

Approved: February 8, 2005

Date

MINUTES OF THE HOUSE HEALTH AND HUMAN SERVICES COMMITTEE

The meeting was called to order by Chairman Jim Morrison at 1:33 P.M. on February 7, 2005, in Room 526-S of the Capitol.

Committee members absent:

Representative Brenda Landwehr- excused
Representative Mario Goico- excused
Representative Patricia Kilpatrick- excused

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department
Mary Galligan, Kansas Legislative Research Department
Rena Jefferies, Revisor of Statutes' Office
Gary Deeter, Committee Secretary

Conferees appearing before the committee:

Dr. Paul Harrison, Chair, Governor's Advisory Committee on Trauma
George McCrary, Kansas Health and Fitness Association (proponent)
Scott Huston, President, Kansas Health and Fitness Association (proponent)
Jason Brittan, Citizen (proponent)
Wade Ferguson, Gold's Gym, Merriam, Kansas (Written only, proponent)

Others attending:

See attached list.

The Chair announced that a copy of *U.S. News and World Report* for January 31 - February 7, 2005, was made available to give members a background for the hearings on February 9 and 10.

The minutes for February 2 and 3 were approved.

Dr. Paul Harrison, Chair, Governor's Advisory Committee on Trauma, updated the committee regarding the Trauma Registry. (Attachment 1) He said the registry was implemented to prevent unnecessary death and disability resulting from trauma, the leading cause of death among younger adult populations, noting that a trauma system makes efficient use of facilities and resources and can decrease preventable deaths and medical costs. He stated that the registry was authorized by statute in 1999, placed under the oversight of the Kansas Department of Health and Environment, presently consists of 24 members appointed by the Governor, and continues development and refinement as more hospitals and Emergency Medical Services are brought into the system and trained in the collection of data. He explained that a trauma system is designed to take advantage of the "golden hour" that often is the difference between life or death, or between limited life and full recovery. He said the committee consists of appropriate medical specialties and is divided into 6 regional trauma councils. He said one current problem is tracking a patient who is transferred from one hospital to another while honoring privacy issues. The Chair thanked Dr. Harrison for his report.

CONTINUATION SHEET

MINUTES OF THE House Health and Human Services Committee at 1:33 P.M. on February 7, 2005 in Room 526-S of the Capitol.

The Chair opened th hearing on **HB 2204** and welcomed George McCrary, representing the Kansas Health and Fitness Association and owner of the Baldwin Athletic Club. (Attachment 2) Mr. McCrary cited statistics showing the health concerns of obesity, the 2nd highest cause of preventable deaths in America, noting obesity's link to diabetes, cardiovascular disease, and hypertension. He stated that most health-care plans are actually "sick-care" plans that offer after-the-fact treatments for disease. He said modern health clubs offer a wide variety of services that encourage good diet, physical fitness, exercise programs and other health-building activities, quoting statistics from a Michigan study listing benefits and dollars that could be realized by businesses and government entities.

Scott Hutson, President, Kansas Health and Fitness Association and owner of Maximus Fitness and Wellness Center in Topeka, also spoke as a proponent of the bill. (Attachment 3) He said the U. S. Surgeon General's call to prevent and decrease obesity, published in 2001, identified ways to reduce obesity, among which were healthy eating habits and physical exercise. He said that the sales tax exemption does not put dollars in owners' pockets, but provides an incentive for Kansas citizens in becoming more physically fit.

Jason Brittian, a citizen from Wichita, spoke as a proponent of the bill. (Attachment 4) He said that exercise has enhanced his life and promoted his health. He commented that the most difficult part of an exercise regimen is getting started; the bill will offer an incentive to make it easier for an individual to begin a more healthful lifestyle.

Wade Ferguson, Gold's Gym, Merriam, Kansas, provided written testimony as a proponent. (Attachment 5)

Members asked conferees questions as follows:

Mr. McCrary said that the sales tax exemption would provide 2/3 of one month's fees over the course of a year. He said that if the exemption is granted, he will notify all members that their fees were being reduced.

John Peterson, representing the Kansas Health and Fitness Association, said exempting health clubs from sales tax would cost the State General Fund \$1.7 million, \$1.8 million for all funds. A member commented that based on those figures, the health-club industry generated about \$30 million per year.

Mr. McCrary replied that fitness clubs have family memberships, which would provide children access to services similar to the YMCA. Mr. Hutson observed that family memberships allow parents to set a good example for children and pass on to them a healthier lifestyle.

Several members expressed concern about giving a tax exemption to a for-profit business. Mr. Peterson commented that most sales-tax abatements help organizations cut their spending costs. Unlike most other exempt organizations that forego sales tax on purchases, health clubs would still pay sales tax on all their purchases; this bill would grant an exemption only for the fees charged the consumer. It would help businesses only indirectly, but would directly help the consumer save money, noting that of the 75 organizations that are granted a sales-tax exemption in Kansas, 30 are not-for-profit. Further, he noted that

CONTINUATION SHEET

MINUTES OF THE House Health and Human Services Committee at 1:33 P.M. on February 7, 2005 in Room 526-S of the Capitol.

the bill has positive health implications.

Mr. McCrary said that Baldwin has no YMCA or recreation center; if a person wants fitness training, his athletic club is the only choice.

As other questions were posed, Greg Ferris, Executive Director, Kansas Health and Fitness Association, introduced himself, saying he had helped the conferees by providing research for them. He said the tax exemption would be important to about 5% of health-club members, noting the Michigan study showed if 1 in 20 people became and remained physically active, the state could avoid \$575 million in costs over a period of 4 years; thus the initial sales tax cost of the bill would ultimately provide a cost-benefit the state. He further commented that insurance companies are beginning to have preferential rates for those who exercise, and he cited General Mills and other unspecified companies that save from \$100 to \$300 per year per employee by encouraging employee fitness.

The chair closed the hearing on **HB 2204**.

Staff provided a briefing on four bills to be considered tomorrow:

HB 2153 would amend the Long-term Care Ombudsman Act by requiring that reports of abuse and neglect be made to the Secretary on Aging rather than to the Department of Health and Environment (KDHE); replacing Social and Rehabilitative Services and KDHE with the Department on Aging as the agency with which the Ombudsman must collaborate; and exempting certain information sent to the Secretary of the Department of Aging from the Open Records Act. Ms. Galligan suggested the committee may want to update the citation to the Open Records Act.

HB 2154 repeals sections of the statute by removing provisions of the hearings process that are superseded by the Kansas Administrative Procedures Act.

HB 2225 would amend one statute in the Pharmacy Act regarding renal dialysis facilities. The bill would repeal the requirement that the Board of Pharmacy assist dialysis facilities in locating a consulting pharmacist in certain situations.

HB 2155 amends existing law to allow a pharmacist to refill a drug prescription (except for schedule 2 drugs) on an emergency basis after attempting to contact the prescribing physician and after determining that such a refill is needed to protect the health and safety of the individual.

The meeting was adjourned at 3:03 p.m. The next meeting is scheduled for Tuesday, February 8, 2005.

**HOUSE HEALTH AND HUMAN SERVICES COMMITTEE
GUEST LIST**

DATE: FEBRUARY 7 2005

NAME	REPRESENTING
John Kiehaber	Ks. Pharmacists Assoc.
Traci Doering	Kammco
Reg Lyerla	Dale's Athletic Club
Annie Miller	Damon & Assoc.
Marty Kennedy	KDOA
Carolyn Muddendy	Ks St Ns Queen
Ryan Hartman	St Francis Health Ctr.
Carolyn Harrison	spouse - Dr Harrison
Kendra Tinsley	KFMC
Ryan Young	Intern for Rep. Holland
Greg Crawford	KDHE
Jason Beithain	Citizen
Kelsey Steven	citizen KHFA
Karleigh Venneman	citizen KHFA
RODNEY STABITT	GENESIS HEALTHCARE
Greg Ferris	KHFA
John Peterza	Ky Health + Fitness Actn
George A. McCray	KHFA
Scott HUSTON	KHFA

Don Seiber

KPC

HOUSE HEALTH AND HUMAN SERVICES COMMITTEE
GUEST LIST

DATE: Feb 7 2005

NAME	REPRESENTING
Larrie Ann Lower	KS Health & Fitness Assoc
RICHARD SELLS	KAFPA
DAVID LAKE	KBEMS
Kemie Bacon	Kansas Commission on Disability Concerns
Melissa Hungerford	KS Hosp Assn
DEBORAH STEVEN	KS. HOSP. ASSN.

Kansas Trauma Update



**Paul B. Harrison, MD FACS, Chair
Advisory Committee on Trauma
Kansas Surgical Consultants, Wichita**

Goals of the Kansas Trauma System :

- ❑ Prevent unnecessary death & disability due to trauma
- ❑ Improve delivery of trauma services
- ❑ Encourage provider preparation and response to trauma
- Increase public awareness & prevention
- Design an inclusive and comprehensive system

Kansas Trauma System is expected to:

- ▣ Improve outcomes for traumatic injury
- ▣ Reduce medical costs through appropriate use of resources

Kansas Trauma Plan 2001

Why Trauma?

- ┌ Leading cause of death & disability
- ┌ Motor vehicle crashes and falls account for over half of all injury deaths
- Average of 4 people a day die in Kansas from trauma

What Is A Trauma System?

Characteristics

- ▣ Regionalized, making efficient use of facilities/resources
- ▣ Based on unique requirements of the population
- ▣ Emphasizes prevention as part of community health
- ▣ Ability to expand to meet the medical needs of the community during disaster

Trauma Systems

- ▣ Designed to take advantage of “golden hour”
- ▣ Difference between life or death
- ▣ Or whether you fully recover
- ▣ Maximize resources available

Kansas Trauma Program

- Emphasizes local control and decision making at the regional level
- Coordination of activities
- Data-driven planning and accountability

Kansas Milestones in Trauma:

- 1995: Grant from Kansas Health Foundation
- 1999: Legislation passed – K.S.A. 65-5665 et seq.
- 2000: Advisory Committee on Trauma appointed
- 2001: Kansas Trauma Plan is presented to the legislature
- 2002-03 : Regional Councils formed & a data collection system established

Advisory Committee on Trauma:

- ▣ 24 member committee representing both urban & rural areas
- ▣ Appointed by the Governor
- ▣ Advise KDHE on development & implementation of a trauma system
- ▣ Meet 4 times/ year

Advisory Committee on Trauma Committee Members

Name	Organization	City
Dr. Paul Harrison, Chairperson	Kansas Medical Society	Wichita
Dr. Craig Concannon	Kansas Medical Society	Beloit
Dr. Scott Sellers	Kansas Association of Osteopathic Medicine	Hutchinson
Mr. Roger John	Kansas Hospital Association	Phillipsburg
Ms. Leanne M. Irsik	Kansas Hospital Association	Garden City
Dr. Brent Rody	Kansas Hospital Association	Andover
Ms. Darlene Whitlock	Kansas State Nurses Association	Silver Lake
Ms Cathy Heikes	SW Regional Trauma Council Rep.	Dodge City
Ms. Debra Pile	Kansas State Nurses Association	Haysville
Mr. Robert Orth	Kansas Emergency Medical Technician Association	Sublette
Mr. Kerry McCue	Kansas Emergency Medical Services Association	Hays
Mr. Dennis Mauk	EMS Administrator	Wichita
Ms. Pam Kemp	EMS Administrator	Clay Center
Mr. Tim Pitts	SC Regional Trauma Council Rep.	Hutchinson
Mr. Mark Bradford	NE Regional Trauma Council Rep.	Lawrence
Mr. Chris Way	SE Regional Trauma Council Rep.	Parsons
Ms. Kimberla Nutting	NW Regional Trauma Council Rep.	Bogue
Ms. Pat Dowlin	NC Regional Trauma Council Rep.	Beloit
Dr. Dennis Allin, Vice-Chairperson	Board of Emergency Medical Services	Lenexa
Senator Susan Wagle	Chairperson, Public Health & Welfare	Wichita
Senator David Haley	Ranking Minority Member, Public Health and Welfare	Kansas City
Representative Judy Showalter	Ranking Minority Member, Committee on Health and Human Services	Winfield
Representative James Morrison	Chairperson, Committee on Health and Human Services	Colby

Advisory Committee on Trauma:

□ The First Five Years

- 2001 Trauma Plan approved
- Trauma Registry Implemented
- Regional Trauma Councils Established
- Supported expanded Trauma Education
- Supported EMS on data collection system
- Working on trauma center categorization criteria

Advisory Committee on Trauma: Future Plans

- Approved Implementation Schedule for the next 5 years
 - Trauma Registry data collection
 - Regional Trauma Councils
 - Trauma Center Verification
 - Education & Training
 - Pre-hospital EMS

Implementation Schedule

Phase Four	July 1, 2004 to June 30, 2005
Year 5	<p>Trauma Registry</p> <ul style="list-style-type: none"> • Develop process for linking data on transfer cases • Implement change in inclusion criteria • Develop and implement protocol for special data requests • Develop in state processes for on-going training and education <p>Regional Trauma Councils</p> <ul style="list-style-type: none"> • Complete regional trauma plans • Identify resources and needs based on data and needs assessment • Monitor data collection at regional level • Assess resources needed to improve trauma care coverage • ACT to develop & implement approval process for regional plans <p>Trauma Center Verification</p> <ul style="list-style-type: none"> • Identify designation models to be considered for initial trauma center designation for levels 3 & 4. • Develop initial and long-term processes for designating trauma centers <p>Education and Training</p> <ul style="list-style-type: none"> • Utilize resource assessment and regional plans to determine education needs related to hospital verification • Support EMD education and training • Develop media campaigns that coincide with national proclamation of special months related to EMS/trauma systems <p>Pre-Hospital EMS</p> <ul style="list-style-type: none"> • Support BEMS pilot pre-hospital data collection • Develop EMS capacity assessment tool
Phase Five	July 1, 2005 to June 30, 2007
Year 6 & 7	<p>Trauma Registry</p> <ul style="list-style-type: none"> • Develop RFP to rebid trauma registry software system • Develop first annual report utilizing registry resources • Develop appropriate protections for registry data utilized in formal system QA including state and regional review • Develop model for initial reporting on system level performance • Develop data validation process and resources to support it <p>Regional Trauma Councils</p> <ul style="list-style-type: none"> • Develop state and regional trauma system performance and outcome benchmarks • All regional trauma plans approved <p>Trauma Center Verification</p> <ul style="list-style-type: none"> • Implement processes for levels 3 & 4 verification • Monitor designated trauma centers • Identify specialty center linkages and link those into the trauma center standards <p>Education and Training</p> <ul style="list-style-type: none"> • Promote education of the public and targeted groups regarding prevention of injuries <p>Pre-Hospital EMS</p> <ul style="list-style-type: none"> • Include dispatch centers in EMS/trauma system quality managements processes • Coordinate trauma registry data with pre hospital care data collection
Phase Six	July 1, 2007 to June 30, 2009
Year 8 & 9	<p>Trauma Registry</p> <ul style="list-style-type: none"> • Continue training and education on data collection and reporting • Develop queryable trauma registry web site using aggregate data • Evaluate training and education needs for improved data collection and use • Publish 10 year report of trauma system data <p>Regional Trauma Councils</p> <ul style="list-style-type: none"> • Update and modify regional trauma plans bi- annually • Review and monitor trauma registry reports • Continue to meet and provide regional master planning and direction at the regional level <p>Trauma Center Verification</p> <ul style="list-style-type: none"> • Conduct review and monitoring of the hospital verification process • Revise and update verification standards as needed • Evaluate hospital verification process to assure consistency with national standards <p>Education and Training</p> <ul style="list-style-type: none"> • Support education to address needs identified through data <p>Pre-Hospital EMS</p> <ul style="list-style-type: none"> • Link pre-hospital data including EMS, KDOT with trauma registry • Collaborate with KDOT, BEMS and other agencies to develop joint strategies for system improvement

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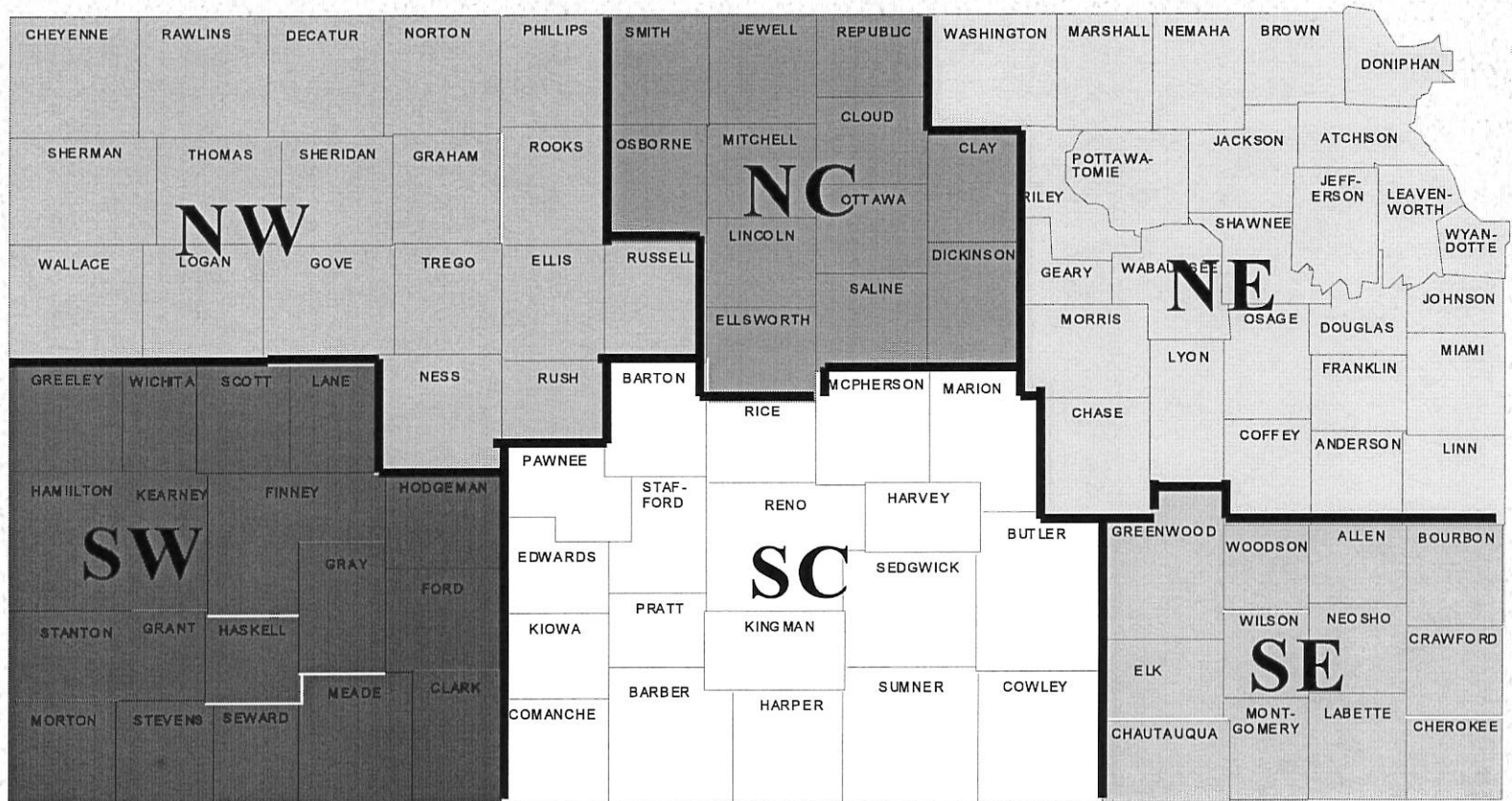
Trauma Registry:

- ┌ Data Collection System
- ┌ All hospitals in the state have capability & are required to report data
- Capture majority of trauma cases

Trauma Registry: Goals 2005

- ┌ Improve the data quality
- ┌ Hope to “link” transfer data between EMS and transferring hospitals
- Increase compliance of reporting to 100% of hospitals

Map of Regional Trauma Councils



Regional Trauma Councils:

└ Fundamental Questions

- What are the causes of trauma & how can they be prevented?
- Is the region's trauma system readily accessible?
- Is the system efficient & effective?
- What is needed to improve the system?

Regional Trauma Councils Goals 2005

- Develop regional plans by July 1, 05
- Increase member participation in RTC activities
- Implement EMD training
- Implement injury prevention based on registry data

Hospital Categorization Criteria

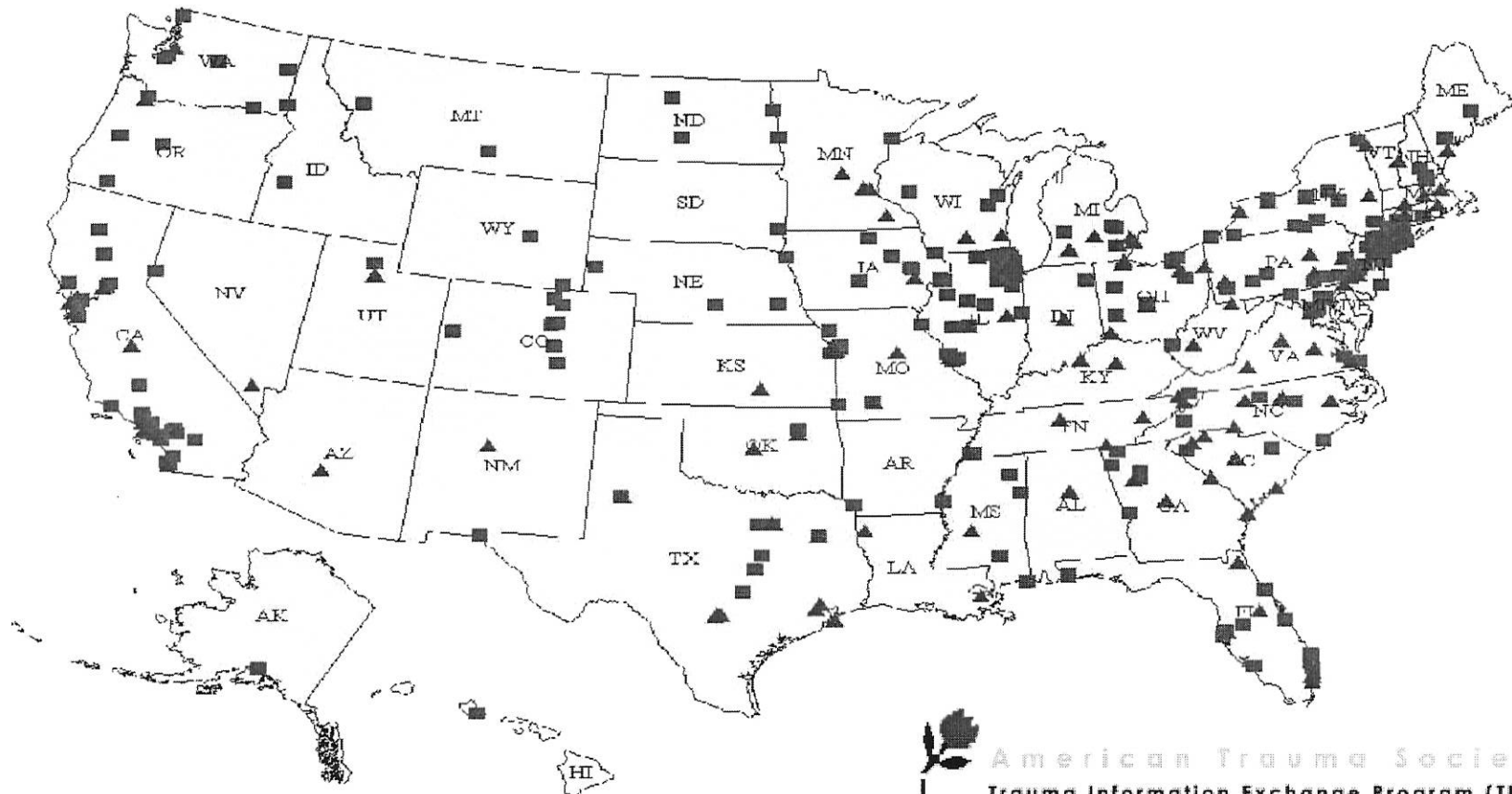
- Hospitals are classified based on level of service they provide
- Kansas has 3 level 1 trauma centers verified by the College of Surgeons
- Two facilities are pursuing level 2 status
- No level 3 or 4 verified facilities: backbone of the system

Levels of service:

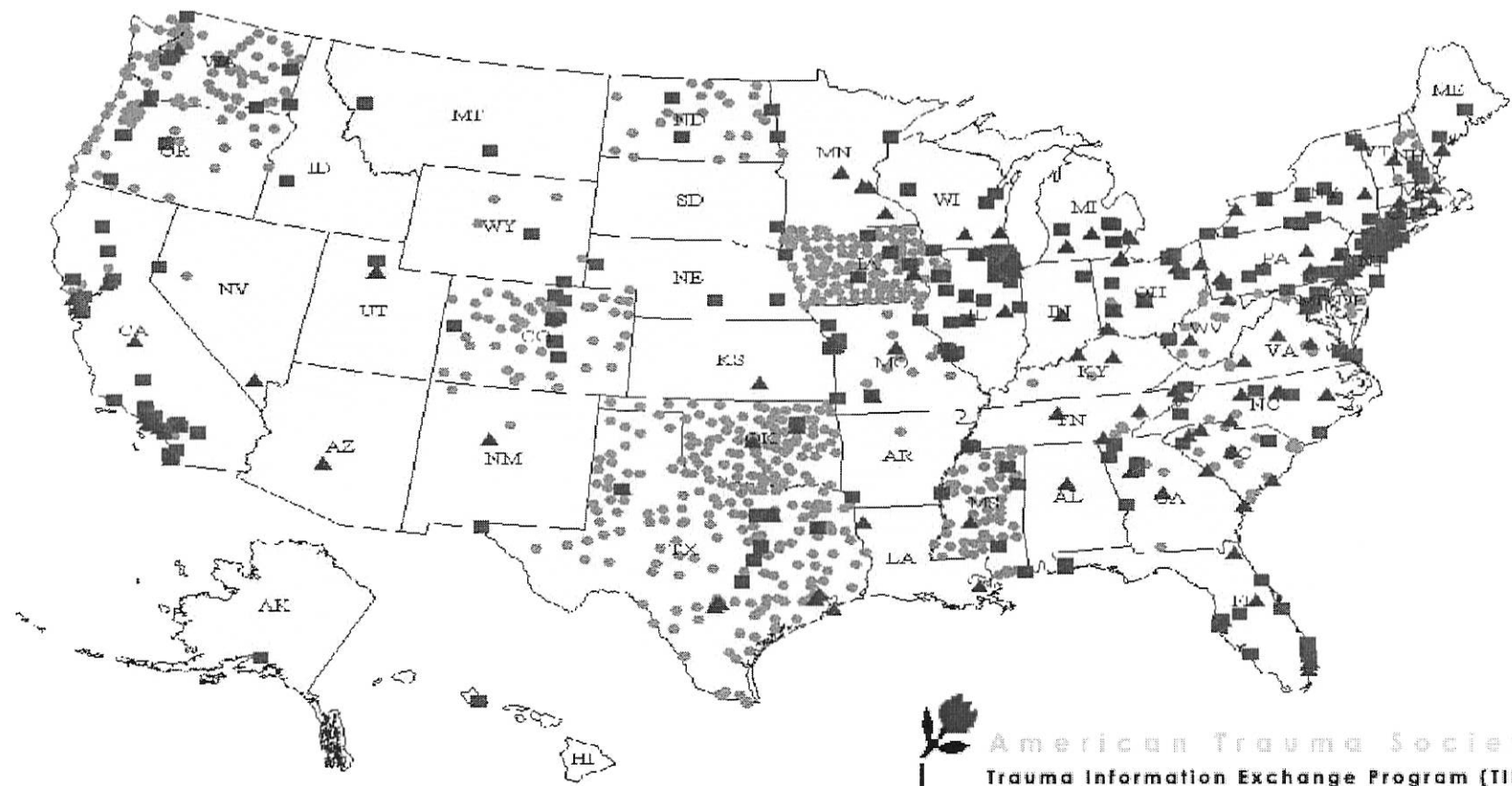
- Level 1: Provide full range of services & has research responsibility
- Level II: Similar level of clinical services and community based
- Level III & IV: General surgery capability, includes emergency services capability

Trauma Centers in the United States –

▲ Level I ■ Level II



Trauma Centers in the United States – All Levels



 American Trauma Society
Trauma Information Exchange Program (TIEP)

Trauma Education:

- KDHE/ACT appropriated education funds
- Funding was decreased due budget issues
- Important and hope to support in future

Pre-Hospital EMS:

- ▣ Collaborate closely with the Board of EMS
- ▣ Support their data collection system
- ▣ Coordinate registry data with EMS including developing linkages
- ▣ Support pre-hospital education

Trauma Systems:

- ┌ Do save lives
- ┌ Work to reduce cost of health care through better efficiency
- Returning patients to more productive lives

Thank you for your support

House Health and Human Services Committee

Testimony of George McCrary
Kansas Health and Fitness Association

HB 2204

February 7, 2005

“So many of our health problems can be avoided through diet, exercise and making sure we take care of ourselves. By promoting healthy lifestyles, we can improve the quality of life for all Americans, and reduce healthcare costs dramatically.”

**Tommy G. Thompson, Secretary U.S. Department of
Health and Human Services, September 2003**

Attachment 2
HHS 2-7-05

House Health and Human Services Committee

Testimony of George McCrary Kansas Health and Fitness Association HB 2204

February 7, 2005

Mr. Chairman and Members of the Committee, my name is George McCrary, and I am the owner/operator of the Baldwin Athletic Club of Baldwin City and am appearing on behalf of the Kansas Health and Fitness Association. I am pleased to be here to speak in support of HB 2204. Our organization represents 70 clubs in 28 communities representing over 150,000 individual members. One of the major purposes of the KHFA is to promote health and fitness throughout the State of Kansas. By removing the sales tax cost on dues for health and fitness clubs HB 2204 will definitely help accomplish this goal.

Last year obesity and related diseases were the second leading cause of preventable deaths in America. Type II diabetes, Cardiovascular disease, and high blood pressure are all related to obesity and overweight. New studies are showing an increase in breast and colon cancer links to being overweight. While these statistics are alarming, they may not be the most devastating. Childhood obesity is attacking our children at a disastrous level. In 1982 only 4% of children were overweight but in 2001 the figures are nearly 30%. A new study suggest one in four overweight children is already showing early signs of type II diabetes and 60% already have at least one risk factor for heart disease. Last, but not least, hospital costs associated with childhood obesity rose from \$35 million in 1979 to \$127 million in 1999.

Most health care reform discussions are about how to develop plans to pay for rising health care costs. Unfortunately rather than developing a true health care plan, the talk is really about a "sick care" plan. While this is needed to aid those who need medical attention it is not preventative, rather reactionary. HB 2204 is a step in the right direction in truly addressing a "health care" plan. Health and fitness are the first line of defense and prevention against obesity and thus is the State's best, most economical solution a healthier Kansas.

Health and Fitness Clubs of today are not the old stereotype gyms of yesterday. They offer true health alternatives. Many clubs offer nutrition training, personal fitness training, as well as support groups to help individuals attain a full lifestyle change. Member after member can testify of the life changing benefits that come from these lifestyle changes.

You may ask whether the adoption of HB 2204 will have any impact on who uses a fitness facility. The removal of the sales tax on the membership dues will effectively give someone about 2/3 of a month of free fitness. The experience in the industry tells us this type of discount will add to the affordability of fitness and could translate into a three or four percent increase in new members. Since sales tax is paid directly by the individual members, the individuals receive the benefit. When existing members get a notice that the amount their membership costs them each month is going to DECREASE it will

encourage them to continue on as well. This means that more Kansans will have an opportunity to access affordable wellness programs and will use them.

The benefits of encouraging wellness through health and fitness programs are well documented in many studies. *The Executive Summary: The Economic Cost of Physical Inactivity in Michigan, 2003*, by D. Chenoweth, G. DeJong, L. Sheppard and M. Lieber found in the state of Michigan physical inactivity results in the loss of twenty days per worker, costing the state \$8.6 billion annually. They further concluded if one of every twenty sedentary adults in the state of Michigan became and remained physically active the state could avoid costs of approximately \$575 million in four years.

The benefits don't stop here. An article by BH Jacobison and SG Aldana, in the *Journal of Occupational & Environmental Medicine, 2001*, found a reduced rate of absenteeism between those who exercised and those who did not. General Mills in 1999 found a \$226.32 per employee savings in absentee related costs. Many other companies have similar savings. These types of savings produce higher productivity, thus higher profits and more tax dollars for the state.

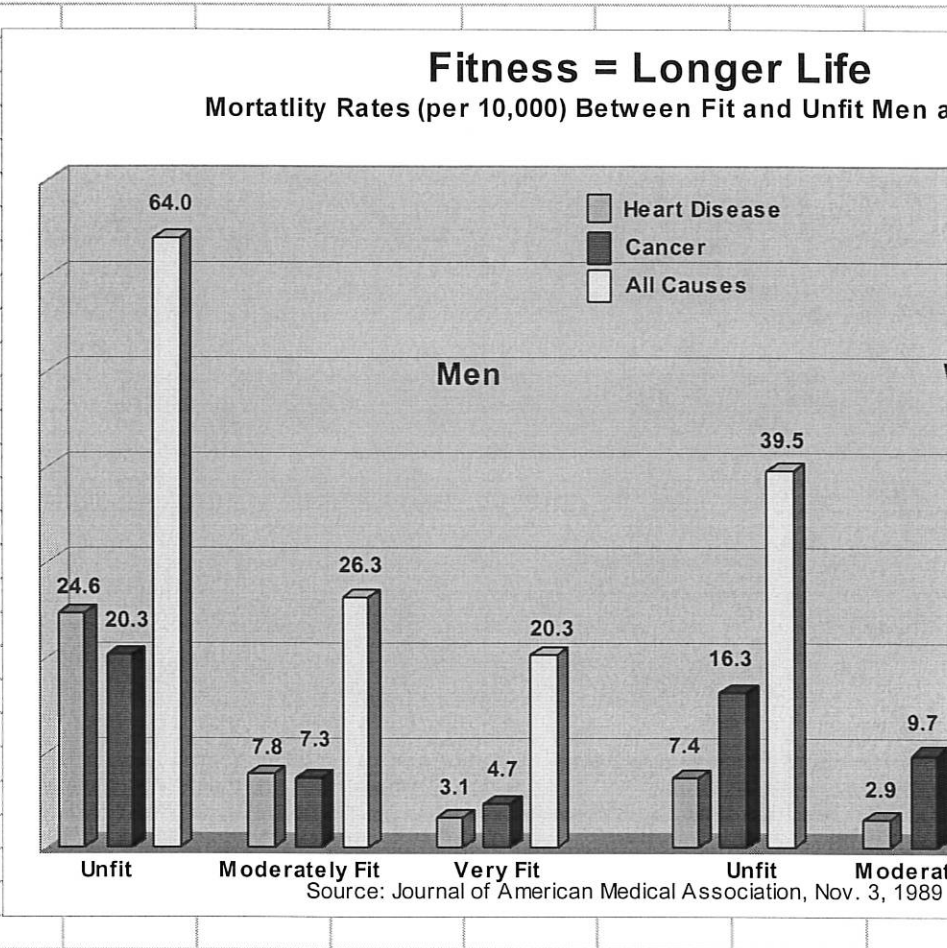
Finally, actual health related costs are coming down for companies and cities that have instituted true health care programs. Steelcase Inc. found that medical claims were 55% lower over a six-year period for those who participated in a fitness program versus those who did not. Mesa, Arizona, found a savings of \$87 per year savings and Birmingham, Alabama had costs drop \$922 under the state average after the development of fitness and lifestyle programs.

We urge you to take this first step to a healthier Kansas by supporting HB 2204. Thank you for your attention, and I would be glad to answer any questions.

Contact Information:

George McCray
926 Ames, PO Box 668
Baldwin City KS 66006
785-594-2582
800-594-1202 fax

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HOUSE HEALTH AND HUMAN SERVICES COMMITTEE
Testimony of Scott Hutson
Kansas Health and Fitness Association
House Bill 2204
February 7, 2005

Mr. Chairman, Members of the Committee, my name is Scott Huston and I am pleased to appear before you in support of HB 2204. I am the owner of Maximus Fitness and Wellness here in Topeka and serve as President of the Kansas Health and Fitness Association.

All of us are concerned with promoting the health, and healthy lifestyles of our fellow citizens. The legislature and this Committee will be looking at promoting healthy food choices for school age children and other plans to fight obesity and to promote healthy lifestyles. All of us recognize that lack of exercise, smoking and poor eating habits, are the greatest preventable cause of the health crisis facing America today.

The Surgeon General's Call to Action to Prevent and Decrease Overweight and Obesity published in 2001, suggested this as the Principles of the document:

Overweight and obesity have reached nationwide epidemic proportions. Both the prevention and treatment of overweight and obesity and their associated health problems are important public health goals. To achieve these goals The Surgeon General's Call to Action to Prevent and Decrease Overweight and Obesity is committed to these five principles:

- 1 Promote the recognition of overweight and obesity as major public health problems.*
- 2 Assist Americans in balancing healthful eating with regular physical activity to achieve and maintain a healthy or healthier body weight.*
- 3 Identify effective and culturally appropriate interventions to prevent and treat overweight and obesity.*
- 4 Encourage environmental changes that help prevent and treat overweight and obesity.*
- 5 Develop and enhance public-private partnerships to help implement this vision.*

The members of the Kansas Health and Fitness Association are committed to these same principles. We do the first four of these principles everyday in our clubs. We are asking you to enter into the fifth principle by working in a public-private partnership to encourage exercise and healthiness. This is what HB 2204 is all about.

*Attachment 3
HHS 2-7-05*

HB 2204 will encourage Kansans to join health and fitness clubs by removing the sales tax from dues paid to join those clubs. Removal of the sales tax does not put dollars in the owners till, but it makes participating less expensive. In the past the legislature has removed sales tax in areas to make them more affordable -- utility bills and prescription drugs would be two examples.

We would urge you to take a similar step to promote exercise, fitness and healthy lifestyles by supporting HB 2204. I would be glad to answer any questions.

*Contact Information:
Scott Hutson
5515 SW 21st Street
Topeka KS 66604*

785-271-0200
785-271-0250 fax

HOUSE HEALTH AND HUMAN SERVICES COMMITTEE

Testimony of Jason Brittian

1618 N. McComas, Wichita

316-516-5130

House Bill 2204

February 7, 2005

Mr. Chairman and members of the committee, my name is Jason Brittian. I don't own a health club but use one regularly. Thank you for allowing me a few minutes to tell you how important exercise is in my life.

Exercise has been a part of my regular routine for as long as I can remember. I exercise because I enjoy it, but also because I know it makes me healthier. The hardest part about exercise is getting people started. There are many excuses. Time is one, but the cost is another. Once people start they experience the enjoyment and feel much better. Making it more affordable will help get them started.

When I heard there was a Bill in the Kansas Legislature that would make fitness more available to more people I wanted to come and help it get passed. Our state needs to do everything it can to encourage health, and exercise is a very important part of this. I would like you to support House Bill 2204. This will make it easier for more people to afford access to a Health Club.

*Attachment 4
HHS 2-7-05*

HOUSE HEALTH AND HUMAN SERVICES COMMITTEE
Testimony of Wade Ferguson
Gold's Gym
6501 Frontage, Merriam, KS 66202
913-722-2001
House Bill 2204
February 7, 2005

Mr. Chairman, Members of the Committee, my name is Wade Ferguson and I am pleased to give testimony to you in support of HB 2204. I am the owner of two Gold's Gyms, one in Merriam and one in Olathe.

HB 2204, the elimination of sales tax on membership dues is a great Bill and should be supported. It will encourage exercise and make it more accessible and less expensive to Kansans. The health benefits alone are enough to make this Bill worthy of passage. However it is also about more than health.

First I should point out what the bill does not include. There are no proposed sales tax exemptions for any equipment, supplies, goods and services that are purchased by a health club. HB 2204 only addresses the membership dues and initiation fees paid by individual Kansans.

Traditionally Kansas and the Kansas Legislature have refused to treat groups of taxpayers differently. The Legislature has resisted passing legislation that does this. When this type of inequity is pointed out, the Legislature has usually corrected the inequity. HB 2204 corrects the different treatment of certain Kansas taxpayers that are using the same service.

Today, one member of a health club pays sales tax, while their neighbor may not. This is not because of the service or product they might receive; rather it is because of where they receive the service. This happens due to a Kansas Statute that makes membership dues for a non-profit health club sales tax exempt, while requiring members of all others to pay tax for the same service. It is important to point out, that the club does not pay the tax, whether they are tax exempt or not, it only collects the tax. The individual members are the ones paying the tax. The inequity goes even further.

In the majority of cities in Kansas there are no non-profit health clubs so there are none that are exempt from collecting sales tax on memberships. This means that citizens who live in most Kansas cities are not given the same benefits as citizens who live in some other cities where different types of health clubs exist. The Legislature has inadvertently made citizens in Independence, Arkansas City, Baldwin City, Lansing, Hays, and others pay taxes that some people from Wichita, Topeka, Overland Park, Hutchinson, Salina, etc. don't have to pay. This inadvertent discrimination is easily corrected by the passage of HB 2204.

Attachment 5
HHS 2-7-05

Finally, I have one more concern. The Missouri legislature is considering a provision that will make membership dues for all health clubs sales tax exempt. Some clubs in Johnson County could lose members to Missouri clubs if this provision passes in Missouri and HB 2204 does not. Obviously this will negatively affect our clubs, but it will also cost the State of Kansas revenues as these members leave Kansas clubs to go to Missouri. These losses will be in the form of sales tax paid on goods these members would purchase that are not sales tax exempt under HB 2204 and income taxes clubs pay.

So while this Bill is a great benefit to the health of Kansans – it also corrects a provision that discriminates against some Kansans and protects the loss of revenues to Missouri. I hope you will support this Legislation. Thank you.