

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Steve Morris at 10:40 a.m. on March 6, 2001 in Room 123-S of the Capitol.

All members were present except: Senator Christine Downey

Committee staff present:

Debra Hollon, Kansas Legislative Research Department
Amory Lovin, Kansas Legislative Research Department
Paul West, Kansas Legislative Research Department
Michael Corrigan, Assistant Revisor, Revisor of Statutes Office
Julie Weber, Administrative Assistant to the Chairman
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Judy Billings, President, Travel Industry of Kansas
Michael Pickering, Chairman, Governor's Advisory Commission on Travel and Tourism
Ron Hein, Kansas Restaurant and Hospitality Association
Mary Lou McPhail, Director of Travel and Tourism, Kansas Dept. of Commerce and Housing
Gary Blackburn, Director, Bureau of Environmental Remediation, Kansas Department of Commerce and Housing

Others attending: See attached guest list

Bill Introduction

Senator Feleciano moved, with a second by Senator Schodorf, to introduce a bill (1rs1117) concerning certain special enforcement officers' eligibility for KPF membership. Motion carried by a voice vote.

The Chairman turned the Committee's attention to review of the minutes of the meetings of January 30 and 31, 2001. Senator Jordan moved, with a second by Senator Jackson, to approve the minutes of January 30 and 31, 2001. Motion carried by a voice vote.

Chairman Morris opened the public hearing on:

SB 293—Establishing state tourism advertising fund

Staff briefed the Committee on the bill.

Chairman Morris welcomed Judy Billings, President, Travel Industry Association of Kansas, who spoke in support of **SB 293** (Attachment 1). Ms. Billings noted that they believe that this is a rational and reasonable plan. She also distributed copies of the Market Research Study, 1999 Advertising Effectiveness Study, dated June 9, 2000 (Attachment 2).

Chairman Morris welcomed Michael Pickering, Chairman, Governor's Advisory Commission on Travel and Tourism, who spoke in support of **SB 293**. Mr. Pickering distributed copies of the members on the Council on Travel and Tourism (Attachment 3). Mr. Pickering expressed the need to promote tourism in Kansas. (No testimony was provided.)

Chairman Morris welcomed Ron Hein, on behalf of the Kansas Restaurant and Hospitality Association, in support of **SB 293** (Attachment 4). Mr. Hein explained that tourism is very important to their industry statewide.

Chairman Morris welcomed Mary Lou McPhail, Director of the Tourism Division, Kansas Department of Commerce and Housing, who spoke in opposition to **SB 293** (Attachment 5). Ms. McPhail applauded the

CONTINUATION SHEET

travel industry for the attempt to increase the advertising dollars. She explained that the Secretary does not feel it is good public policy to set in place a formula for financing tourism. Ms. McPhail mentioned that the Secretary would like to make the recommendation that the committee look at an alternative method to gaining the advertising dollars by recommending a State General Fund appropriation for more advertising rather than earmark sales tax revenues for that special purpose.

Committee questions and discussion followed.

The Chairman thanked the conferees for their appearance before the Committee. There being no further conferees, the Chairman closed the public hearing on **SB 293**.

Chairman Morris opened the public hearing on:

SB 294—Use of funds under chemical control act

Staff briefed the Committee on the bill.

Chairman Morris welcomed Gary Blackburn, Director, Bureau of Environmental Remediation, Department of Health and Environment, who spoke in support of **SB 294** (Attachment 6). Mr. Blackburn discussed the Chemical Control Act and **SB 294**. Mr. Blackburn mentioned that the KBI and KDHE believe the repeal of subparagraph (f) will clarify the purpose of the Act. They feel that with this clarification, KDHE will be able to support more state and local law enforcement agencies in cleaning up clandestine laboratory sites in a more timely manner.

The Chairman thanked Mr. Blackburn for his appearance before the Committee. There being no further conferees, the public hearing on **SB 294** was closed.

Senator Feleciano moved, with a second by Senator Adkins, to pass **SB 294** as favorable. Motion carried on a roll call vote.

Chairman Morris called the Committee's attention to discussion of:

SB 8—Washburn university, operating grants, determination

Chairman Morris welcomed David Monical, Washburn University, who explained the proposed balloon amendment for **SB 8** (Attachment 7). Committee discussion and questions followed.

Senator Feleciano moved, with a second by Senator Jackson, to adopt the proposed balloon amendment to **SB 8** and to change the effective date of the bill from the Kansas Register to statute book. Motion carried by a voice vote.

Senator Barone moved, with a second by Senator Schodorf, to move **SB 8** favorable as amended. Motion carried by a roll call vote.

The meeting was adjourned at 11:35 a.m. The next meeting is scheduled for March 7, 2001.

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE March 6, 2001

NAME	REPRESENTING
Jean Barbour	TIAK
Judy Bellings	TIAK/Lawrence CVB
Maup Lee McNeil	KDOCH - T+T Rev.
Sherry Brown	KDOCH
Michael Schumway	Gov. Council on Travel + Tourism
James Mumma	Federico Consulting
Alan Mull	Kansas Outdoors
Mike Huffles	Ks. Gov't Consulting
Dick Carter, Jr	KBOR
Marvin Burris	KBOR
David G. Moncil	Washburn University
John Pinegar	Washburn University
Joe Furd	KDHE
Gary Blackburn	KDHE
Leo Henning	KDHE
Ed O'Malley	OP Chapter of Commerce
Greg Watt	Emporia State
Jackie Scott	ESU



**Travel
Industry
Association of
Kansas**

**300 SW Eighth – 3rd Floor
Topeka, KS 66603**

785-233-9465

TESTIMONY

DATE: March 6, 2001

TO: Senate Ways & Means Committee

FROM: Judy Billings, President

**RE: Advertising Fund for Division of Travel & Tourism
(SB-293)**

Mr. Chairman and members of the committee, my name is Judy Billings and I am the President of the Travel Industry Association of Kansas. That organization is made up primarily of convention and visitors bureaus, attractions and tourist services. The major expertise of TIAK members is in marketing and promotion, with lesser emphasis on product development and services. We do, however, work closely with other entities that are more focused on these 'legs' of the tripod, i.e. those who develop products and deliver services to Kansas visitors. In some instances these entities may be private developers while in others they may be public agencies.

SB-293:

- Establishes a line-item for advertising for the Division of Travel & Tourism
 - Establishes a formula for funding that line-item with growth from tourism related sales tax collections
 - Creates no new tax burden
 - Provides that the major amount of growth in the tourism related collections goes to the State General Fund
- You know that Kansas ranks 49th in State Travel Office Advertising budgets (our attachment #1)
- You have heard the Vision 21st Century Task Force recommendation to "raise the budgetary priority of tourism to be consistent with the strategic plan on tourism initiated by the Kansas Department of Commerce and Housing." (Our attachment #2)

*Senate Ways and Means
3-6-01
Attachment 1*

- You know that this will assist in the implementation of the Kansas Tourism Strategy, the plan authorized by the Legislature in 1997. (An Executive Summary is our attachment #3.)
- We are distributing a complete copy of the division's 1999 Advertising Effectiveness Study. Page 25 of that study is attachment #4. That study shows a return on investment of \$52 to \$1. For each of the nearly \$500,000 spent by the division last year, the state realized an economic impact of \$26,150,000.

The fifth attachment is the sales tax collections for FY-2000 broken down by SIC code. These are the standard industrial classification codes identified as those that are tourism related. SB-293 only lists four of those codes, the ones that represent eating and drinking places, hotels & motels, campgrounds and other lodging facilities.

On the spreadsheet (attachment #6), we have shown the growth amount in these funds, the growth percentage, the 3% growth amount that will always remain in the State General Fund, the excess growth amount and the 50% of excess growth amount designated by this bill for advertising.

We believe this is a rational and reasonable plan. Based on these most recent figures, it does not generate the \$2 to \$3 million we believe we need for advertising. But it is a reasonable start and better than we have been doing while reliant upon the lottery budgeting process of past years. We would have always been grateful, and still would be grateful, for additional lottery funds within the division.

The things we like most about this plan are that it:

- Is performance driven
- Provides accountability
- Fluctuates appropriately with the economy

We just have not seen or heard of another plan we believe to be of equal merit. We respectfully request your favorable action on this bill.

5. The Impact of Tourism on Economic Development for the Next Decade

That Governor Graves raise the budgetary priority of tourism to be consistent with the strategic plan on tourism initiated by the Kansas Department of Commerce and Housing.

Rationale for Recommendation 5:

Economic development in Kansas should focus on developing and realizing the potential of its tourism industry. Kansas ranks last among all states in tourism advertising and should increase its funding for tourism. At the same time, the state should undertake a thorough evaluation of the way various state and local tourism-related agencies spend available monies.

Tourism is an untapped industry in the State of Kansas. Tourism not only creates revenues from tourists visiting the state but also has the potential to bring people and business into the state. State tourism agencies have done the best they can with minimum resources. As a result, the state of Kansas does not rank last among all states in tourism to the state. However, it is difficult for Kansas to compete with surrounding states that have significantly larger tourism budgets. The minimal advertising that has been done for Kansas has proven that there is interest in visiting Kansas for its historical and aesthetic value. By increasing funding for tourism, the revenues and benefits generated from tourism will more than surpass the minimal costs being spent on attracting people to the state.

As part of the state's effort to increase tourism, the state should further evaluate how monies are being spent both locally and at the state level for tourism. It may be that local and state entities are paying for the same types of tourism-related tasks. If they could work together to provide the best strategies for increasing tourism, then state and local governments might be able to better use current available funding. However, this does not replace the need to increase funding for tourism within the state.

The state should give higher priority to the funding of public/private recreational enhancements. By combining the resources of private and public sectors, the quality and attractiveness of recreational facilities in the state will increase significantly. In addition, private industry might share some of the cost burden to develop new recreational facilities. One such example of this private/public partnership is the development of a resort by private entities on Clinton State Lake. Such partnerships should enhance the image of recreational facilities, increase tourism, and increase economic development to the state.

Closely related to tourism is parks and recreation. Funding for parks and recreation is also considerably lower than most surrounding states. The state agencies responsible for parks and recreation have difficulty competing with larger budgets from surrounding states. If the state increased funding for the Kansas Department of Parks and Wildlife, a rise in tourism would most likely result from an increase in valued attractions to the state. The department does not have sufficient resources to market its product to those inside and outside the state.

CONCLUSION

The State of Kansas must be proactive in the improvement of economic opportunity for its citizens and businesses. Economic development is an endeavor in which there is much competition: from other nations, other states, and within our own state. We as Kansans need to understand the environment in which we compete, and maintain a level of commitment that will keep our state a viable alternative for businesses and workers that consider relocation or expansion. We must continue to support our local businesses and their growth. Further, we must foster the development of new enterprises and provide opportunity for their success.

1999-2000 Advertising Budget

Rank	State	Budget
1	New Mexico	13,107,500
2	Florida	10,368,165
3	New Hampshire	928,2800
4	Texas	8,555,000
5	New York	7,680,000
6	Illinois	7,507,600
7	Pennsylvania	7,000,000
8	Wisconsin	6,100,000
9	Missouri	5,735,000
10	Louisiana	4,897,900
11	Arkansas	4,743,271
12	Michigan	3,527,501
13	Tennessee	3,446,442
14	Oklahoma	3,165,085
15	Arizona	3,100,000
16	Maryland	3,059,328
17	Mississippi	2,971,168
18	New Jersey	2,900,000
19	North Carolina	2,800,000
20	West Virginia	2,695,746
21	Kentucky	2,624,000
22	Massachusetts	2,585,028
23	Montana	2,296,588
24	Iowa	2,250,000
25	Minnesota	2,200,000
26	South Carolina	2,143,281
27	South Dakota	1,996,000
28	Connecticut	1,554,000
29	Utah	1,490,000
30	Wyoming	1,389,037
31	Idaho	1,250,037
32	Alabama	1,200,000
33	Alaska	1,181,144
34	Nevada	1,084,243
35	Georgia	1,044,000
36	Maine	1,000,000
37	Rhode Island	805,000
38	Indiana	770,000
39	Nebraska	731,000
40	Oregon	675,000
41	North Dakota	567,971
42	Washington	557,263
43	Vermont	541,062
44	Kansas	520,000
45	Delaware	100,000
The following states did not report		
46	California	0
47	Colorado	0
48	Hawaii	0
49	Ohio	0
50	Virginia	0

*Data was taken from the 1999-2000 Survey of U.S. State and Territory Tourism Offices, compiled by National Councils Department Travel Industry Association of America

KANSAS TOURISM STRATEGY

I. EXECUTIVE SUMMARY

In an era of rapidly escalating competition for tourism spending, Kansas faces both strong regional competitors and growing customer sophistication. As a result, tourism leaders have concluded that the State could not compete effectively by simply improving short-term operating tactics.

In order to address this situation, Young Nichols Gilstrap, Inc. ("YNG") was engaged by the Kansas Department of Commerce & Housing ("KDOC&H") in September of 1997 to develop a long-term strategic plan for the Kansas tourism industry. YNG was directed to provide an objective assessment of the current tourism environment and to follow a detailed scope of work outlined by the Tourism Division.

YNG's strategic planning recommendations detailed in this report focus on creating long-term competitive advantage for the Kansas tourism industry. An effective tourism strategy will ideally create additional positive impact for many of the State's other economic development efforts.

YNG's methodology (see Appendix I) began with an evaluation of the state's strengths, weaknesses, opportunities and threats ("SWOT"). After extensive interviews, SWOT surveys, site visits and a review of past studies and market research, YNG concluded that:

1. The tourism industry is ready to support an effective strategy. Our interviews showed that one of the Kansas tourism industry's greatest strengths is its dedicated and knowledgeable tourism marketers and managers. However, many of these professionals believe Kansas has failed to achieve its tourism-related economic development potential and are ready to support an effective, market-driven strategy.
2. The industry is making positive progress in developing increasingly competitive tourism attractions or products. Examples of new or expanded attractions that are being developed or proposed include:

- ❖ A new NASCAR facility in Kansas City
- ❖ The proposed Wonderful World of Oz development

- ❖ The Salina-area Rolling Hills Refuge
- ❖ The National Park Service's Z-Bar Ranch
- ❖ Expansions of the Kansas Cosmosphere, Sternberg Museum and Old Cowtown
- ❖ Wichita's Exploration Place

3. Kansas is in a strategy trap. Despite the progress described above, Kansas tourism is in a vicious circle or strategy trap. As we describe below, lower value visitors tend to generate lower value amenities and attractions which, in turn, make it more difficult to attract higher value visitors.

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Economic Impact & Gross Revenue

At this point, all the various numbers and calculations can be brought together to discern the economic impact generated as a result of the 1999 advertising campaign. Using the gross conversion rate, the campaign generated over \$26 million. This translates into \$52.94 return on each dollar spent in the advertising effort.

Gross Conversion & Economic Impact	
------------------------------------	--

Number of Leads	119,109
X Conversion Rate	37.0%
Total Households Traveling	44,070.33
X Average Number Trips per Households	1.72
Total Trips Generated	75,800.97
X Average Expenditure Per Trip	\$345
Economic Impact	\$26,151,334.65
Cost of the program	\$494,018
Return on Investment	\$52.94

Kansas Department of Revenue
Office of Policy and Research
State Sales Tax Collections for Tourism Related SIC Codes
Fiscal Year 2000

SIC Code and Description	Fiscal Year 2000 Collections
5812 Eating Places	\$ 96,051,568.12
5813 Drinking Places	\$ 15,460,879.47
581 Subtotal - Eating and Drinking Places	\$ 111,512,447.59
7011 Hotels & Motels	\$ 16,890,932.89
7033 Trailing Parks and Camp Sites	\$ 36,864.81
Other Parks, Membership hotels	\$ 3,363,288.79
70 Subtotal - Hotels and Other Lodging Places	\$ 20,091,086.29
7922 Theatrical producers and services	\$ 388,740.62
7929 Entertainers & entertainment groups	\$ 101,332.27
792 Subtotal - Theatrical Producers, Bands, Orchestras & Entertainers	\$ 490,072.89
7941 Sports clubs, managers & Promoters	\$ 636,759.29
7948 Racing, including track operations	\$ 268,870.19
794 Subtotal - Commercial Sports	\$ 905,429.48
7991 Physical fitness facilities	\$ 902,199.78
7992 Public Golf courses	\$ 799,963.80
7993 Coin-operated amusement devices	\$ 851,816.91
7996 Amusement parks	\$ 137,809.46
7997 Membership sports & recreation clubs	\$ 5,979,958.95
7999 Amusement and recreation, nec	\$ 1,718,922.19
799 Subtotal - Amusement & Recreation Services	\$ 10,390,671.08
8412 Museums and Art Galleries	\$ 200,172.53
8422 Botanical and Zoological Gardens	\$ 138,284.07
84 Subtotal - Museums & Gardens	\$ 338,456.70
Tourism Subtotal	\$ 143,728,164.03
Statewide Total - FY 2000 All Collections	\$1,541,946,571.96

GROWTH IN TOURISM RELATED SALES TAX COLLECTIONS

Fiscal Year	Eating & Drinking Places 5812 and 5813	Hotels, Motels, Recreational Vehicle and Camp Sites 7011 and 7033	SUBTOTAL COLLECTIONS	GROWTH AMOUNT	GROWTH PERCENTAGE	3% GROWTH AMOUNT	EXCESS of 3% GROWTH AMOUNT
FY95	\$84,705,575	\$13,779,112	\$98,484,687				
FY96	\$91,444,925	\$15,428,673	\$106,871,598	\$8,386,911	8.52%	\$2,954,541	\$5,432,370
FY97	\$95,205,842	\$15,904,572	\$111,110,414	\$4,238,816	3.97%	\$3,206,148	\$1,032,668
FY98	\$101,821,783	\$16,521,482	\$118,343,265	\$7,232,851	6.51%	\$3,333,312	\$3,899,539
FY99	\$107,520,079	\$18,214,910	\$125,734,989	\$7,391,724	6.25%	\$3,550,298	\$3,841,426
FY2000	\$111,512,447	\$20,091,086	\$131,603,533	\$5,868,544	4.67%	\$3,772,050	\$2,096,494

**50% of
EXCESS
GROWTH**

\$2,716,185

\$516,334

\$1,949,769

\$1,920,713

\$1,048,247

9#

Market Research Study

1999 Advertising Effectiveness Study

Prepared for:

Kansas Department of Commerce & Housing
Travel and Tourism Development Division

Prepared by:
Nicholson-Reid Research Group

June 9, 2000

Senate Ways and Means
3-6-01
Attachment 2

INTRODUCTION

This report presents findings of a market research study conducted for the Kansas Travel & Tourism Division of potential visitors who received a travel packet from the Division in 1999.

Background

A tourism study, 1997 Tourism Strategy Report, conducted by Young Nichols Gilstrap, Inc. encouraged the state of Kansas to implement a new marketing strategy in order to attract high-value travelers who will spend more vacation dollars in Kansas. This report recommended the Kansas tourism industry work together and focus its marketing efforts on specific niche audiences.

The state has an active and committed tourism industry that promotes a variety of destinations and attractions to consumers. Through the efforts of this industry and the recommendations from the 1997 Tourism Strategy Report, Kansas has begun its grassroots effort to market to the six specific interests or niches to consumers. Those niches include: Agri-tourism, Arts, Aviation & Space, Hunting, Nature-Based, and lastly Western Frontier.

In 1999, the Division implemented a new print ad campaign. The ads were placed in 15 interest-specific or niche publications as well as ads in 13 general and travel oriented publications. In an effort to determine the success of the 28 publications, three methods were employed by the Division: 1) Total number of leads generated from each publication in 1999, 2) Cost-per-inquiry and 3) Conversion rate. Furthermore, it's critical that the Division gauge and track its programs and their relative effectiveness. This will allow the Division to continue to refine the advertising program and increase its overall impact.

The subject of this report is to assess the 1999 Advertising Campaigns by measuring both gross and net conversion rates as well as the economic impact.

Leads Generation

A total of 119,109 requests for Kansas travel literature were received in 1999. As indicated in the graph below, 59% of the inquiries were generated from the print ad campaign; more specifically, 55% from the general/leisure print ad campaign and 4% from the niche campaign. (See Appendix B for the total number of inquiries and CPI for each publication.)

The remaining 41% of the inquiries were generated from the following three sources: 1. Division's website or Internet (unspecified), 2. other sources (24%) such as 1-800 directory assistance, local chambers and CVBs, newspaper articles, etc. and, 3. teacher and student packets.

1999 Travel Guide Inquiries		
	Total Number	Percentage
General/Leisure Print Ad Campaign	65,272	54.8%
<u>Niche Print Ad Campaign</u>	<u>5,206</u>	<u>4.4%</u>
Total Inquiries from Print Ad Campaigns	70,478	59.2%
Website/Internet unspecified	11,776	9.9%
Teacher/Student Packet Requests	6,230	5.2%
Other/Don't know	<u>30,625</u>	<u>25.7%</u>
<i>Total 1999 Inquiries</i>	119,109	100%

Objectives

One way to measure the advertising success is to determine the number of people who respond and request information. In this regard, the marketing efforts during 1999 was quite effective; yet the ultimate goal is to convince people to visit the state. To discern success in this instance, it is necessary to determine the percentage of those who respond and then visit Kansas. Specifically, this study will address the following informational objectives:

- To measure the total number of potential visitors who actually visited Kansas after being exposed to the 1999 print advertising campaign and the travel information packet.
- To measure the total number of potential visitors who were actually influenced by the 1999 print advertising campaign and the travel information packet.
- To gauge the effectiveness of various media options utilized to pinpoint individuals who provide the most benefit and ROI.
- To calculate the economic impact that is generated as a result of the ad campaign.
- To determine why individuals who requested travel literature did not visit Kansas.
- To determine respondents' overall satisfaction with their vacation while they were in Kansas.
- To investigate what visitors do in the state as well as how much they spend during their visits.

Methodology

The 1999 Advertising Effectiveness Study was developed to measure the effectiveness of the 1999 advertising campaign, and provide information as to the number of people who traveled, as well as their level of expenditures. To best address these issues a telephone survey was utilized. All data collection was conducted at the Topeka Corrections Facility from their phone center using trained interviewing staff. The questionnaire was designed to ascertain conversion, as well as gather trip specifics and demographics. A copy of the questionnaire is included in the Appendix C.

The population (universe) of interest in the study included those inquiries that could be positively identified as having been generated by some aspect of the 1999 advertising campaign and those inquiries generated from the website.

A total of 381 telephone interviews were conducted during the spring months in 1999. To qualify, respondents must have remembered receiving the requested travel information packet.

The sample used in this study was a stratified sample to represent the population. In other words, the sample size of 381 was allocated to strata in proportion to the total number of inquiries received from each publication.

Once data collection was completed, the survey answers were coded and tabulated for analysis purposes. Based on the data collected, along with costs provided by the Division, conversion analysis was performed.

Margin of Error

While the results from this study can be accepted with confidence given the strict methodological constraints placed on the sampling and data collection, all sample surveys are subject to some amount of sampling error. That is, there is a certain range of error that may be expected since only a sample, rather than the entire population was interviewed. The extent of this sampling error depends largely on the number of persons interviewed.

The sampling error for this random sample of 381 is ± 5.02 at a .95% confidence level. This means that data for any given question asked of all inquirers receiving materials could really be 5.02 percentage points greater or smaller than what would be found if we interviewed all traceable inquirers. Thus, we find that 37% of inquirers made at least one visit to Kansas, we can say with 95% confidence that the true percentage of inquirers making such a visit ranges between 31.2% and 42.0%.

EXECUTIVE SUMMARY

The purpose of the Advertising Effectiveness Report was to provide the Kansas Travel & Tourism Division with an objective, reliable instrument to assess how effective the 1999 advertising campaign was in drawing potential visitors and their subsequent travel dollars to Kansas.

The highlights of the study are presented below for each of the sections in this report.

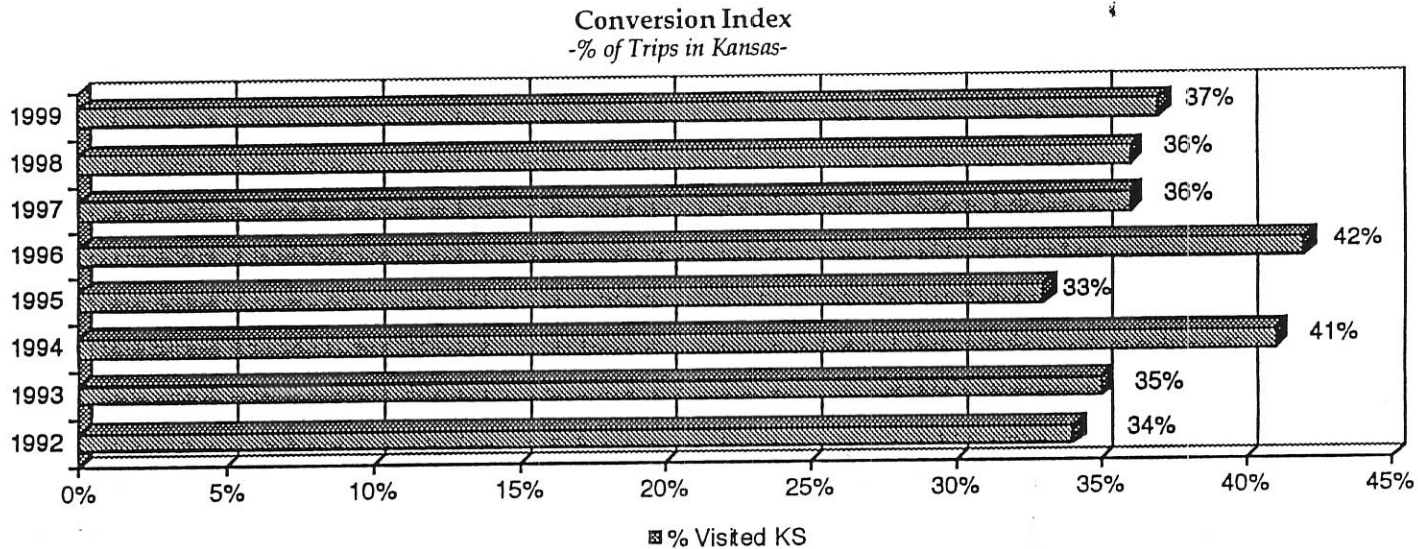
- The 1999 advertising campaign was effective in converting 37% of the respondents to visitors. When looking specifically at the three different vehicles of how respondents requested a travel packet (1-800 number, reader service cards or Division's website), the 1-800 number converted the highest with 50%. Reader service cards and the Division's website were similar with a 33% conversion rate.
- When the actual influence of the advertising and the Kansas Travel and Event Guide are factored in to determine the "net conversion rate, the program impacted the decision of 13 % of the respondents.
- Many visitors reported multiple trips to Kansas, with the average number of trips being 1.7 during 1999. Consequently, the marketing resulted in over 43,000 trips to Kansas.
- The economic impact generated from this travel was \$26.1 million based on gross conversion. This mean that each dollar spent on marketing produced a \$53 return-on-investment based on the gross conversion or a \$17 return to the state based on net conversion.
- The two most popular reasons for visiting Kansas were for vacation (49%) and visiting friends or relatives (22%).

- More than half of the visitors were repeat visitors (60%) while the remaining 40% visited Kansas for the first time in 1999.
- The average trip to Kansas was 3.29 days in length.
- Kansas was the primary destination for more than half of the visitors (52%).
- Visitors spent an average of \$345 during their visit to Kansas in 1999.
- Three-fourths of the respondents (75%) either read the entire Travel & Event Guide or read some of it.
- The typical respondent was 45 years old or older, with some college or a college degree, and living in a household with 2.54 people. About 23% have children under 18 years of age, and the average income was \$50,000. On average, respondents took 5.4 vacation trips in 1999.
- Over half of the respondents (53%) have access to the Internet, with 38% use the Internet to search and collect travel information and 17% have booked some type of travel on the Internet (such as airline and hotel reservations, car rental, etc.). Nearly two out of 10 respondents (17%) have visited the Division's website.

DETAILED FINDINGS

I. Conversion Index

More than one-third of the respondents (37%) who requested travel information in 1999 took a vacation or short pleasure trip in Kansas during 1999. In most instances, the conversion index of 37% found in 1999 was similar to previous years. However, there are two exceptions. During the years 1994 and 1996, significantly more respondents took a vacation in Kansas in comparison to other years; 1996 (42%) and 1994 (41%).



Sources of Inquiry

In addition to the overall conversion rate, it's important to review the various sources that were employed. This effort compares the conversion rate among the three sources where inquirers could have received a travel packet from the Division. As indicated in the table below, it would appear the inquirers who responded by calling the 1-800 (50%) were more likely to visit Kansas than the inquirers who responded by reader response cards (33%) or website (33%).

Inquiries from the website experienced a significant decrease in 1999 from 1998; 55% and 33%, respectively. We can assume this decrease can be associated to the fact in 1998 the Division's website address was not included in the copy of the print ad. As a result, visitors to the website in 1998 were more likely to be qualified visitors since the state's website was not as easily accessible through the state's marketing efforts.

Sources of Inquiry							
	1993	1994	1995	1996	1997	1998	1999
<u>Yes, visited Kansas</u>	<u>35%</u>	<u>41%</u>	<u>33%</u>	<u>42%</u>	<u>36%</u>	<u>36%</u>	<u>37%</u>
1-800 Number	43%	54%	42%	57%	48%	54%	50%
Reader Service Card	30%	37%	26%	36%	33%	33%	33%
Website	NA	NA	NA	NA	NA	55%	33%

Net Conversion

Another key issue in considering conversion is understanding the role of advertising and the Kansas Travel & Event Guide in generating conversion and the number of trips to Kansas. When someone responds to the ad, they might already be planning to visit, and the ad simply provides them a way to gather more information. Therefore, it's important to measure the "net conversion" and measure the impact of the marketing in actually convincing consumers to visit. This is, at best, a difficult endeavor. The best option for measuring net conversion is asking respondents why they requested a travel packet.

Of the respondents who visited Kansas in 1999, 81% of the respondents had already decided to visit Kansas before they requested the travel packet while 13% decided to visit Kansas after they received their packet. In other words, we are making the assumption that the advertising and travel guide was responsible for 13% of the visits.

Reasons for Requesting Travel Packets		
	<i>Visited Kansas</i>	
	1998	1999
Had definitely decided to visit Kansas	<u>76%</u>	<u>81%</u>
TOTAL: Already made the decision to visit Kansas	76%	81%
Considering Kansas and several other places	14%	10%
Not considering Kansas but wanted the travel packet	<u>2%</u>	<u>3%</u>
TOTAL: Not made the decision to visit Kansas	16%	13%
Just collect travel information	2%	2%
None above	6%	4%

II. Trips Generated

While conversion is being measured in this study, the ultimate goal is to attract additional people and the spending that comes with that. Combining the number of leads that were generated with the conversion rate among these leads allows a calculation regarding the number of households that traveled to Kansas.

$$119,109 \times 33\% \text{ conversion} = 39,306 \text{ households taking overnight trips}$$

$$\underline{119,109 \times 4\% \text{ conversion} = 4,764 \text{ households taking day trips}}$$

$$119,109 \times 37\% \text{ conversion} = 44,070 \text{ total households taking trips}$$

As noted, these calculations result in the number of households that traveled; not the number of trips generated by the marketing efforts in 1999. There is another piece of the puzzle, specifically the average number of trips that visitors took. Over half of the visitors - 58% - reported multiple trips to the state. The average for overnight trips was 1.7, the average for day trips was 1.5. As a result, the number of trips generated by this marketing was over 73,000 trips

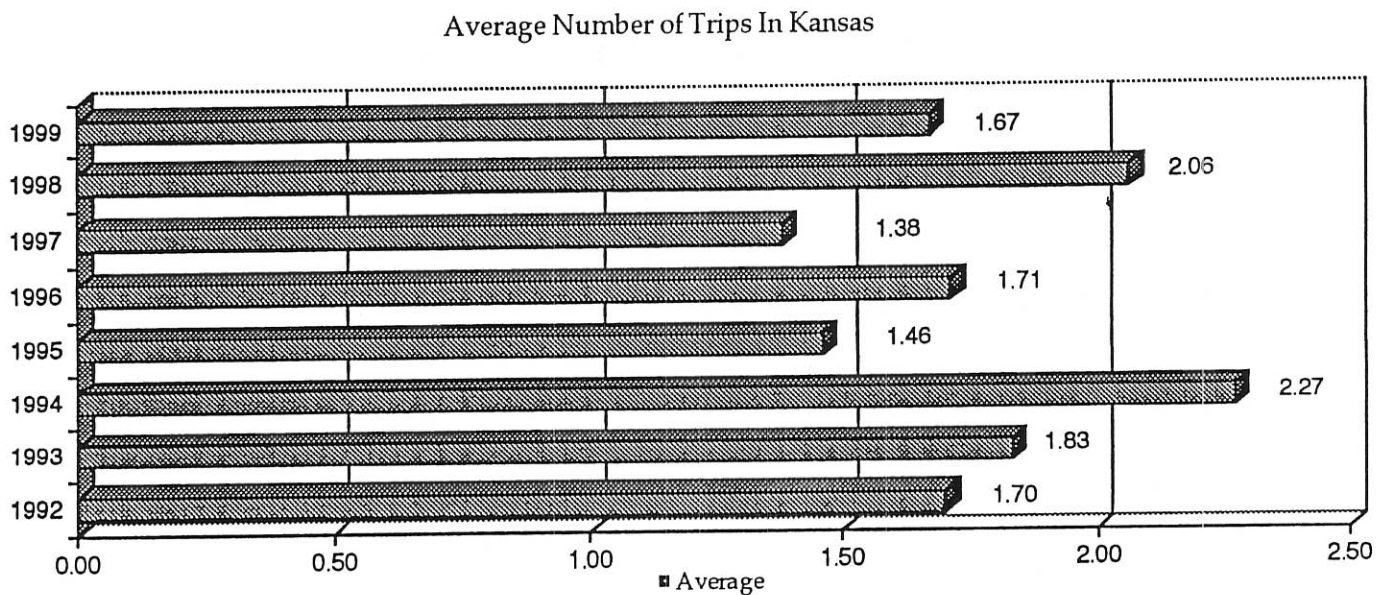
$$39,306 \text{ households taking overnight trips} \times 1.7 \text{ average trips} = 66,820$$

$$\underline{4,764 \text{ households taking day trips} \times 1.5 \text{ average trips} = 7,146}$$

$$\text{Total number of trips to Kansas} = 73,966$$

Average Number of Trips:

As indicated in the chart below, on average, those traveling made 1.67 trips to Kansas in 1999, which was similar to 1998 average number of trips.



III. 1999 Travel to Kansas

In one sense, this study is mostly concerned with what it takes to attract visitors to Kansas. Since the ultimate goal is to increase the dollars flowing into the state due to tourism, it is also important to understand the specifics of what people do when they come to the state. These activities can provide insight into what is likely to attract consumers. In addition, this information can also pinpoint opportunities to increase expenditures by strategies such as increasing the length of stay, increasing the dollar amount spent, changing trip patterns in a way that results in more dollars being spent, or expenditures being made in a way that is more beneficial to the state. An understanding of the current trip specifics will facilitate an assessment of the opportunities that might exist to influence travel in this way.

Below are the highlights of trip specifics. For more detailed information please refer to the data tables found in the Appendix A of this report.

Cities Visited

- ◆ More than four out of 10 visitors (43%) mentioned Kansas City (such as Overland Park, Shawnee, Olathe, Lenexa or Kansas City, KS or Kansas City unspecified) as the city they visited on their most recent trip to Kansas. This was followed by Wichita (32%), Topeka (24%), Lawrence (13%), and Manhattan (10%). The remaining cities were mentioned 7% or less of the time. It's interesting to note that the top five cities mentioned experienced an significant increase in visitation in 1999 in comparison to 1998.

Activities

- ◆ When visiting Kansas, the most frequently stated activity was shopping (70%). The fact that shopping seems so popular is not unusual. While shopping is seldom the reason for the trip, most people shop at some time during their vacation. Other popular activities were visiting historic sites and quaint attractions/towns (both were mentioned by 53% of the respondents). Close behind was driving tours and scenic drives (52%).

Seasonality of Travel

- ◆ Travel to Kansas is quite seasonal. The summer season was the most popular (40%), but the shoulder seasons attract a significant percentage of visitors (spring 22% and fall 26%). Winter was actually the least popular time to visit Kansas (11%).

Primary Destination

- ◆ More than half of the visitors (52%) cited Kansas as their primary destination. The remaining 46% of the visitors said they were driving through Kansas to reach their primary destination.

Purpose for Most Recent Trip

- ◆ The main reason for visitor's most recent trip to Kansas was vacation or pleasure (49%). Approximately, one-fourth of the visitors (22%) were visiting friends or relatives.

Length of Entire Trip and Portion Spent in Kansas

- ◆ On average, visitors spent 11 nights away from home on their most recent vacation in 1999. And on average, three nights were spent in Kansas. About 56% of the trips were 3 days or less, 19% were 4-5 days and 23% were 6 days or more.

Accommodations

- ◆ Over half of visitors reported using paid accommodations - a hotel or motel (53%). Two out of 10 visitors (19%) stayed with friends or relatives. The remaining visitors (17%) were camping in a RV/motorhome, camper, trailer or tent.

Transportation

- ◆ The vast majority of visitors (75%) drove to Kansas in a private car, truck or mini-van. The remaining visitors traveled in a RV or motorhome (11%), an airplane (9%) or a rental car (4%).

Travel Party

- ◆ The average number of people on the trip was 2.86 people. The spouse was the most popular traveling companion, noted by 78% of the respondents. Other traveling companions included 23% traveling with children, 15% with friends, and 13% with other family members.

Repeat Visitor

- ◆ Among those visitors who visited Kansas in 1999, six out of 10 (60%) were repeat visitors, which is down significantly from last year's 68%.

Total Amount of Expenditures

- ◆ The average expenditure per visiting party during their most recent trip to Kansas was \$348.

Level of Satisfaction with Most Recent Trip to Kansas

- ◆ The vast majority of visitors (85%) indicated their trip to Kansas was "very pleasant" and an additional 14% said "somewhat pleasant."

Travel Information Center Usage

- ◆ One third of the visitors (33%) cited they stopped at one of the four interstate travel information centers.

Trip Planning Process

- ◆ When respondents were asked how far in advance they started to make their plans to visit Kansas, more than two-thirds of visitors (69%) said a month or longer. More specifically, nearly half of the visitors (48%) said one month to three months while 21% said four months or longer. And the remaining 21% of the visitors said four weeks or less.

IV. Reasons for not Traveling to Kansas

More than four out of 10 respondents (45%) said the primary reason given for not visiting Kansas in 1999 was the respondent decided to go somewhere else on their vacation. This was followed by respondents who said they didn't take a vacation in 1999 (34%) as the reason for not visiting Kansas.

Where Respondent Went on Their Vacation:

- ◆ Among those respondents who took a vacation in 1999 but not in Kansas, Florida (15%) was mentioned the most often as the destination chosen over Kansas. This was followed by Colorado (6%), Texas (6%), and California (6%).

Reasons for Choosing that Destination over Kansas

- ◆ It wasn't surprising that nearly four out of 10 respondents (38%) said they choose the other destination over Kansas because their family and friends live there. Fewer respondents said there was more to do and see at the chosen destination (15%) in comparison to Kansas.

V. Assessment of the Travel Packet

Kansas Travel and Event Guide

When respondents were asked how much of the Kansas travel packet did they read, it would appear most of the respondents read at least some of the information in the travel guide or read the entire travel guide. More specifically, nearly four out of 10 visitors (38%) read the entire guide and 37% said they read some of it. Only 14% said they glanced at it and 8% didn't read it at all.

Attribute Rating Scores

Among the respondents who read the Kansas Travel and Event Guide, overwhelmingly respondents provided positive ratings regarding the guide book. Taking a closer look, most of the respondents (97%) rated the overall guide book an "excellent" or "good." In addition, more than nine out of 10 respondents (91%) rated the visual appeal of the cover and the usefulness of the guide book an "excellent" or "good" rating.

Influence of the Ad Campaign and Travel and Event Guide

When the subject of the influence of the travel packet was explored, most of the visitors reported some type of influence as a result of reading the material in the travel packet. The travel packet influenced nearly three out of 10 respondents (27%) to visit more and different attractions in Kansas and an additional 17% said the travel packet influenced them to visit a particular area in the state. Substantially fewer visitors said the travel packet convinced them to visit Kansas (10%) or stay longer (9%).

One-third of the visitors (35%) said the travel packet didn't influence their trip at all.

Reasons for Requesting Travel Packets

Among total respondents, nearly one-third of the respondents (32%) had already made their decision to visit Kansas when they requested the travel packet. Even though they had already decided to visit Kansas, they requested the packet for additional information to aid in their specific travel plans.

More than six out of 10 respondents (61%) requested the travel packet to help them to determine their travel destination. The remaining 7% said they didn't plan to travel to Kansas when they requested the material.

Reasons for Requesting Travel Packets								
	Total Respondents							
	1992	1993	1994	1995	1996	1997	1998	1999
Had definitely decided to visit Kansas	<u>34%</u>	<u>37%</u>	<u>46%</u>	<u>34%</u>	<u>52%</u>	<u>48%</u>	<u>49%</u>	<u>32%</u>
TOTAL: Already made the decision to visit Kansas	34%	37%	46%	34%	52%	48%	49%	32%
Considering Kansas and several other places	38%	41%	29%	44%	28%	34%	31%	48%
Not considering Kansas but wanted the travel packet	<u>12%</u>	<u>11%</u>	<u>11%</u>	<u>9%</u>	<u>7%</u>	<u>2%</u>	<u>5%</u>	<u>13%</u>
TOTAL: Not made the decision to visit Kansas	50%	48%	40%	53%	35%	36%	36%	61%
Just collect travel information	7%	9%	8%	9%	6%	8%	6%	4%
None above	8%	3%	6%	4%	7%	8%	9%	3%

VI. Overall Impressions of Kansas

A. Overall Impressions of Kansas

When respondents were asked what images or impressions came to mind first when they thought of traveling in Kansas, impressions of the landscape in Kansas were mentioned by seven out of 10 respondents (69%). Specifically, one-third of the respondents (33%) mentioned flat and wide-open spaces. This was followed by other landscape images such as rural/farms (23%) and beautiful countryside (8%).

Overall Impressions of Kansas								
	1992	1993	1994	1995	1996	1997	1998	1999
<u>Landscape mention (net)</u>	NA	NA	62%	74%	69%	59%	62%	69%
Flat/wide-open spaces	34%	32%	28%	41%	31%	26%	25%	34%
Farms/rural	19%	18%	19%	28%	18%	17%	18%	23%
Beautiful countryside/scenery	13%	10%	11%	7%	6%	9%	12%	8%
Plains/prairie	6%	8%	7%	10%	6%	6%	5%	6%
Sunflowers	NA	NA	NA	NA	NA	NA	NA	8%
Flint Hills/rolling hills	6%	6%	4%	3%	5%	4%	5%	6%
<u>Weather mentions (net)</u>	NA	NA	9%	15%	6%	7%	8%	10%
Windy/hot/dry	7%	5%	3%	11%	3%	4%	4%	4%
Tornadoes	NA	NA	2%	4%	1%	1%	2%	3%
Other landscape/weather	4%	6%	6%	6%	2%	5%	3%	3%
<u>Historical mentions (net)</u>	6%	14%	12%	9%	6%	8%	6%	7%
Old West/historical sites	--	5%	7%	7%	5%	7%	4%	7%
Other historical mentions	--	10%	4%	2%	2%	2%	2%	2%

Continued

Overall Impressions of Kansas Cont.								
<u>City mentions (net)</u>	8%	7%	5%	6%	5%	6%	5%	5%
Kansas City	3%	3%	3%	3%	3%	1%	3%	3%
Dodge City	NA	1%	1%	1%	1%	1%	*	1%
Wichita	2%	1%	1%	*	*	1%	*	1%
Other city mentions	3%	1%	2%	1%	1%	2%	3%	1%
Wizard of Oz	4%	4%	4%	5%	3%	5%	4%	8%
Pleasant/enjoyable/peaceful	7%	7%	8%	4%	6%	7%	6%	3%
Home/family/friends	NA	NA	NA	NA	NA	5%	4%	3%
Nice friendly people	7%	7%	9%	3%	6%	3%	3%	2%
Boring long car ride	5%	2%	2%	3%	5%	*	4%	2%
Clean state	3%	3%	4%	2%	2%	1%	1%	1%
Small quaint towns	NA	NA	3%	2%	2%	1%	1%	*
Nice rest area/good roads	3%	2%	2%	1%	2%	1%	2%	*
Other mentions	7%	11%	10%	8%	10%	12%	9%	5%
Don't know/refused	11%	10%	8%	8%	7%	7%	10%	7%

VII. Attribute Ratings

A. Attribute Ratings

In an effort to learn respondents' perceptions toward Kansas as a travel destination and the six niches, they were asked the extent to which they either agreed or disagreed with a variety of statements.

On the basis of the top-two ratings, the overall perception of Kansas as a travel destination was positive for most attributes. A closer look at details revealed that most respondents agreed with:

- Kansas is rich in history (86%)
- Kansas has many historic sites (80%)
- Kansas offers a lot of outdoor recreation (78%)

To a lesser extent, more than six out of 10 respondents agreed with the following two statements:

- Kansas has many opportunities for experiencing the arts (62%)
- You can find some of the richest hunting and fishing in Kansas (61%)

More than four out of 10 respondents (44%) agreed with "Kansas is the aviation capitol of the world." However, significantly fewer respondents agreed with this statement in 1999 than in 1998; 44% and 52%; respectively.

<u>Top-Two Box Ratings (5 & 4 ratings)</u> (Scale: 1=disagree strongly; 5=agree strongly)					
	1995	1996	1997	1998	1999
Kansas rich in history	82%	78%	78%	87%	86%
Kansas has many historic sites	77%	71%	76%	79%	80%
Offers a lot of outdoor recreation (such as water sports, camping, hiking, birdwatching, etc.)	NA	NA	NA	71%	78%
Kansas offers many working farm ranches for visitors to experience cattle ranching, horseback riding, hiking, and biking	NA	NA	NA	NA	73%
Kansas has many opportunities for experiencing the arts such as galleries, performing arts, and festivals	NA	NA	NA	NA	62%
You can find some of the richest hunting and fishing in Kansas	NA	NA	NA	NA	61%
Kansas is the aviation capitol of the world	NA	NA	NA	52%	44%

VIII. Estimated Return-on-Investment

A. State Expenditures on the 1999 Advertising Campaign and Fulfillment

The total cost for the 1999 leisure advertising campaign was \$541,655 (less income). Below are the costs for the leisure ad campaign and the income to the Division. Please note the costs listed below for the Travel and Event Guide Books represent the production and printing costs for 119,100 Travel and Event Guide Books only.

Total Expenses for the 1999 Advertising Campaign	
<i>Leisure and Niche Ad Campaigns</i>	
Media Placement	\$474,132
1-800 Operators	\$41,502
<i>Travel and Event Guide Book</i>	
Production, Creative, and Printing	\$82,674
Postage	\$119,000
<u>Research</u>	<u>\$3,000</u>
Total Expenses	\$717,608
Less income/sale revenue	<u>\$226,290*</u>
TOTAL COST OF THE PROGRAM	\$494,655

*Less income/sales revenue includes revenue generated from ads in the Travel and Event Guide and listings in the Calendar of Events.

Economic Impact & Gross Revenue

At this point, all the various numbers and calculations can be brought together to discern the economic impact generated as a result of the 1999 advertising campaign. Using the gross conversion rate, the campaign generated over \$26 million. This translates into \$52.94 return on each dollar spent in the advertising effort.

Gross Conversion & Economic Impact

Number of Leads	119,109
X Conversion Rate	37.0%
Total Households Traveling	44,070.33
X Average Number Trips per Households	1.72
Total Trips Generated	75,800.97
X Average Expenditure Per Trip	\$345
Economic Impact	\$26,151,334.65
Cost of the program	\$494,018
Return on Investment	\$52.94

APPENDICES

- Appendix A: Tables**
- Appendix B: 1999 Inquiry Report and CPI**
- Appendix C: Copy of the questionnaire**

Economic Impact & Net Revenue

When the net conversion rate is used in these same calculations, the impact is smaller, but still represents \$9 million or \$17 in tourist expenditures for each dollar spent by the Division. The net conversion represents the percentage of travelers who made their decision to visit Kansas after receiving the Kansas Travel and Event Guide.

Net Conversion & Economic Impact	
----------------------------------	--

Number of Leads	119,109
X Conversion Rate	13.0%
Total Households Traveling	15,484
X Average Number Trips per Household	1.72
Total Trips Generated	26,632
X Average Expenditure Per Trip	\$345
Economic Impact	\$9,188,306
Cost of the Program	\$494,018
Return on Investment	\$18.60

Appendix A - Tables

Table 1	Cities Visited During Most Recent Trip to Kansas
Table 2	Attractions and Activities
Table 3	Season and Month
Table 4	Primary Destination
Table 5	Purpose of Trip
Table 6	Length of Trip and Portion Spent in Kansas
Table 7	Accommodations and Transportation
Table 8	Travel Party
Table 9	Amount Spent and Level of Satisfaction with Trip
Table 10	Trip Planning Process
Table 11	Reasons for Not Traveling to Kansas
Table 12	Reasons for Choosing other Destinations
Table 13	Characteristics of Inquiries

CITIES VISITED DURING MOST RECENT TRIP TO KANSAS

Table 1

Cities Visited During Most Recent Trip to Kansas								
	1992	1993	1994	1995	1996	1997	1998	1999
Kansas City (net)	42%	35%	35%	34%	34%	43%	33%	43%
Kansas City, KS	-	12%	4%	3%	11%	6%	2%	5%
Olathe	-	2%	2%	2%	3%	6%	2%	5%
Overland Park	6%	5%	7%	6%	3%	5%	4%	6%
Kansas City, MO	9%	6%	1%	2%	1%	1%	--	--
Lenexa/Shawnee	5%	1%	2%	1%	1%	1%	1%	8%
Kansas City (unspecified)	25%	15%	25%	21%	19%	30%	23%	30%
Wichita	16%	21%	24%	26%	22%	13%	17%	32%
Topeka	10%	17%	18%	20%	15%	15%	18%	24%
Lawrence	12%	7%	11%	7%	12%	10%	7%	13%
Manhattan	3%	6%	6%	4%	4%	5%	5%	10%
Salina	13%	11%	7%	11%	5%	9%	10%	7%
Abilene	9%	11%	9%	11%	14%	3%	6%	7%
Hays	10%	7%	3%	7%	5%	5%	5%	6%
Junction City/Ft. Riley	5%	4%	4%	4%	3%	3%	2%	6%
Dodge City	12%	12%	10%	12%	15%	13%	6%	5%
Hutchinson	5%	3%	4%	3%	5%	3%	5%	4%
Pittsburg	*	*	*	1%	3%	1%	2%	4%
Liberal	*	*	*	2%	4%	3%	3%	4%
Ft. Scott	*	*	6%	3%	3%	1%	2%	4%
Goodland	2%	3%	3%	5%	1%	1%	2%	2%
Emporia	4%	2%	3%	2%	4%	3%	3%	2%
Russell	*	*	*	2%	5%	1%	2%	1%
Garden City	*	*	2%	3%	4%	2%	3%	1%

Continued

CITIES VISITED DURING MOST RECENT TRIP TO KANSAS CONT.

Table 1

Cities Visited During Most Recent Trip to Kansas Cont.								
	1992	1993	1994	1995	1996	1997	1998	1999
Great Bend	3%	1%	2%	1%	1%	2%	2%	1%
Colby	*	2%	1%	2%	2%	1%	1%	1%
Council Grove	*	2%	2%	1%	*	1%	2%	--
Atchison	*	*	*	*	3%	*	1%	--
Lindsborg	*	3%	3%	*	3%	*	1%	--
Chanute	*	*	*	*	*	1%	1%	--
Other	29%	30%	28%	29%	25%	14%	18%	12%
Don't know	4%	4%	9%	11%	2%	7%	5%	6%

* Less than .05%.

Q2a What towns, cities or places did you visit on your last visit to Kansas?

ATTRACTIONS AND ACTIVITIES

Table 2

Attractions and Activities							
	1993	1994	1995	1996	1997	1998	1999
Shopping (unspecified)	NA	NA	NA	NA	NA	NA	70%
Shopping malls	40%	44%	27%	34%	32%	31%	NA
Outlet malls	21%	25%	23%	26%	22%	22%	NA
Historic sites	53%	50%	43%	51%	38%	43%	53%
Visiting quaint attractions & small towns	NA	NA	NA	NA	NA	NA	53%
Scenic auto touring	NA	NA	36%	55%	49%	59%	52%
Museums/cultural attractions	37%	32%	33%	43%	34%	38%	38%
Outdoor activities	8%	14%	11%	15%	7%	11%	13%
Fairs/festivals	8%	14%	11%	15%	7%	11%	9%
Zoos	10%	9%	9%	18%	11%	10%	9%
Sporting events in Kansas	1%	4%	4%	10%	5%	6%	9%
Gambling	NA	NA	NA	NA	NA	NA	6%

Q11. On your most recent trip to Kansas, did... (READ RESPONSES)

SEASON/MONTH

Table 3

Season/Month	Season/Month								
	1992	1993	1994	1995	1996	1997	1998	1999	
<u>Winter (net)</u>	<u>11%</u>	<u>12%</u>	<u>13%</u>	<u>6%</u>	<u>13%</u>	<u>9%</u>	<u>7%</u>	<u>11%</u>	
December	4%	8%	8%	4%	1%	4%	2%	4%	
January	2%	2%	3%	1%	8%	3%	3%	6%	
February	3%	2%	2%	1%	4%	2%	2%	1%	
<u>Spring (net)</u>	<u>13%</u>	<u>15%</u>	<u>17%</u>	<u>17%</u>	<u>20%</u>	<u>18%</u>	<u>27%</u>	<u>22%</u>	
March	1%	1%	2%	4%	5%	4%	6%	6%	
April	4%	4%	6%	2%	8%	3%	9%	8%	
May	8%	10%	9%	11%	7%	11%	12%	8%	
<u>Summer (net)</u>	<u>46%</u>	<u>52%</u>	<u>43%</u>	<u>51%</u>	<u>48%</u>	<u>51%</u>	<u>41%</u>	<u>40%</u>	
June	10%	14%	16%	17%	17%	18%	11%	13%	
July	19%	23%	17%	19%	20%	17%	18%	15%	
August	17%	15%	10%	15%	11%	16%	12%	12%	
<u>Fall (net)</u>	<u>31%</u>	<u>18%</u>	<u>26%</u>	<u>26%</u>	<u>18%</u>	<u>21%</u>	<u>23%</u>	<u>26%</u>	
September	17%	8%	10%	13%	11%	11%	14%	9%	
October	12%	6%	10%	8%	5%	7%	7%	12%	
November	2%	2%	6%	5%	2%	3%	2%	5%	

Q2b. Please think about your most recent visit to Kansas. In what month did you begin to visit Kansas?

PRIMARY DESTINATION

Table 4

Primary Destination								
	1992	1993	1994	1995	1996	1997	1998	1999
<u>Kansas Primary Destination</u>	<u>59%</u>	<u>51%</u>	<u>56%</u>	<u>40%</u>	<u>50%</u>	<u>44%</u>	<u>54%</u>	<u>52%</u>
<u>Other States Mentioned (net)</u>	<u>39%</u>	<u>48%</u>	<u>44%</u>	<u>60%</u>	<u>50%</u>	<u>56%</u>	<u>46%</u>	<u>48%</u>
Colorado	10%	11%	9%	12%	20%	15%	7%	11%
California	2%	3%	1%	3%	8%	2%	4%	4%
Missouri	4%	6%	6%	7%	8%	6%	4%	4%
Wyoming	2%	1%	2%	5%	5%	1%	2%	4%
Nevada	2%	*	*	2%	3%	1%	*%	3%
Nebraska	--	2%	2%	2%	4%	1%	2%	2%
South Dakota	1%	1%	1%	2%	4%	1%	2%	2%
Texas	3%	2%	2%	3%	6%	3%	2%	2%
Oklahoma	2%	2%	1%	1%	4%	1%	4%	1%
Arizona	1%	2%	1%	2%	4%	4%	3%	1%
New Mexico	2%	2%	2%	1%	2%	--	2%	1%
Arkansas	*	*	--	--	*	*	2%	1%
Iowa	2%	2%	1%	1%	4%	1%	1%	--
North Dakota	--	*	1%	2%	1%	--	1%	--
Other	8%	10%	9%	11%	17%	8%	8%	9%

Q3a. On this trip, was Kansas your main or primary destination or was Kansas part of a longer trip?
 Q3b. What state was your main or primary destination?

PURPOSE OF TRIP

Table 5

	Purpose for Trip							
	1992	1993	1994	1995	1996	1997	1998	1999
Vacation or pleasure trip	44%	62%	44%	57%	59%	51%	55%	49%
Visiting friends or relatives	25%	14%	23%	20%	13%	15%	22%	28%
Business	9%	4%	6%	3%	5%	5%	7%	9%
Both business and personal	--	2%	6%	2%	5%	5%	3%	6%
Personal	3%	4%	5%	1%	4%	6%	6%	4%
Day trip	NA	5%	4%	1%	5%	1%	2%	3%
Passing through	14%	10%	12%	15%	8%	18%	6%	2%
Other	2%	1%	1%	2%	*	--	--	--

Q7. What was your main reason for your most recent trip to Kansas?

LENGTH OF TRIP AND PORTION SPENT IN KANSAS

Table 6

Total Number of Nights Spent Away From Home								
	1992	1993	1994	1995	1996	1997	1998	1999
One night	18%	9%	5%	3%	4%	5%	6%	1%
Two to three nights	20%	17%	20%	13%	21%	16%	18%	16%
Four to five nights	19%	13%	17%	10%	16%	12%	13%	17%
Six to 10 nights	19%	26%	17%	28%	22%	26%	24%	25%
11 or more nights	24%	29%	37%	44%	33%	41%	36%	37%
Day trip	NA	6%	5%	3%	3%	--	4%	6%
Mean	8.65	9.90	13.29	15.42	10.82	12.63	11.88	11.39
Median	4.00	6.00	7.00	10.00	7.00	10.00	7.00	7.00

Q4. On this trip, in total how many nights did you stay away from home?

Nights Spent in Kansas								
	1992	1993	1994	1995	1996	1997	1998	1999
One night	33%	24%	17%	26%	22%	23%	25%	16%
Two to three nights	40%	38%	42%	34%	39%	40%	35%	40%
Four to five nights	18%	13%	19%	12%	14%	17%	16%	19%
Six to 10 nights	5%	9%	12%	12%	5%	11%	13%	10%
11 or more nights	4%	2%	4%	4%	4%	3%	2%	4%
Day trip	NA	14%	7%	11%	15%	7%	9%	11%
Mean	3.18	2.82	3.73	3.11	2.70	3.20	3.22	3.29
Median	2.00	2.00	3.00	2.00	2.00	2.00	2.00	2.00

Q5. And, how many of those nights did you spend in Kansas?

ACCOMMODATIONS AND TRANSPORTATION

Table 7

Accommodations								
	1992	1993	1994	1995	1996	1997	1998	1999
Hotel/motel	59%	53%	53%	47%	49%	55%	54%	53%
Friends or relatives	24%	21%	23%	17%	18%	19%	20%	19%
RV/motorhome	5%	7%	7%	15%	14%	15%	6%	10%
Camper/trailer/tent	8%	6%	5%	8%	6%	6%	5%	7%
Bed & Breakfast	1%	*	*	*	--	--	1%	--
Didn't spend the night	4%	14%	7%	9%	10%	7%	9%	11%

Q6. In what type of overnight accommodations did you spend the most nights while you were in Kansas on that trip?

Transportation								
	1992	1993	1994	1995	1996	1997	1998	1999
Private car	86%	85%	82%	71%	76%	75%	80%	75%
RV or motorhome	8%	10%	10%	18%	17%	17%	10%	11%
Airplane	3%	3%	6%	7%	5%	5%	4%	9%
Rental car	2%	2%	1%	2%	1%	3%	4%	4%
Tour Bus	1%	1%	1%	2%	1%	1%	*	1%

Q8. By what mode of transportation did you travel to Kansas on this trip?

TRAVEL PARTY

Table 8

Travel Party								
	1992	1993	1994	1995	1996	1997	1998	1999
<u>Travel Party Size</u>								
One person	4%	6%	8%	6%	8%	10%	4%	6%
Two persons	47%	46%	45%	55%	55%	56%	56%	55%
Three persons	15%	15%	16%	11%	15%	11%	11%	11%
Four persons	23%	20%	21%	19%	14%	16%	12%	14%
Five persons	11%	13%	10%	9%	8%	10%	10%	13%
Mean	3.01	3.04	2.96	2.88	2.77	2.72	2.63	2.86
Median	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
<u>Travel Party</u>								
Spouse	NA	NA	NA	NA	NA	NA	NA	78%
Children	31%	35%	31%	28%	23%	22%	21%	23%
Friends	NA	NA	NA	NA	NA	NA	NA	15%
Other family members	NA	NA	NA	NA	NA	NA	NA	13%

Q9a Including yourself, how many people were in your immediate traveling party?

Q9b Besides yourself, who else went on your trip?

AMOUNT SPENT AND LEVEL OF SATISFACTION WITH TRIP

Table 9

Total Amount of Expenditures								
	1992	1993	1994	1995	1996	1997	1998	1999
\$1 to \$100	31%	34%	32%	33%	33%	39%	31%	28%
\$101 to \$200	28%	22%	20%	24%	26%	22%	19%	22%
\$201 to \$400	28%	26%	23%	19%	25%	15%	20%	23%
\$401 or more	9%	13%	19%	17%	16%	17%	22%	26%
Refused/Don't know	3%	5%	6%	9%	--	--	9%	1%
Mean	\$239	\$289	\$286	\$295	\$271	\$261	\$274	\$348
Median	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200

Q10. On your most recent visit to Kansas, about how much would you estimate that you spent in the state? Please do not include the cost of your transportation to and from Kansas, but do include all expenses in the state such as lodging, food, sightseeing, admissions fees, entertainment, shopping, and transportation expenses such as gasoline, car rental, and taxis or local buses.

Level of Satisfaction								
	1992	1993	1994	1995	1996	1997	1998	1999
Very pleasant	82%	85%	85%	80%	86%	81%	81%	85%
Somewhat pleasant	17%	13%	13%	17%	11%	18%	15%	14%
Somewhat disappointing	--	*	1%	2%	--	--	3%	1%
Very disappointing	--	*	1%	*	1	--	--	--
Don't know/refused	1%	1%	1%	1%	1%	1%	1%	--

* Less than .05%.

Q12a. Overall, would you say your trip to Kansas was...(read responses)

TRIP PLANNING PROCESS

Table 10

Trip Planning Process								
	1992	1993	1994	1995	1996	1997	1998	1999
One week or less	NA	NA	NA	NA	NA	11%	15%	7%
Two to four weeks	NA	NA	NA	NA	NA	13%	18%	14%
One to three months	NA	NA	NA	NA	NA	38%	36%	48%
Four months or longer	NA	NA	NA	NA	NA	34%	29%	29%
Don't know	NA	NA	NA	NA	NA	3%	3%	2%

Q12b. How far in advance did you start to make your plans to visit Kansas?

REASONS FOR NOT TRAVELING TO KANSAS

Table 11

Reasons for not Traveling to Kansas								
	1992	1993	1994	1995	1996	1997	1998	1999
Decided to go somewhere else	29%	35%	28%	31%	45%	45%	43%	45%
Didn't take a vacation	13%	15%	19%	33%	28%	41%	30%	34%
Just wanted a travel packet	15%	13%	12%	9%	7%	3%	10%	6%
Health reasons	10%	10%	15%	14%	10%	5%	7%	4%
Going in the future	16%	21%	20%	10%	6%	3%	7%	6%
Other reasons	17%	6%	6%	3%	3%	5%	2%	5%

Q14a. Why did you not visit Kansas during 1999?

Where Respondents Went on Their Vacation					
	1995	1996	1997	1998	1999
Florida	8%	8%	6%	12%	15%
Colorado	8%	10%	12%	7%	6%
Texas	6%	7%	4%	7%	6%
California	3%	7%	2%	2%	6%
Missouri	11%	12%	7%	9%	4%
International	8%	7%	12%	4%	4%
Arizona	3%	3%	6%	2%	4%
Tennessee	4%	1%	4%	4%	3%
Arkansas	2%	1%	2%	5%	2%
No destination	8%	2%	2%	2%	2%
South Dakota	4%	2%	5%	--	2%
Nebraska	2%	3%	3%	1%	1%
Wyoming	3%	3%	1%	1%	--
Other destinations	38%	34%	36%	44%	45%

REASONS FOR CHOOSING OTHER DESTINATIONS

Table 12

Reasons for Choosing Other Destinations					
	1995	1996	1997	1998	1999
Family / friends live there	23%	21%	33%	23%	38%
More to do and see there	10%	13%	9%	19%	15%
Destination was closer	9%	5%	7%	10%	10%
Warmer climate	NA	4%	--	5%	9%
Never been there	11%	4%	9%	6%	8%
We changed our route that didn't include Kansas	9%	9%	3%	7%	5%
No time to visit Kansas	7%	9%	4%	3%	4%
Combined business and leisure	2%	1%	3%	4%	2%
Going in the future	3%	1%	1%	2%	2%
Mountains/skiing	NA	5%	1%	1%	2%
Family/kids wanted to go there	5%	3%	--	6%	1%
Oceans/beaches	NA	2%	--	3%	1%
Better campgrounds/parks	2%	2%	1%	2%	1%
Other	9%	7%	5%	5%	2%
Don't know/no answer	10%	22%	22%	9%	10%

14c. Why did you choose that destination over Kansas?

CHARACTERISTICS OF INQUIRERS

Table 13

Characteristics of Inquirers								
	1992	1993	1994	1995	1996	1997	1998	1999
<i>Respondent's Household Income:</i>								
Under \$20,000	NA	7%	7%	6%	7%	6%	2%	4%
\$20,000-\$29,999	NA	17%	11%	17%	10%	10%	9%	13%
\$30,000-\$39,999	NA	21%	20%	24%	19%	18%	11%	14%
\$40,000-\$49,999	NA	17%	21%	20%	19%	16%	11%	16%
\$50,000-\$74,999	NA	16%	16%	17%	20%	17%	17%	17%
\$75,000 or over	NA	5%	7%	6%	10%	9%	12%	10%
Refused	NA	17%	17%	11%	16%	24%	38%	25%
Mean	\$43	\$44	\$42	\$42	\$42	\$46	\$48	\$50
<i>Respondent's Education</i>								
Some high school	NA	NA	NA	NA	NA	NA	11%	9%
High school graduate or GED	NA	NA	NA	NA	NA	NA	23%	18%
Some college or 2-year degree	NA	NA	NA	NA	NA	NA	29%	36%
4-year college graduate	NA	NA	NA	NA	NA	NA	17%	20%
More than a 4-year college degree	NA	NA	NA	NA	NA	NA	14%	15%
Refused	NA	NA	NA	NA	NA	NA	6%	1%
<i>Respondent's Age</i>								
18-24 years old	3%	3%	3%	3%	2%	1%	2%	1%
25-34 years old	11%	12%	10%	9%	9%	8%	10%	8%
35-44 years old	26%	22%	25%	22%	18%	17%	14%	14%
45-54 years old	23%	19%	18%	16%	21%	17%	19%	22%
55-65 years old	18%	20%	18%	25%	26%	26%	26%	25%
65 or over	17%	22%	24%	24%	23%	30%	27%	30%
Refused	1%	2%	1%	1%	2%	1%	1%	*

CHARACTERISTICS OF INQUIRERS CONT.

Characteristics of Inquirers Cont.								
	1992	1993	1994	1995	1996	1997	1998	1999
<i>Number of Children in Household</i>								
None	63%	65%	66%	68%	76%	76%	76%	77%
One child	12%	13%	12%	12%	9%	9%	11%	9%
Two children	17%	14%	14%	14%	9%	6%	7%	8%
Three children	4%	5%	5%	4%	3%	4%	4%	4%
Four or more	2%	3%	2%	2%	2%	2%	2%	2%
Refused	2%	11%	*	1%	2%	2%	1%	--
<i>Total Number of People Living in Household</i>								
One	NA	7%	12%	9%	10%	10%	14%	10%
Two	NA	50%	47%	53%	55%	57%	54%	57%
Three or more	NA	41%	35%	38%	33%	33%	25%	32%
Refused	NA	2%	1%	--	2%	*	7%	*
Average	NA	2.78	2.65	2.75	2.79	2.83	2.45	2.54
<i>Number of Vacations or Short Getway Trips:</i>								
None	NA	NA	NA	NA	NA	NA	13%	9%
One to two trips	NA	NA	NA	NA	NA	NA	23%	24%
Three to four trips	NA	NA	NA	NA	NA	NA	27%	30%
Five to nine trips	NA	NA	NA	NA	NA	NA	23%	20%
10 or more trips	NA	NA	NA	NA	NA	NA	12%	17%
Mean	NA	NA	NA	NA	NA	NA	4.74	5.40

CHARACTERISTICS OF INQUIRERS CONT.

Characteristics of Inquirers Cont.								
	1992	1993	1994	1995	1996	1997	1998	1999
<i>Usage of the Internet:</i>								
<u>Yes, access to the Internet</u>	NA	NA	NA	NA	NA	NA	52%	53%
Collected travel information	NA	NA	NA	NA	NA	NA	38%	38%
Booked travel	NA	NA	NA	NA	NA	NA	NA	17%
Visited Kansas' Website	NA	NA	NA	NA	NA	NA	NA	17%
<u>No, do not have access to the Internet</u>	NA	NA	NA	NA	NA	NA	48%	47%

APPENDIX B

1999 Ad Campaign Cost-Per-Inquiry (CPI)

<i>Niche Campaign</i>							
Publication	# of Insertions	RS Card	Ad Size	Circulation	AD Cost	Inquiries	CPI
American Heritage	3	Yes	1/2 pg ISL 4C	318,547	\$33,354	2,578	\$12.94
Historic Traveler	3	Yes	1/2 pg ISL 4C	108,865	\$8,233	604	\$13.63
Old West	3	No	4C Full Page	32,500	\$481	19	\$25.32
True West	3	No	4C Full Page	33,500	\$1,464	31	\$47.23
Audubon	3	Yes	1/2 pg ISL 4C	460,116	\$51,805	1,047	\$49.48
Sierra	2	Yes	Page & 1/2 pg 4C	536,572	\$29,979	557	\$53.82
Wild West	3	Yes	1/2 pg ISL 4C	152,195	\$4,750	88	\$53.98
American Civil War	4	Yes	1/2 pg ISL 4C	110,944	\$4,494	70	\$64.20
Wild Bird	3	Yes	Page & 1/2 pg 4C	134,643	\$7,837	97	\$80.79
Aviation History	2	No	Page & 1/2 pg Dig	77,377	\$2,571	17	\$151.24
Oklahoma Rules & Regs	1	No	1/2 pg 4C	2,475,000	\$3,854	23	\$167.57
Kansas Rules & Regs	1	No	1/2 pg 4C	2,475,000	\$3,003	7	\$429.00
Colorado Rules & Regs	1	No	1/2 pg 4C	2,475,000	\$4,729	11	\$429.91
Iowa Rules & Regs	1	No	1/2 pg 4C	2,475,000	\$3,880	7	\$554.29
Air & Space	2	No	Page & 1/2 pg 4C	262,597	\$20,188	27	\$747.70
Wing & Clay	1	No	Tab Pg 4C	50,000	\$3,992	3	\$1,330.67
AOPA Pilot Total	2	No	Page & 1/2 pg 4C	328,479	\$24,697	14	\$1,764.07
Belmont Publication	1	No	Full Page 4C		\$8,000	3	\$2,666.67
Subtotal Niche Campaign					\$217,311	5,203	\$41.77

1999 Ad Campaign
Cost-Per-Inquiry (CPI)

Leisure Campaign							
Publication	# of Insertions	RS Card	Ad Size	Circulation	AD Cost	Inquiries	CPI
Rand McNally & AAA Atlas	1	Yes	BW Coupon	500,000	\$22,072	19,496	\$1.13
Readers Digest	1	Yes	1/6 pg TD	1,880,000	\$7,056	2,911	\$2.42
Midwest Vacation Guide	2	Yes	3 x 2 1/2	4,000,000	\$9,605	3,829	\$2.51
Modern Maturity	2	Yes	1/2 pg 4C	1,081,653	\$20,896	8,023	\$2.60
Friendly Exchange	2	Yes	1/2 pg ISL 4C & 4" BW	1,400,000	\$19,074	3,948	\$4.83
Readers Digest Coop Ad	1	Yes		1,880,000	\$17,435	3,414	\$5.11
Travel Holiday	4	Yes	1/2 pg ISL 4C	556,145	\$19,456	3,694	\$5.27
Midwest Living	6	Yes	1/2 pg 4C & TD	821,349	\$61,268	8,482	\$7.22
Better Homes & Garden	1	Yes	4" BW		\$6,673	886	\$7.53
Endless Vacation	1	Yes	1/6 pg BW TD		\$6,355	578	\$10.99
National Geographic Traveler	3	Yes	1/2 pg 4C	250,000	\$31,906	1,987	\$16.06
Family Circle	1	Yes	4" BW		\$5,225	318	\$16.43
National Geo Adventure	1	Yes	1/2 pg 4C		\$8,415	510	\$16.50
Life	1	Yes	1/6 pg BW		\$11,935	661	\$18.06
McCalls	1	Yes	4" BW		\$4,450	186	\$23.92
Vanguard Zoom	1	No	2 pgs 4C		\$5,000	10	\$500.00
Trailer Life Dirtect/Motorhome	1	Yes	Listing		No charge	2,161	
Subtotal Leisure					\$256,821	61,094	\$4.20
<hr/>							
TOTAL 1999 Ad Campaign					\$474,132	66,297	\$7.15

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Senate Ways and Means
3-6-01
Attachment 3

** Chair

*** Vice-Chair

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*Admitted in Kansas & Texas

Testimony Re: SB 293

Senate Ways and Means Committee

Presented by Ronald R. Hein

on behalf of

Kansas Restaurant and Hospitality Association

March 6, 2001

Mr. Chairman, Members of the Committee:

My name is Ron Hein, and I am legislative counsel for the Kansas Restaurant and Hospitality Association. The KRHA is the Kansas trade association for restaurant, hotel, lodging and hospitality businesses in Kansas..

KRHA supports SB 293. Tourism is very important to our industry statewide.

We believe that moneys spent to advertise Kansas tourism opportunities will generate revenues for the businesses in Kansas, and, as a result, tax revenues for the state of Kansas and local units of government. We would even hope that the tax revenues generated by such advertising would more than exceed the tax revenues earmarked for such advertising expenditures.

Thank you very much for permitting me to testify, and I will be happy to yield to questions.

Senate Ways and Means
3-6-01
Attachment 4

Senate Ways and Means

**Testimony of the
Kansas Department of Commerce & Housing
Division of Travel and Tourism
Mary Lou McPhail**

March 6, 2001

SB 293

Good morning, Mr. Chairman, and members of the Senate Ways and Means. My name is Mary Lou McPhail, and I am the Director of the Kansas Department of Commerce and Housing, Travel and Tourism Division.

We would like to applaud the travel industry for this attempt to increase our advertising dollars. TIAK has been an effective partner in many of our efforts and they serve the industry well. There is no question that increased advertising dollars would bring economic benefit to the state.

However, the Secretary does not feel it is good public policy to set in place a formula for financing tourism advertising. This allows the available dollars to dictate the plan for advertising, and it circumvents the ordering of priorities that is inherent in the appropriations process. In any given year, the Secretary of Commerce and Housing may find that opportunities for expanding international trade initiatives or for pursuing agricultural marketing projects are at least equal in importance to increased tourism. On a more practical level, this bill could even reduce the amount we now spend. As we all know, once a dedicated source of revenue for advertising is in place, it is virtually guaranteed that our current advertising budget will be cut. But under this bill, a bad year could produce little or no additional revenue.

I can assure you that the Secretary recognizes the need for additional advertising dollars to support tourism. The Secretary would like to make the recommendation that the committee look at an alternative method to gaining those advertising dollars. In other words, would it not be better simply to recommend a State General Fund appropriation for more advertising than to earmark sales tax revenues for that special purpose?

I would be happy to answer any questions you might have.

Senate Ways and Means
3-6-01
Attachment 5



KANSAS
DEPARTMENT OF HEALTH & ENVIRONMENT
BILL GRAVES, GOVERNOR
Clyde D. Graeber, Secretary

Testimony on Senate Bill 294
to
Senate Ways and Means Committee

Presented by Gary Blackburn, Director
Bureau of Environmental Remediation
Kansas Department of Health and Environment

March 6, 2001

Chairperson Stephen Morris and members of the Senate Ways and Means Committee, I am pleased to appear before you today to discuss the Chemical Control Act and Senate Bill 294.

Senate Bill 294 proposes the deletion of subparagraph (f) from K.S.A.65-7012. The Kansas Bureau of Investigation (KBI) introduced this change and the Kansas Department of Health and Environments (KDHE) supports the change. It is our opinion that subparagraph (f) should be deleted. In the past law enforcement personnel have requested KDHE respond to a clandestine laboratory site to perform a cleanup but KDHE did not respond because of the wording in subparagraph (f). KBI and KDHE believe the removal of this subparagraph will clarify the purpose of the Act. With this clarification KDHE will be able to support more state and local law enforcement agencies in cleaning up clandestine laboratory sites in a more timely manner.

I thank you for the opportunity to appear before the Senate Ways and Means Committee and will gladly stand for questions the committee may have on this topic.

SENATE BILL No. 8

By Legislative Educational Planning Committee

1-5

9 AN ACT concerning Washburn university; relating to determination of
10 operating grant entitlements; amending K.S.A. 2000 Supp. 72-6503
11 and repealing the existing section; also repealing K.S.A. 2000 Supp.
12 72-6503a

and 72-6505

13
14 *Be it enacted by the Legislature of the State of Kansas:*

15 Section 1. K.S.A. 2000 Supp. 72-6503 is hereby amended to read as
16 follows: 72-6503. (a) In each fiscal year, ~~commencing with fiscal year~~
17 ~~2001~~, the university is entitled to an operating grant from the state general
18 fund in an amount to be determined by the state board. The state board
19 shall:

20 (1) Determine the average amount of moneys from the state general
21 fund expended per FTE lower division undergraduate student in the
22 preceding fiscal year at the regional state educational institutions;

23 (2) (A) in the ~~2001 fiscal year, compute 50% of the amount deter-~~
24 ~~mined under (1); (B) in the 2002 fiscal year, compute 55% of the amount~~
25 ~~determined under (1); (C) in the 2003 fiscal year, compute 60% of~~
26 ~~the amount determined under (1); (D) (C) in the 2004 fiscal year and in~~
27 ~~each fiscal year thereafter, compute 65% of the amount determined un-~~
28 ~~der (1);~~

29 (3) multiply the amount computed under (2) by the number of FTE
30 students of the university. The product is the amount of the operating
31 grant the university is entitled to receive for the fiscal year.

32 (b) In each fiscal year, commencing with the 2003 fiscal year, the
33 university is eligible to receive a quality performance grant from the state
34 general fund. If the state board determines that the university has dem-
35 onstrated effectiveness in complying with its mission and goals statement
36 and has met or exceeded the core indicators of quality performance iden-
37 tified and approved for the university by the state board, the university
38 shall receive a quality performance grant in an amount which shall be
39 determined by the state board by computing 2% of the amount of the
40 operating grant the university received in the preceding fiscal year. The
41 computed amount is the amount of the quality performance grant the
42 university shall receive for the fiscal year.

43 (c) (1) For the purposes of this section, the FTE enrollment of the

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1 university shall be based on: (A) Enrollment of students who are residents
 2 of the state of Kansas; and (B) the greater of FTE enrollment in the
 3 *second or third fiscal year* ~~precedent of the current fiscal year~~ or FTE
 4 enrollment in the ~~preceding fiscal year~~.

preceding the fiscal year for which the
 appropriation for the operating grant is made

5 (2) As used in this section, the term regional state educational insti-
 6 tutions means Emporia state university, Fort Hays state university and
 7 Pittsburg state university and the term lower division undergraduate stu-
 8 dent means a freshman or sophomore.

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9 (d) Moneys received as state grants from the state general fund shall
 10 not be expended for the purpose of expansion of graduate programs or
 11 for the purpose of expansion of off-campus programs without the prior
 12 approval of the state board.

13 Sec. 2. K.S.A. 2000 Supp. 72-6503 and 72-6503a are hereby
 14 repealed.

15 Sec. 3. This act shall take effect and be in force from and after its
 16 publication in the ~~statute book~~.