680.

THE UNIVERSITY OF KANSAS
Institute for Public Policy and Business Research

**Economic Scope, Impact and Marketing Study of the Kansas
Arts Commission**

Prepared for
The Kansas Arts Commission

By
Robert H. Glass, Assistant Scientist
With
Norman Clifford, Associate Scientist
Brian Harris, Research Associate
Cheri Woolsey, Research Associate

Charles E. Krider
Principle Investigator

Report No. 257, July 28, 1999

Charles E. Krider
Professor, School of Business
Director, Institute for Public Policy and Business Research

Table of Contents

Executive Summary	i
I. Introduction	1
II. The Kansas Arts Commission Economy	3
III. The Economic Impact of the Kansas Arts Commission	11
IV. Case Studies of Arts Commission Grants	17
V. The Household Survey	23
VI. Findings and Conclusions	45
Appendix A	
Kansas Arts Commission Grants Data	A-1
Appendix B	
Alternative Sources of Funding	A-9
Appendix C	
Case Studies	A-13
Appendix D	
The Household Survey Instrument	A-37

Executive Summary

Introduction

This report presents the results of a study done by the Institute for Public Policy and Business Research for the Kansas Arts Commission (KAC). The purpose of the study was to:

delineate the scope of the Kansas Arts Commission activities within the state,
measure the additional state product due to the existence of the Kansas Arts
commission,
provide a picture of the degree to which Kansans are involved in arts activities in
general and the activities of local arts organizations in particular,
measure Kansans' willingness to pay for additional arts activities in their local areas,
and
develop useful marketing information for the Kansas Arts Commission.

Four major research tools were employed in the study. First, historical budget data was used for Kansas, surrounding states, and the nation to place the activities of the Kansas Arts Commission in perspective. Second, five case studies of local arts organizations were conducted to understand the range of types of assistance provided to local arts organizations as well as to uncover channels of economic influence of the Kansas Arts Commission's activities. Third, a traditional economic impact study was performed in order to measure the effect of the Arts Commission on current state output. Fourth, a survey of Kansas households was conducted to elicit Kansans' willingness to pay for additional arts activities in their local areas and to develop information that would be useful to the Kansas Arts Commission in marketing its activities.

Findings and Conclusions

Annually, the KAC influenced economy is about \$20 million, and this economy

generates about \$2.1 million in state and local taxes. During 1998, the Kansas Arts Commission provided 265 grants to local arts organizations. These grants were generally a small part of the total project cost; for most KAC grants local matching funds provided more than 70 percent of the project cost. Thus, local funding is more than \$18 million of the total \$20 million KAC economy. The KAC economy is spread throughout the state with 67 counties receiving at least one arts grant. The projects supported by KAC grants generated 120 full-time jobs and 965 part-time jobs. In addition, voluntary employment valued at \$1.2 million was contributed to these projects. KAC supported arts projects generated \$1.35 million in state taxes and \$750,000 in local taxes.

Kansas' current economic output is \$1 million greater because of the existence of the

Kansas Arts Commission. The Kansas Arts Commission leverages its state funding by bringing in nearly a half million federal dollars. Even after accounting for the fact that funding for the Kansas Arts Commission activities comes partly from the State of Kansas, this inflow of federal dollars and its indirect effects cause a substantial \$1 million increase in current Kansas output.

The five case studies indicate that KAC has effectively nurtured the development of

successful small arts organizations. Members of each of these organizations believe that without the help of the KAC their organization would not have survived, let alone thrived. The basic model that the KAC has created to help new arts organizations has been successful in each of these cases. These local arts organizations pass through two basic early stages in their development: the initial struggle to survive and the establishment of a durable organization. In each of these stages the KAC plays a different role.

• During the initial struggle to survive, the KAC provides:

A large part of the initial funding for the organization

Technical assistance in organizing the original group

A stamp of credibility to the organization

- As the organization establishes itself as an on-going organization, the KAC provides:

A stable source of funding which allows longer-run budgeting

Technical assistance in creating a permanent administration

Technical assistance in finding additional sources of funding and in writing grants to get the funding

Without the KAC, arts activities in Kansas would be much different than they are today. Specifically, the KAC has nurtured the development of local arts organizations in the non-metropolitan areas of Kansas. In addition, the KAC has helped develop a diversified group of arts organizations that provide a wide variety of arts activities in both the metropolitan and non-metropolitan areas of Kansas.

The existence of a geographically diverse arts community makes the state as a whole

- ***a more attractive place for businesses to locate.*** Local economic development professionals in communities with strong local arts organizations feel that the existence of these local organizations makes the community more attractive to business for four reasons:

The availability of the organization's activities to management, workers, and their families;

The effects of the organization's activities on the quality of education in the schools;

The increased vitality of the community that comes about as a result of the community's pride in having this unique institution;

As a symbol and evidence of the energy in the community.

The effects of local arts organizations and their activities on local economic development are likely to be particularly strong in non-metropolitan communities.

State government support for the arts in Kansas ranks low nationally and regionally when compared to other states' support of the arts. In fiscal year 1999, the KAC

received state funding at the rate of \$0.57 per capita. For the same period, the national average was \$1.16 per capita. Per capita state funding for the arts in Kansas has not kept pace with inflation; in 1999 dollars, per capita state funding has declined nearly ten percent from its 1990 level of \$.63. Kansas ranked fifth among six surrounding states in per capita state funding for the arts, and 39th nationally. For Kansas to have achieved the national average in FY1999, the legislature would have needed to spend about an additional \$1.5 million. Kansas was second among the six surrounding states and 19th nationally in per capita NEA block grant funding.

Kansans overwhelmingly approve of state government support for the arts. More than 87 percent of surveyed Kansas households expressed approval for continued state government support for the arts in Kansas.

Kansans expressed an aggregate willingness to pay of \$19 million for a substantial increase in arts activities in their local areas. To determine the value of an increase of arts activities, survey respondents were explicitly asked if they would support a specified state tax increase to substantially enlarge the level of arts activities in their local areas. Their responses indicated that the total value of increased arts activities to all Kansas households is approximately \$19 million.

Given the broad support for the arts in Kansas, it makes sense for state support for the arts to be moved toward the national average. The household survey indicated that Kansans place a high dollar value on increased arts activities in their local areas. This result suggests that public officials should make an effort to move the level of state financial support for the arts to the national average. Alternative methods of funding should be investigated; the establishment of a cultural trust is one possibility, although the form of the trust and the mechanics of funding should be carefully considered.

Most Kansans either overestimate or don't know the level of state government support for the Arts. Only 27.2 percent of households surveyed correctly stated

that state government support for the arts was less than \$1 per capita. Those who correctly specified the current level of state government support for the arts were more likely to support increased state funding for the arts than respondents who overestimated the current level or did not know were. It seems likely that a more accurate knowledge of the current level of state support and a greater awareness of Kansas Arts Commission supported activities would increase the substantial reservoir of support that clearly already exists.

Participants in arts events or arts education activities were more likely to favor increased state government support for the arts. Those who had participated in arts events or arts education activities were almost twice as likely to favor substantial increases in state funding for the arts as were non-participants.

More than half of the households surveyed had a member that attended an arts event or arts education activity during the past year. Those who had attended such an event were likely to have attended such events multiple times during the year.

Kansans expressed support for additional local arts organizations in their area.

Nearly 41 percent of Kansans who were aware of a local arts organization expressed a preference for an additional local arts organization in their area, while nearly half of the Kansans who were not aware of a local arts organization in their area expressed a desire to have such a local arts organization.

VI. Findings and Conclusions

The results of our investigation of the economic influence of the Kansas Arts Commission have led us to a series of findings and conclusions, which are summarized below.

Annually, the KAC influenced economy is about \$20 million, and this economy generates about \$2.1 million in state and local taxes. During 1998, the Kansas Arts Commission provided 265 grants to local arts organizations. These grants were generally a small part of the total project cost; for most grants local matches provided more than 70 percent of the project cost, so that local funding provided more than \$18 million of the total \$20 million KAC economy. The KAC economy is spread throughout the state with 67 counties receiving at least one arts grant. The projects supported by KAC grants generated 120 full-time jobs and 965 part-time jobs. In addition, voluntary employment valued at \$1.2 million was contributed to these projects. KAC supported arts projects generated \$1.35 million in state taxes and \$750,000 in local taxes.

Kansas' current economic output is \$1 million greater because of the existence of the Kansas Arts Commission. The Kansas Arts Commission leverages its state funding by bringing in nearly a half million federal dollars. Even after accounting for the fact that funding for the Kansas Arts Commission activities comes partly from the State of Kansas, this inflow of federal dollars and its indirect effects cause a substantial \$1 million increase in current Kansas output.

The five case studies indicate that KAC has effectively nurtured the development of successful small arts organizations. Members of each of these organizations believe that without the help of the KAC their organization would not have survived, let alone thrived. The basic model that the KAC has created to help new arts organizations has

been successful in each of these cases. These local arts organizations pass through two basic early stages in their development: the initial struggle to survive and the establishment of a durable organization. In each of these stages the KAC plays a different role.

- During the initial struggle to survive, the KAC provides:
 - A large part of the initial funding for the organization
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Without the KAC, arts activities in Kansas would be much different than they are today. Specifically, the KAC has nurtured the development of local arts organizations in the non-metropolitan areas of Kansas. In addition, the KAC has helped develop a diversified group of arts organizations that provide a wide variety of arts activities in both the metropolitan and non-metropolitan areas of Kansas.

The existence of a geographically diverse arts community makes the state as a whole a more attractive place for businesses to locate. Local economic development professionals in communities with strong local arts organizations feel that the existence of these local organizations makes the community more attractive to business for four reasons:

The availability of the organization's activities to management, workers, and their families;

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The increased vitality of the community that comes about as a result of the community's pride in having this unique institution;

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when compared to other states' support of the arts. In fiscal year 1999, the KAC received state funding at the rate of \$0.57 per capita. For the same period, the national average was \$1.16 per capita. Per capita state funding for the arts in Kansas has not kept pace with inflation; in 1999 dollars, per capita state funding has declined nearly ten percent from its 1990 level of \$0.63. Kansas ranked fifth among six surrounding states in per capita state funding for the arts, and 39th nationally. For Kansas to have achieved the national average in FY1999, the legislature would have needed to spend about an additional \$1.5 million. Kansas was second among the six surrounding states and 19th nationally in per capita NEA block grant funding.

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increase in arts activities in their local areas. When explicitly asked if they supported specified state tax increases in order to substantially increase the level of arts activities in their local areas, survey respondents indicated that the total value of such increased activities to all Kansas households is approximately \$19 million.

Given the broad support for the arts in Kansas, it makes sense for state support for the arts to be moved toward the national average. The household survey indicated that Kansans place a high dollar value on increased arts activities in their local areas. Efforts should be made to move the level of state financial support to the national average. Alternative methods of funding should be investigated; the establishment of a cultural trust is one possibility, although the form of the trust and the mechanics of funding should be carefully considered.

Most Kansans either overestimate or don't know the level of state government support for the arts. Only 27.2 percent of households surveyed correctly stated that state government support for the arts was less than \$1 per capita. Those who did correctly specify the current level of state government support for the arts were more likely to support increased state funding for the arts than those who overestimated the current level or did not know. It seems likely that a more accurate knowledge of the current level of state support and a greater awareness of Kansas Arts Commission supported activities would increase the substantial reservoir of support that clearly already exists.

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[Preface] [Report] [Participants]

The Arts and the Public Purpose

PREFACE

On May 29, 1997, seventy-eight men and women gathered at Arden House, in Harriman, New York, for the Ninety-second American Assembly entitled "The Arts and the Public Purpose." The participants included artists, arts executives, critics, business men and women, foundation officers, academics, politicians, and policy makers—from all over the country; from the commercial, not-for-profit, and "unincorporated" worlds; and from the left, middle, and right of politics. (This Assembly used the word "unincorporated," to reflect a range of citizen-based, often avocational, arts in their many manifestations.) Consistent with The American Assembly's meeting format, the participants represented a broad spectrum of views and interests.

For three days the participants examined the arts as a sector in American life and the extent to which the arts meet the public purposes of the American people. This Assembly then identified a number of measures that, if implemented, would enable artists and artistic enterprises both to meet public purposes better and to flourish.

Frank Hodsoll, former chair of the National Endowment for the Arts, and Alberta Arthurs, former director for Arts and Humanities at the Rockefeller Foundation, served as co-chairs. Daniel Ritter, former counsel to the U.S. Senate Subcommittee on Education, Arts, and Humanities, was the director of this Assembly. Margaret J. Wyszomirski, professor of political science and director of the Arts Management Program at Case Western Reserve University, served as the chair of the project's steering committee.

Joni Maya Cherbo was the research director for this Assembly; the titles of the commissioned essays and commentaries that she edited are listed at the end of this report. The Assembly expects these essays to be published as a book, which will be edited by Joni Maya Cherbo and Margaret J. Wyszomirski. In addition, eighty not-for-profit and commercial service organizations and trade associations were asked to identify short- and long-term issues in their fields; their helpful responses and materials were bound as a book for the participants. The participants also received a book of previously published articles and essays selected from publications throughout the nation that related to the issues in their discussions.

W.W. Norton & Company, Inc. will publish a book by the project's co-chairs, Alberta Arthurs and Frank Hodsoll, on the central issues of this Assembly.

During the Assembly, participants heard three panel presentations, which provided additional background and informed the participants' discussions. The first panel set the parameters for the meeting and was moderated by Daniel Ritter, with Alberta Arthurs, Alison Bernstein, Frank Hodsoll, and Margaret J. Wyszomirski. The second, entitled "Commercial and Not-for-profit Arts Nexus," was moderated by Mark Rosenthal and included Jane Alexander, Harvey Lichtenstein, David Henry Hwang, and William Ivey as panelists. The last, on "Views from the Field," was moderated by William Honan, with panelists Sam Campana, Jeffrey Cunard, Murray Horwitz, and Maria-Rosario

Jackson. At the final evening plenary session, there were presentations by Robert Pinsky, poet laureate of the United States, and Pat Alger, songwriter and recording artist.

We gratefully acknowledge funding support for this project by:

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We would like to express our appreciation for the fine work of the discussion leaders and rapporteurs in guiding participants in their sessions and preparing the first draft of this report; Jeffrey Cunard, Catherine French, William Glade, Nicolas Kanellos, Kevin Mulcahy, and Barbara Robinson were indispensable. We owe our special gratitude to the project's co-chairs, Alberta Arthurs and Frank Hodsoll, and the chair of its steering committee, Margaret J. Wyszomirski, for the work that they did in bringing the report to its final form.

The American Assembly takes no position on any subjects presented here for public discussion. In addition, it should be noted that the participants took part in this meeting as individuals and spoke for themselves rather than for the organizations and institutions with which they are affiliated.

The text of this report is available on The American Assembly's home page on the World Wide Web (www.columbia.edu/cu/amassembly/), along with information about other Assembly programs.

David H. Mortimer
The American Assembly

[[Preface](#)] [[Report](#)] [[Participants](#)]

FINAL REPORT
of the
NINETY-SECOND AMERICAN ASSEMBLY

At the close of their discussions, the participants in the Ninety-second American Assembly, on "The Arts and the Public Purpose," at Arden House, Harriman, New York, May 29 – June 1, 1997, reviewed as a group a preliminary draft of this report. While not everything that follows was endorsed by everyone, this report reflects general agreement as to the results of this Assembly.

The Arts and the Public Purpose

EXECUTIVE SUMMARY

The Arts in American Life. The Ninety-second American Assembly defined the arts inclusively—in a spectrum from commercial to not-for-profit to volunteer, resisting the conventional dichotomies of high and low, fine and folk, professional and amateur, pop and classic. This Assembly affirmed the interdependence of these art forms and the artists and enterprises that create, produce, present, distribute, and preserve them, and underscored, in particular, the interdependence of the commercial and not-for-profit arts.

This Assembly saw the arts sector as a large, ubiquitous, economically and socially significant aspect of American public life, comparable in scale and importance to other sectors of American life, such as the health, education, and science sectors.

The Public Purposes of the Arts. The Ninety-second American Assembly identified the broad public purposes served by the arts and the specific ways in which the arts can and do meet the needs of the nation and of all Americans. Specifically, this Assembly identified four public mandates addressed by the arts:

1. The arts help to define what it is to be an American—by building a sense of the nation's identity, by reinforcing the reality of American pluralism, by advancing democratic values at home, and by advancing democratic values and peace abroad.
2. The arts contribute to quality of life and economic growth—by making America's communities more livable and more prosperous, and by increasing the nation's prosperity at home and abroad.
3. The arts help to form an educated and aware citizenry—by promoting understanding in this diverse society, by developing competencies in school and at work, and by advancing freedom of inquiry and the open exchange of ideas and values.
4. The arts enhance individual life—by encouraging individual creativity, spirit, and potential; and by providing release, relaxation, and entertainment.

The Arts Sector. The Ninety-second American Assembly found that the arts sector—commercial, not-for-profit, and unincorporated—is enormous. A conservative estimate puts consumer spending on

the arts in 1995 at roughly \$180 billion, or 2.5 percent of the Gross Domestic Product (GDP). If all copyright industries are included, these numbers roughly double.

This Assembly also found that, notwithstanding the arts sector's size, investment and jobs in it are risky. Even in the commercial world, very few arts products make money. Not-for-profit organizations have to raise half their revenues through contributions and grants. "Unincorporated" groups rely on volunteers. Only about 25 percent of artists work full time at their art, and the vast majority of them make considerably less than other professionals and lack basic health and other benefits.

Yet, all Americans attend, consume, encounter, or create some kind of art each year. The largest proportion of this participation appears to be through the media, and this is so whether the art derives from the not-for-profit or commercial worlds. This Assembly found that cooperation between the commercial and not-for-profit worlds can reduce the barriers to access for American audiences, and that the new technologies, especially the Internet, are becoming increasingly important in this respect.

The Arts Sector and Public Purposes. The Ninety-second American Assembly found that all three parts of the arts sector contribute, in major and varying ways, to the public purposes that it identified.

This Assembly, however, singled out a number of opportunities that could dynamically increase the arts sector's capacity to achieve public purposes. These included: (i) a more overt and continuous commitment of time and resources by artists and arts organizations to public purposes; (ii) increased collaboration across the component parts of the arts sector to this end; (iii) greater attention to the arts sector's general financial security and to funding that advances public purposes; (iv) improved means of distribution and dissemination to provide access for all Americans to a full range of the arts at reasonable cost; (v) renewed attention to, and funding for, preservation of America's artistic heritage; (vi) improved educational programs in the arts; (vii) increased and improved data, research, and analysis to support the development of arts policies; and (viii) better collaboration and coordination among advocates and professionals in support of public policies to these ends.

Recommendations. The Ninety-second American Assembly identified a number of ideas that, if implemented, would help artists and artistic enterprises both to meet public purposes and to flourish. There was consensus that all those represented at this Assembly would need to work together if real progress were to be made.

1. Artists and arts institutions—commercial, not-for-profit, and unincorporated—should consider and devote time and resources explicitly to achieving public purposes.
2. Partnerships among the commercial, not-for-profit, and unincorporated parts of the arts sector should be developed and expanded, to enhance its capacity to achieve public purposes.
3. Foundations, corporations, individual benefactors, commercial arts organizations, regions, states, localities, and the federal government should work together to develop strategies (i) to ensure a larger measure of financial stability for serious artists and arts organizations throughout the arts sector, and (ii) to stimulate the diverse range of arts activities that address public purposes in American life.
4. Public and private funders, commercial arts distribution entities, and government agencies should (i) make noncommercial arts products more accessible to the general public, (ii) help

3-19

geographically disadvantaged communities get greater access to the arts and share their community arts outside their communities, and (iii) promote the use of new technologies for making the arts accessible.

5. Additional and specifically earmarked public and private funds should be identified (i) to inventory current preservation efforts, (ii) to develop a code of "best practices" in preservation, and (iii) to recognize living, contemporary artists as critical to America's artistic heritage.
6. America's education and arts communities should make the fullest possible range of resources available to provide serious and rigorous arts education to young people (K-12), adults and to older citizens. The scope of arts education should be expanded to include the design and media arts, media literacy, and dance movement.
7. Arts professionals, arts service and trade associations, policy professionals, universities, and public policy institutes should collaborate on data collection, research, and analysis on the arts sector and on arts policy.
8. The commercial, not-for-profit, and unincorporated parts of the arts sector should collaborate in pursuing government policy objectives that further the sector's interests.
9. The arts sector should continue the dialogue begun at this Assembly—at annual association meetings and specially convened and targeted meetings, including possibly a national meeting of leaders from the federal government and all segments of the arts sector.

Kansas City leaders get taste of Denver

Group gathering ideas to put spark back into sleepy downtown

By John Ingold
Special to The Denver Post

Denver showed off its crown jewels Wednesday as 26 Kansas City business, civic and cultural leaders toured Downtown to get economic revitalization ideas.

They visited Lower Downtown, the 16th Street Mall, the Pepsi Center and Coors Field, and listened to speeches from Denver Mayor Wellington Webb and other civic officials on the importance of cooperation in redevelopment efforts.

Kansas City has long wanted to revamp its stagnant downtown. Peter Levi, the president of the Greater Kansas City Chamber of Commerce, said the task is especially difficult because the city has to work with two states — the Kansas City area straddles the Missouri-Kansas border.

In 1996, voters approved a "bi-state" tax that paid for renovations of Kansas City's Union Station including an interactive museum there called the Science City. That tax dies in 2002, and Kansas City officials hope to approve another to fund cultural programs and renovate the homes of the Kansas City Chiefs and Royals.

Levi said the leaders wanted to visit Denver because the city has

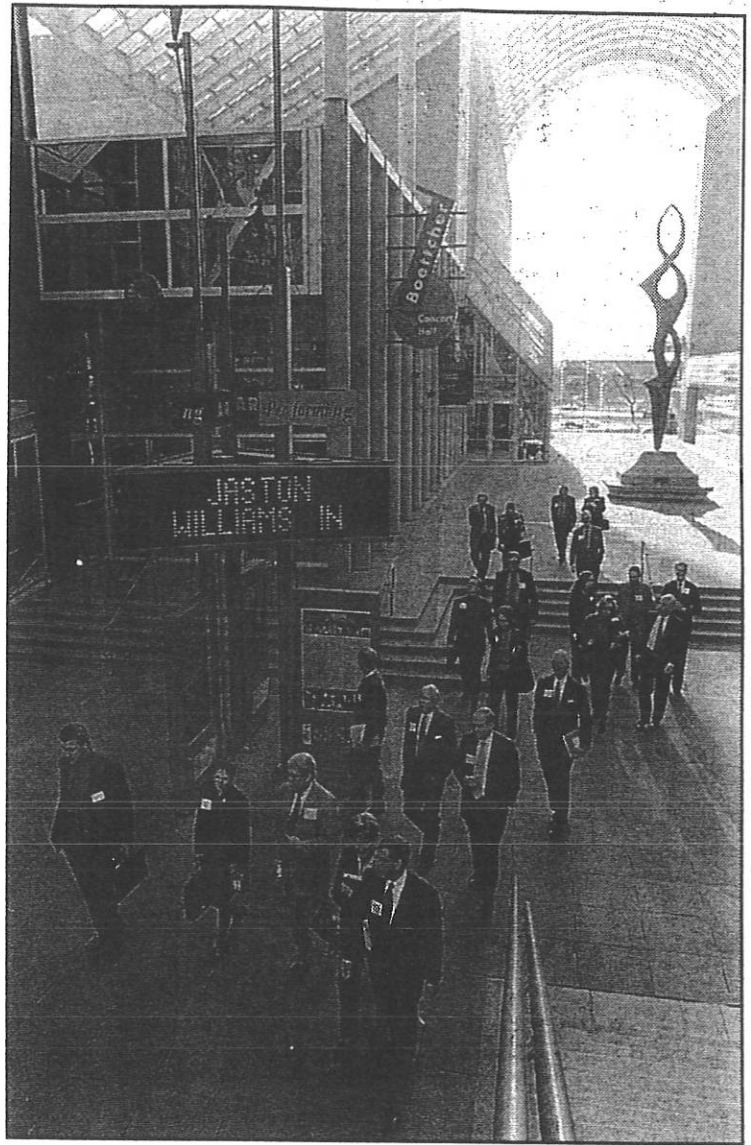
had a strong record of successful renewal initiatives, beginning in 1988 with the Scientific and Cultural Facilities Tax, which funds area cultural programs and museums. Voters recently approved separate bond issues to expand the Denver Art Museum and the Colorado Convention Center, and to renovate the Denver Zoo.

"Denver is recognized nationally for its ability to bring the arts groups together, the business groups together, the civic groups together," Levi said. "We in Kansas City have the same goals."

Denver pollster Floyd Ciruli, who helped organize the visit, said Denver usually hosts two or three such visits a year. Groups from St. Louis; Nashville, Tenn.; and Atlanta have visited Denver in recent years.

After a lunch at the Denver Center for the Performing Arts, the 26 leaders hopped on a bus and toured some of Denver's revitalization coups — LoDo, where restaurants and lofts have breathed new life into an aging warehouse district; the Denver Pavilions, the shopping and entertainment center completed in 1998; and the 16th Street Mall, which is enjoying a revitalization due in part to the Pavilions.

"It's interesting to see that so



The Denver Post / Shaun Stanley

Business leaders from the Kansas City area walk through the Denver Performing Arts Center as part of a tour of Downtown.

much development happened so fast," said Charlie Pepper, a managing partner at accounting firm KPMG and a member of the Kansas City Chamber board of directors. "I'm very impressed with the voters' willingness to support these initiatives."

Ciruli said he had heard only

positive feedback from the Kansas City leaders, noting that many were highly impressed with Denver's efforts.

"You couldn't beat the Pepsi Center this morning," he said. "For them, it was so awesome."



The Johnson County Sun



STEVE
ROSE
CHAIRMAN

Denver envy

Wednesday
January 26, 2000

It is not a case of Denver-Envy.

Sure, they've got breathtaking mountains, a vibrant downtown, new stadiums, botanical gardens, a fabulous new indoor sports arena, a world-class performing arts center, a 21st century airport and a seemingly infinite can-do spirit.

But, hey, they've got Los Angeles-type traffic in a city with a population of 2 million, only 300,000 citizens more than Kansas City. Even with their light rail, Denverites have not figured out how to handle the traffic gridlock, and the pollution that comes with it.

Thankfully, Denver has that problem. Otherwise, the city might be perfect, and then we really would have a case of the Denver Envies.

So incredible is the Denver miracle -- everything except the mountains were built in the last few years -- that the Chamber of Commerce of Greater Kansas City called on 25 of us to see firsthand what Denver has accomplished, and to ask its leaders how.

After a whirlwind, morning-to-night fact-finding mission, here is the report: DENVER'S SIZZLING. It's difficult to say exactly why Denver is red-hot.

Everybody, including our own daughter, is moving there. Some say it's the beauty of a city surrounded by snow-capped mountains. But the mountains have been there awhile, and Denver's magnetism is only recent.

ENLIGHTENMENT. Denverites are among the most educated on earth. Enlightened citizens understand that quality-of-life is the result of an ongoing investment in a city's future.

A CULTURE TAX. A tiny tenth-of-a-cent for culture, passed by the six-county region, has rejuvenated the arts. While we were there, we saw hundreds of school children at the performing arts center, learning that there is culture beyond television.

STADIUM TAXES. The six-county Denver region approved taxes to build a new football stadium for their Broncos and to construct a baseball stadium, which attracted a major league team, The Rockies. Kansas City already has

state-of-the-art stadiums at the Truman Sports Complex. But a visit to the Denver stadiums drives home the reality of sports today. It is the huge number of corporate suites and party suites that keeps the bottom line healthy.

TOP POLITICAL LEADERSHIP. More than the mountains, leadership is the key to Denver's success. It doesn't hurt that Denver is the state capital, and therefore the Colorado governor, who lives in Denver, often is the champion for Denver issues.

CORPORATE LEADERSHIP. Denver's indoor sports arena will take your breath away, and it's not the altitude. Even more breathtaking is the revelation that the arena was built with private money. Of course, Denver citizens are sports fanatics, which goes a long way toward attracting sports investors.

CIVIC LEADERSHIP. Denver has lots of out-front leadership going for it. Kansas City's leadership remains low-profile, low-risk, and low octane.

ESPRIT DE CORPS. The Denver region, like every other metropolitan area, has dozens of municipalities surrounding the central city. Yet, Denver suburbanites continually have voted to support metropolitan assets, even if they sit within the city of Denver.

Denver Envy? Ok, maybe just a wee bit.



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3-23



The Arts Council of Metropolitan Kansas City

Enriching our community through the arts

The Arts Council of Metropolitan Kansas City is a not-for-profit organization that serves the five county metropolitan Kansas City area. Funding for the Arts Council has been provided by the Muriel McBrien Kauffman Foundation, the Greater Kansas City Community Foundation and the Missouri Arts Council.

The Arts Council staff includes:

Joan Israelite, President and CEO
Mark Spencer, Associate Director
Terri Harmon, Administrative Assistant
Kim Carlos, Special Projects Coordinator

The Arts Council of Metropolitan Kansas City's mission is to strengthen and enrich the community through the arts by developing visibility, participation, support, information, education and partnerships. Specifically, the Arts Council has established the following goals:

- Broaden and deepen participation in art and culture
- Identify and secure new long-term sources of funding for the arts
- Enable more effective administration of cultural enterprises

In pursuit of these goals, the Arts Council has already implemented various programs and is developing many others that will enrich the Kansas City community through the arts. Program examples include:

Participate 2000 – A yearlong marketing effort, starting in January 2000, to increase attendance and awareness of the arts in Kansas City. Each month during the year will have an arts theme and over 200 local arts events will be the recipients of additional marketing exposure through *Participate 2000*.

ArtsLinks.org – An arts web site, developed in conjunction with the Arts and Humanities Association of Johnson County, that will provide a searchable long-range calendar of arts events in the Kansas City area. In addition, the web site will contain other features such as news from the arts and cultural communities, a database of local arts organizations, links to local arts organization's web sites, and a resources and opportunities section.

Realtors for the Arts – A collaborative program with the real estate community and Kansas City's top performing arts organizations. This program enables realtors to give "Ticket to the Arts" gift vouchers to their customers as thank you gifts, introducing new Kansas City residents to the arts and cultural offerings in our community

Roundtable and Workshop Series – The Arts Council is hosting a variety of workshops and roundtable discussions series that will assist local arts organizations with their daily operation. Including such topics as fundraising, resource development and marketing, these workshops and discussions bring experts in their respective fields together with local arts organizations leaders to allow for the sharing of information and ideas.

The Arts Council would like to thank you for your continued support of the arts in Kansas City!!

1925 Central Expressway, Suite 150,
Kansas City, Missouri 64108

816 221-1111

Fax: 816-221-1195

www.ArtsLinks.org

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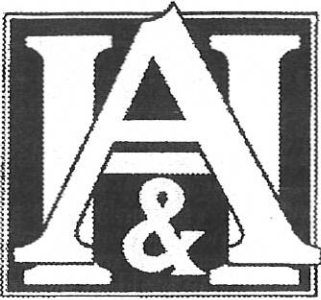
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3-24



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- Community Advisory Board, Junior League of Wyandotte and Johnson CosKS.*
- KCPT Ready to Learn Advisory Board.*

Testimony
In Support Of
House Bill No. 2860
House Committee on Taxation

Presented by:

Thomas R. Burke, Ph.D.
President
Kansas City Kansas Community College

February 3, 2000

House Taxation

Date 2/3/00

Attachment # 4-1

To members of the House Committee on Taxation:

My name is Tom Burke, and I am the President of Kansas City Kansas Community College. I am here today to testify in favor of HB 2680, an act amending and supplementing the Kansas and Missouri metropolitan district compact. Now you may ask, “Why would anyone from Wyandotte County testify in favor of this bill when the voters of the county did not approve the existing section of the act?” You are right! In fact, Wyandotte County was the only eligible county in the metropolitan area to disapprove the bi-state sales tax for Union Station.

But let’s look at the facts. First of all, Wyandotte County was the highest taxed county in the state. Any chance of being able to vote against a tax was very appealing. Second, Wyandotte County was in the throes of a total reorganization. The Governor’s Study Commission, of which I was a member, was in the midst of investigating the possible unification of city and county government. One primary motivation for unification was tax relief. The bi-state text lost, but unification won! We are now one of the most progressive counties in the country.

In the meantime, the supporters of the bi-state tax paid very little attention to Wyandotte County, and rightfully so. Johnson and Jackson

were the key. These two counties had to pass the tax or it would not exist. Nevertheless, a significant number of Wyandotte voters cast ballots in favor of the compact.

Even though a majority of voters opposed the tax, the residents of Wyandotte County certainly pay it. We pay it every time we go to the Oak Park Mall at 95th St. and Quivera or to Metro North Shopping Center on Barry Road. We pay it every time we go to Town Center, Crown Center, and the Plaza. We pay it every time we go to theaters and restaurants in Jackson and Johnson Counties. An now we pay it when we go to Union Station. That reality was recently recognized by Mayor Kay Barnes of Kansas City, Missouri, in an appreciation announcement that appeared in the Kansas City Kansan Newspaper.

The bill before you is simply enabling legislation. The voters of each eligible county will still have to decide whether or not they favor the compact. Who knows -- maybe Wyandotte County will have a project with metropolitan-wide significance worthy of inclusion as an activity for the tax. Only time will tell. But the bottom line is that the decision will be in the hands of the voters.

Thank you.

Kansas AFL-CIO

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DATE: February 2, 2000

TO: Rep. Susan Wagle, Chairperson
House Tax Committee

FROM: Jim DeHoff, Executive Secretary
Wayne Maichel, Executive Vice President

RE: Written testimony in support of HB 2680

On behalf of the Kansas AFL-CIO, we are pleased to submit written testimony in support of H.B. 2680. We believe a bi-state statute is a good example of state governments cooperating to allow local citizens the opportunity to establish local priorities. The original bi-state statute has provided us with a restoration of Kansas City's historic Union Station, a true success story. Passage of this legislation will give the citizens of Kansas City more options for future projects. On behalf of the AFL-CIO, we ask that you grant the Kansas City community the flexibility to utilize the bi-state initiative.

opeiu #320, afl-cio



House Taxation

Date 2/3/00

Attachment # 5