

MINUTES OF THE HOUSE TOURISM COMMITTEE.

The meeting was called to order by Chairman Carol E. Beggs at 3:36 p.m. on February 11, 2002 in Room 522-S of the Capitol.

All members were present except: Representative Clay Aurand
Representative Jeff Peterson

Committee staff present: Hank Avila, Research Department
Russell Miller, Research Department
Bob Nugent, Revisor of Statutes
Carol Doel, Committee Secretary

Conferees appearing before the committee: Jeff Mercer, Director of the Department of Tourism

Others attending: See Attached List

Mr. Jeff Mercer, Director of the Department of Tourism for the State of Kansas presented a packet of tourism information including the Kansas Magazine and 2002 Getaway Guide. He also talked on aspirations, anticipations, current programs as well as Kansas signage. (Attachment 1)

Chairman Beggs asked for motion for approval of the Tourism Committee minutes for February 6th. Representative Ballou moved the minutes be approved as read. This was seconded by Representative Levinson. Motion passed.

The announcement was made that the next Tourism meeting would be Wednesday, February 13 with the room being changed to 243 North.

Meeting adjourned at 4:40 p.m.

House Committee on Tourism

**Testimony of the
Kansas Department of Commerce & Housing
Division of Travel and Tourism
Jeff Mercer**

February 11, 2002

Good afternoon, Mr. Chairman, and members of the House Committee on Tourism. My name is Jeff Mercer, and I am the Director of the Kansas Department of Commerce and Housing, Travel and Tourism Division. I have had the privilege to serve in the tourism division for the past 11 months and would like to share with you some of our programs and activities.

The division has a budget of \$4.5 million to administer four programs. Of that amount a little over one million dollars is generated from fee funds, i.e. magazine sales and advertising revenues. The other 78% is funded through EDIF monies (the lottery). Our four programs include Kansas! Magazine, Film Services, Travel Information Centers and General Promotion.

Kansas! Magazine is a beautiful four-color quarterly publication with stories of interesting things to see and do in Kansas. The magazine has approximately 47,000 subscribers with 73% of those being Kansas residents. Our 1999 Readership Study indicated 88% of our subscribers were "very satisfied" with the magazine and often gave it as gifts to others. The division also publishes a beautiful annual calendar as part of the subscription fee of \$15.00. Monies generated from subscription fees pay for all operations of the magazine including some marketing efforts.

A second program is Film Services whereby staff promote the state of Kansas to film producers as a possible site location for movies, documentaries, commercials, etc. Combined out-of-state and in-state production dollars for FY 01 totaled \$12.9 million. The Film Commission assisted with 39 projects filming in Kansas, for a total of 166 days, which more than doubled the number of

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filming days assisted in FY 00. The projects included eight commercials, six documentaries, portions of six features, eight television programs, three industrial/educational videos, two short films, two still photography shoots, two internet projects, one stock footage project and one IMAX film. The 39 projects filmed in 19 different counties.

The state owns and operates three Travel Information Centers (TICs), with locations on I-35 near Belle Plaine, and on I-70 near Kansas City and Goodland. These centers are open 361 days a year and greet over 360,000 people annually providing free travel information, highway maps and coffee. We are currently working on a construction project to replace the existing TIC near Goodland with a state-of-the-art 7500 square foot facility that is scheduled for completion early April of 2002. We are also working with the Kansas Speedway Corporation (KSC) to have a new travel information center near the I-70 entrance to Kansas Speedway in Wyandotte County. Once completed, it will replace the older facility on I-70 near Kansas City that also doubles as a truck weigh station. A fourth TIC on I-35 near Kansas City was closed this past September due to budget issues and a history of low visitation numbers.

The division is charged with promoting the state of Kansas to domestic and international travelers. A number of marketing strategies are used to accomplish this. We print an annual publication, the *Kansas Getaway Guide*, to send to those interested in receiving travel information. (A copy of this publication is in your packet.) Last year, we responded to 108,000 requests for information. According to the Advertising Effectiveness Study (a copy of the executive summary is included in your packet) conducted by research staff at Kansas State University, 36% of those requesting Kansas travel information as a result of seeing the Division's 2000 print advertising campaign traveled to Kansas. Combined, these travelers spent over \$22 million, returning \$50 back to the state for every dollar spent on tourism promotion.

The division's international marketing program has two main objectives. First, the program assists tour operators and travel agents in their efforts to create and promote individual tour packages. Second, the program attempts to generate positive media coverage of Kansas by working with the travel media. The Division has selected Germany and the United Kingdom as primary target markets. These countries have been selected based on the Kansas travel product matching the interests of both the Germans and the British. Membership in America's Heartland, an international marketing coalition that also included Iowa, Oklahoma, Nebraska, and Missouri was dropped this year due to budget issues.

Approximately five years ago, the legislature appropriated money to do a comprehensive study on tourism in Kansas. The report 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. Those niches include western frontier, agri-tourism, aviation, hunting, nature-based activities and we chose to include the arts as well. We are currently exploring the option of adding a seventh niche to promote motor racing experiences in Kansas.

The strength of niche marketing rests with the development of tourism alliances for the sole purpose of *"bringing together industry members to promote the Kansas tourism experience in order to strengthen our ability to encourage marketing partnerships with corporate industry."* These alliances have been meeting on a regular basis to network and to develop marketing opportunities. Those efforts are ongoing and we are experiencing many successes.

The division has an Attraction Development Grant program that provides financial assistance to communities for the purpose of creating new tourist attractions or to enhance existing ones. This is a

60/40 match program and also funds some marketing and technology activities. As was the case in 2001, the division will award \$1,052,100 in grant funding in 2002. This program is vital to many communities as it provides an opportunity to improve their tourism infrastructure and to do some regional marketing.

According to the latest study by the Travel Industry Association of America, tourism is a \$3.4 billion industry in Kansas and is responsible for over 53,000 jobs with \$821.4 million in wages and salaries, and generating \$515 million in tax revenue for federal, state, and local governments.

The Travel Industry Association of America forecasts changes in travel patterns due to a slumping economy and the September 11 acts of terrorism. If these forecasts are accurate, Kansas tourism is in a position to benefit. The travel forecast for the upcoming year includes a marked increase in automobile traffic with a focus on trips within a 500 mile radius of home, more shorter vacations of less than a week, more interest in historical and cultural experiences, more family vacations and/or family visitations, an interest in rural American experiences, and a renewed interest in value packages. Kansas can deliver these experiences.

Another reason for Kansas to be optimistic about tourism projections for 2002 include the second year of racing at Kansas Speedway, the US Women's Open golf tournament next July in Hutchinson, and the Family Motor Coach Association's international rally scheduled for October in Hutchinson. These major events bring both travelers and media exposure to Kansas.

In his recent State of the State address, Governor Graves proposed a budget enhancement of \$500,000 for advertising Kansas as a travel destination. If approved, the division will experience a jump in advertising budget from \$300,000 to a total of \$800,000. According to the latest Travel Industry Association of America figures, this will allow Kansas to jump from 49th in the nation to 42nd

in terms of state tourism advertising budgets. As a point of reference, this same budget report calculated the average state tourism advertising budget to be \$3.6 million.

In conclusion, tourism in Kansas is a large industry that works well for both rural and urban communities. It is also an industry with great growth potential. Tourism produces more than fond memories for travelers. By virtue of the number of jobs created and revenues generated, tourism is a legitimate means to enhance economic development.

I would be happy to answer your questions at this time.