

MINUTES OF THE HOUSE NEW ECONOMY COMMITTEE.

The meeting was called to order by Chairperson Bill Mason at 3:39 p.m. on January 29, 2002 in Room 522-S of the Capitol.

All members were present except:

Representative Ray Cox - E
Representative Troy Findley - E
Representative Lana Gordon - E
Representative Valdenia Winn - E
Representative Gwen Welshimer - E

Committee staff present:

April Holman, Research
Deb Hollon, Research
Bob Nugent, Revisor
Renaë Jefferies, Revisor
Rose Marie Glatt, Secretary

Conferees appearing before the committee:

Michael R. O'Neal, Representative
Denny Stoecklein, Assistant Manager of State Fair
Bob Barker, President, Kansas State Fair Board (written testimony only)
Mary Alice Lair, Kansas Fair Board Member

Others attending:

See attached list

Representative Aday moved, seconded by Representative Kuether that the January 23, 2002 minutes be approved. The motion carried.

The Chairman opened the hearing on HB 2609 and asked Representative O'Neal, the sponsor of the bill, to update the Committee on current plans for the State Fair grounds. He stated that HB 2609 is the product of developments in the Hutchinson community following the 2001 session, in which the legislature, passed legislation to make the Fair's Master Plan a reality (Attachment 1). He described the bill as enabling legislation that would allow for talks between the State Fair Board and local officials regarding the possible construction of a hotel convention center. He gave background information regarding Hutchinson's previous plans for a convention center involving an existing local hotel. Due to Ramada Inn's current financial problems, the State Fair Board has now decided to move ahead with another plan. The challenge for the State Fair Board is to make the fairgrounds profitable by increasing non-fair day events and this could be done by attracting more convention business to Reno County. At this time all talks have been on an informal basis, however, if the plan moves forward, they will need the enabling legislation proposed in HB 2609 on the books in order to continue.

Discussion followed regarding the need for additional rooms in Hutchinson. He described two large events coming to Hutchinson this year; the US Women's Open Golf Tournament and the Family Motorcoach Association and spoke of the many opportunities lost due to lack of a convention center and rooms.

Representative O'Neal introduced Denny Stoecklein, Assistant Manager of the State Fair and Mary Alice Lair, a State Fair Board member.

Denny Stoecklein provided the background for the Fair's Master Plan. He stated that they have been approached by one hotelier possibly interested in building on the fair site. Hutchinson has approximately 800 lodging rooms, with around 266 rated as quality lodging rooms. There is a demand for quality rooms in Hutchinson to meet the need for approximately 260 non-fair events throughout the year. Currently they are compiling statistics from those events to determine room usage.

CONTINUATION SHEET

He referred to the testimony from President Bob Barker that had been previously distributed (Attachment 2). He quoted that "The Fair Board does not intend to invest in the construction or be responsible for the management of a hotel property. It would be a lease contract arrangement that is financially and operationally advantageous to the agency".

Discussion followed regarding the lack of rooms for the US Women's Open, the construction of a Hampton Inn, (80-100 rooms) and whether the state fair board would be asking for bonds to finance the project.

The Chairman read the fiscal note stating the State would not be responsible for the cost of construction of the hotel and convention center and that HB 2609 would not have an immediate fiscal effect.

Questions followed on the best location for the convention center, the effects of the length and/or loss of a lease, infrastructure needs, time frame of project, population of Hutchinson and amount of hotels and rooms.

Staff stated that there was a precedent set, referring to resort projects studies done on six various state parks and that this bill would only provide clarifying language to existing legislation. Staff was asked to find out whether the State Fair Board already had the authority.

There was support for state owned resorts voiced and Mr. Stoecklein gave the example of a Sheridan complex on the State Fair Grounds in Pomona, California as a profitable venture.

Mary Alice Lair stated that although she did not have a formal statement she believed that it would be advantageous for the State Fair Board to be in the position to be able to negotiate with hoteliers if and when the opportunity arises.

The Chairman closed the hearing on HB 2609. It was agreed that the Committee would discuss possible action at a later time.

The Chairman invited Committee members to attend the KAN-ED hearing on Thursday, January 31, 531-S at 3:30 p.m..

The next meeting is February 5 at which the Lt. Governor will provide an update on the Department of Commerce and Housing. The meeting was adjourned at 4:15.

STATE OF KANSAS
HOUSE OF REPRESENTATIVES

MICHAEL R. (MIKE) O'NEAL

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JUDICIARY COMMITTEE
REDISTRICTING COMMITTEE

MEMBER:
KANSAS FUTURES
FISCAL OVERSIGHT
UNIFORM LAW COMMISSION
KANSAS JUDICIAL COUNCIL

TESTIMONY ON H.B. 2609

REP. MIKE O'NEAL

New Economy Committee

January 29, 2002

Thank you CHAIRMAN MASON and members of the New Economy Committee. The Kansas State Fair and the Reno County delegation are very grateful for the support the Legislature gave us last year with passage of the legislation to make the Fair's Master Plan a reality. H.B. 2609 is the product of developments in the Hutchinson community following the conclusion of the 2001 legislative session. Hutchinson has been working on a plan to bring to the community a much needed new convention center.

Those plans, until recently, had involved the old Holidome, now Ramada Inn property near 17th and K-61 Highway in Hutchinson. Although the State Fair has been interested in such a facility on or near the Fairgrounds for quite some time, the Fair elected not to interfere or compete with the City's contract to develop the Ramada Inn site. Some of you may be aware from the news clips that the Ramada Inn property has serious financial problems and is in receivership. That has resulted in the City abandoning the convention center plan at that location. When that result became evident, I asked for a meeting with city leaders, the Hutchinson/Reno County Chamber of Commerce and the Fair to discuss an alternative proposal that would involve looking at the State fairgrounds as the site of a hotel/convention center complex. We see such a plan as a potential win/win for the state and the community.

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NEW ECONOMY
1-29-02
ATTACHMENT 1

We have, from year to year, asked the Fair to maximize the use of the Fairgrounds for non-fair day activities. The Fair has responded and continues to seek ways to maximize the state's investment and enhance the attractiveness of the property for both in-state and out-of-state travelers. H.B. 2609 simply puts into place the necessary enabling legislation to allow talks to continue.

I have served merely as a facilitator. I'm here to ask for your support for the enabling legislation and to introduce Denny Stoecklein with the Kansas State Fair. Denny will give you more details and can answer questions from the Committee. Thanks again for your time.

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BILL OGG, GENERAL MANAGER
DENNY STOECKLEIN, ASSISTANT MANAGER
LARRY ANKERHOLZ, PLANT MANAGER

January 24, 2002

Rep. William Mason
Chairperson, Committee on New Economy

Subject: SUPPORT of House Bill 2609

Dear Rep. Mason:

The Kansas State Fair Board and Management request your support of legislation that would permit the State Fair Board the ability to negotiate with potential parties interested in the construction of a hotel and/or convention center on the Kansas State Fairgrounds.

There is a lack of quality lodging rooms in Hutchinson to support the events that take place during the year, not only on the Fairgrounds, but throughout the community. We feel this addition would be a very positive asset and enhance the rentability of the Fairgrounds for additional non-fair events and conventions.

The Fair Board does not intend to invest in the construction or be responsible for the management of a hotel property. The board would be interested in exploring a lease contract that is financially and operationally advantageous to the agency.

Please do not hesitate to request additional information so we may earn your informed, proactive, and positive support.

Sincerely,

A handwritten signature in black ink that reads "Bob Barker". The signature is written in a cursive, flowing style.

Bob Barker
President, Kansas State Fair Board

NEW ECONOMY
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ATTACHMENT 2