

Approved: 3-22-00  
Date

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson Senator Audrey Langworthy at 11:17 a.m. on March 15, 2000, in Room 519-S of the Capitol.

All members were present except: Senator Greta Goodwin – Excused

Committee staff present: Chris Courtwright, Legislative Research Department  
April Holman, Legislative Research Department  
Don Hayward, Revisor of Statutes Office  
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: Mary Birch, Overland Park Chamber of Commerce  
T. Nelson Mann, Greater Kansas City Chamber of  
Commerce  
Representative David Adkins

Others attending: See attached list.

**SB 643—Amending and supplementing the Kansas and Missouri metropolitan culture district compact**

Mary Birch of the Overland Park Chamber of Commerce testified in support of **SB 643**, which is similar to **HB 2680**. She noted that the chambers of commerce and the business community in Johnson County were strongly supportive of the most recent bi-state effort. That effort was extremely successful and provided an opportunity to select for development a unique facility (Union Station) of regional importance in the community. She noted that the support for the bill stems from the fact that it is time to look at what options will be available in the future. The bill will ensure that the community will be prepared for economic development opportunities which may occur in the future. She emphasized that the cultural efforts in the community occur with a large amount of deliberative effort, discussion, and consensus building. In this regard, she called attention to a copy of a memorandum from the Johnson County Chambers Presidents Council which lists five important factors regarding bi-state tax efforts. She also called attention to a list of businesses which have endorsed bi-state revision legislation as an opportunity to explore future possibilities. (Attachment 1)

In answer to a question from Senator Steineger regarding where and what projects would be included on the Kansas side, Ms. Birch said she believes that there are safeguards in the current bi-state cultural tax bill which will control those decisions. She pointed out that there are several steps in the process wherein a community has the opportunity to say “yes” or “no” to participating in a cultural project. She believes that there is strong support from the Missouri side that Kansas play a role in the compact.

T. Nelson Mann testified in support of **SB 643** on behalf of the Grater Kansas City Chamber of Commerce, the Arts Council of Metropolitan Kansas City, and the Arts and Humanities Association of Johnson County, noting that all three organizations recognize and appreciate the importance of culture in their community. Mr. Mann emphasized that it is important to realize that the definition of “culture” includes sports, not athletics itself but everything occurring in connection with athletics. He noted that sports franchises are essential to the vitality of any modern metropolitan area, and they have a wide impact on surrounding communities. He went on to say that, while the proposed modifications to the compact are designed to include sports facilities and activities, the organizations he represents specifically view the arts as an essential component of any new bi-state initiative. In conclusion, Mr. Mann discussed multi-jurisdictional efforts in Memphis and Denver to establish first class cultural activities. He feels the Kansas City area should have the same opportunity to engage in the same type of dialogue that occurred in those cities. He pointed out that the process would be a very public process in which Kansans would be heard. He emphasized that, before any proposal goes on the ballot, it must be approved by the county commissions. In support of his testimony, he called attention to copies of studies reporting culture tax successes in other cities. (Attachment 2)

CONTINUATION SHEET

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE  
Room 519-S, Statehouse, at 11:17 a.m. on March 15, 2000.

Representative David Adkins gave final testimony in support of **SB 643**. He pointed out that his written testimony includes information on the following questions:

- What does the current bi-state compact allow?
- Has any bi-state sales tax been approved under this compact?
- If we wish to change the compact, how can we do that?
- How does **SB 643** change the current compact and why are these changes needed?
- What safeguards does the compact provide taxpayers? (Attachment 3)

Representative Adkins noted that it is important to keep in mind that the compact does not sunset. The bill does not renew or extend the compact but simply contains revisions which provide greater flexibility, greater local ownership, and which protect the interests of Wyandotte County and Kansas City, Kansas, subsequent to the unification of their county and municipal governments.

Representative Adkins feels that the revisions to the compact allow those who worked for the passage of the 1/8 of cent sales tax (dedicated to the renovation of Union Station and the construction of Science City at Union Station) to honor their pledge to voters that the sales tax would expire, pursuant to the ballot language, when \$118 million had been raised from that tax. When the tax reaches \$118 million, now projected in March of 2002, the tax expires. Rather than extending the tax, those who made the pledge that the tax would expire felt very strongly that no new proposal should go before the voters until the existing tax actually expires. Thus, any new ballot language submitted to the governing bodies of the counties that could participate would be on a blank slate. He emphasized that trust is a very important issue when bi-state cooperation is being considered.

Representative Adkins said, "It is important to keep in mind that the heart and soul of this revision has been reported to be some kind of raid on Kansas taxpayers to pay for professional sports stadiums in Kansas City, Missouri." In this regard, he noted that the sale of the Royals to David Glass was announced yesterday. He observed that Mr. Glass has significant financial resources, and his plans for the team and the stadium may very well not include any further public participation or any proposal to have Kansas taxpayers participate. He emphasized that under no circumstances does voting for this measure constitute an overt or implied idea that Kansas taxpayers are going to pay to upkeep any sports facility. The measure will allow county and city civic leaders to come together and discuss what is the best package of amenities that will enhance our region's ability to attract and retain a quality workforce, allowing economic development to continue to flourish, and what mix of projects is possible to allow a valid initiative to be approved.

Senator Langworthy called attention to written testimony in support of amending and supplementing the Kansas and Missouri metropolitan district compact submitted by Thomas R. Burke, who is the President of Kansas City Kansas Community College. Mr. Burke states that the bill is simply enabling legislation which allows voters of each eligible county to decide whether or not they favor the compact. (Attachment 4)

Senator Bond informed the Committee that only 49 percent of the cost of Union Station Science City was generated by the bi-state tax. As a result of the tax being passed, 51 percent was generated by private dollars and by some federal dollars due to the Union Station transportation tie. He commented that the bill provides an opportunity for the Kansas side to do some cultural pursuits which can stimulate private contributions metropolitan wide. It is his hope that voters can be assured that, if they vote a tax upon themselves, they will get significantly more in return for their tax dollars by way of private contributions. He noted that many large corporations have their headquarters on the Missouri side but have great interest in the Kansas side; therefore, Kansas could be the beneficiary of private dollars to a greater extent than its tax contributions. With this, the hearing on **SB 643** was closed.

The meeting was adjourned at 11:54 a.m. The next meeting is scheduled for March 16, 2000.

# SENATE ASSESSMENT AND TAXATION COMMITTEE GUEST LIST

DATE: March 15, 2000

NAME	REPRESENTING
Stan Puros	Invest of assets.
George Petersen	KTN
Kelly Kuitala	City of Overland Park
Robbie Kupper	visitor
Bill Gross	SLSM Health System
RICHARD RODEWARD	CANADTE FOR KANSAS SENATE
Larry Kleiman	League of KS Municipalities
Mike Murray	Sprint
Patrice Scott	Sprint
R. McElly	Coop
Cynthia Smith	KCPD
J. Clark	Stallman
B. Brady	Ks Gov't. Consulting
Nelson Mann	KC Chamber/Media/Insurance!
<del>XXXXXXXXXX</del>	AAA/DOCO
J.C. LONG	UtiliCorp United Inc.
Janis McMillen	League Women Voters of Kansas
Ashley Sherard	O.P. Chamber
Blake Schuck	Lenexa Chamber

Mary Birch  
Erik Sartorius

O.P. Chamber  
Johnson Co. Board of Realtors



**Testimony**  
**Kansas Senate**  
**Kansas Assessment and Taxation Committee**  
**Senator Audrey Langworthy, 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.  
Thank you for your time.

*Senate Assessment & Taxation*



# 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**

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**American Century Investments**  
**Bank of America**  
**Bayer Corporation, Agricultural Division**  
**Blades & Associates**  
**Bryan Cave, L.L.P.**  
**Carter Broadcast Group, Inc.**  
**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**  
**Southwestern Bell**  
**Sprint**  
**St. Luke's Shawnee Mission Health System**  
**The University of Health Sciences**  
**UtiliCorp United, Inc.**  
**W+D Machinery Company, Inc.**

**Testimony of T. Nelson Mann  
Greater Kansas City Chamber of Commerce  
Arts Council of Metropolitan Kansas City  
Arts and Humanities Association of Johnson County  
on SB 643  
Senate Taxation Committee**

**March 15, 2000**

Chairperson Langworthy and Members of the Tax Committee, I am appearing today on behalf of the Greater Kansas City Chamber of Commerce, the Arts Council of Metropolitan Kansas City, and the Arts and Humanities Association of Johnson County in support of SB 643, 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 provide the cultural fabric of the Kansas City metropolitan area 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.

A few weeks ago, I had the privilege of meeting with Mr. Robert McNulty, President of Partners for Livable Communities based in Washington, D.C. We were joined by Joan Israelite, President of the Arts Council, Mayor Kay Barnes, and County Executive Kathryn Shields. Unfortunately, Commissioner Surbaugh had a conflict and was unable to attend. Mr. McNulty has consulted with metropolitan areas throughout the world with respect to the need for cultural amenities to preserve and advance all aspects of the community and has recently assisted the City of Memphis in the formation of a tri-state cultural district focused on the use of cultural activities to develop a more skilled workforce. Mr. McNulty unequivocally advanced the proposition that multijurisdictional cooperation to establish first class cultural activities, and he included sports franchises within the definition of culture because they have wide impact on surrounding communities, is essential to the vitality of any modern metropolitan area.

*Senate Assessment & Taxation  
3-15-00  
Attachment 2*

While the proposed modifications to the Compact are designed to include sports facilities and activities, the organizations I represent view the arts, specifically, 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 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 SB 643.

::ODMA\PCDOCS\DOCS\229703\2

**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**

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## 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 39<sup>th</sup> 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 19<sup>th</sup> 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
  - Technical assistance in organizing the original group
  - A stamp of credibility to the organization
  
- As the organization establishes itself as an ongoing 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.

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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 39<sup>th</sup> 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 19<sup>th</sup> 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 \$19 million for a substantial***

***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.

***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 who 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.

## 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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7373 W. 107th Street, Overland Park, Kansas 66212 ° (913) 381-1010 ° FAX (913) 381-9889



[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:

*Major Funders*

AT&T Foundation  
The Ford Foundation  
The Rockefeller Foundation  
Robert Sterling Clark Foundation  
The J. Paul Getty Trust  
The Henry Luce Foundation

*Funders*

The Coca-Cola Foundation  
Thomas S. Kenan, III Institute for the Arts  
The Mary Duke Biddle Foundation  
The Overbrook Foundation  
The New York Times Company Foundation  
Time Warner Inc.

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/](http://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

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.

**Testimony in Support of SB 643 to the  
Senate Committee on Assessment and Taxation  
by David Adkins, State Representative**

Chairman Langworthy, members of the committee:

Thank you for this opportunity to appear before you today in support of SB 643, a measure which if enacted would amend the existing Metropolitan Culture District Compact. The purpose of my testimony is to review for you the current compact, how the existing compact has been used and the amendments proposed to the current law.

**Summary of Metropolitan Culture District Compact and  
Amendments to the Compact as Proposed in SB 643**

**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.

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

**Has any bistate sales 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 1/8<sup>th</sup> 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

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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.

**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 SB 643 change the current compact and why are these changes needed?**

The suggested changes and the reasons for them are as follows:

1. **Protect Wyandotte County's and Kansas City, Kansas' Full Representation on Future Bistate Commissions:** Since the bistate cultural district compact was originally approved the governing bodies of Kansas City, Kansas and Wyandotte County have become the Unified Government of Wyandotte County and Kansas City, Kansas. 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 unified government's governing body to 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 proposed amendments now before the legislature would expand that 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 Bistate Sales Tax Could be Approved 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 cultural projects.
4. **Amendments Honor Pledge to Voters:** 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).

**What safeguards does the compact provide 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.

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

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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 95<sup>th</sup> 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.