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REVISOR of STATUTES

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MEMORANDUM

To: Chairman Tarwater and Members of the House Committee on Commerce, Labor and Economic Development

From: Office of Revisor of Statutes

Date: March 11, 2025

Subject: HB 2346

HB 2346 establishes the Kansas sports tourism grant program, to be administered by the secretary of commerce, for the purpose of assisting communities to develop and continue as a venue for sporting events. The bill also establishes a Kansas sports tourism grant committee that reviews applications from communities for grants, determines awards, and oversees the program in cooperation with the secretary. The secretary is directed to award grants approved by the committee. (See pg. 2.)

Section 2 provides the committee members shall be the chairpersons of the House and Senate Commerce Committees, one appointee each of the Governor, President of the Senate, Speaker of the House, Minority Leader of the Senate, and Minority Leader of the House. The Chairperson of the House Commerce Committee serves as the chairperson in odd-numbered years and the Chairperson of the Senate Commerce Committee serves in even-numbered years. (Pg. 1.) Additional provisions governing the committee are also discussed in Section 2, including an exception from the open meetings act at the discretion of the chairperson when discussing grant applications. (Pg. 2.)

The committee is required to allocate 60% of the funds available for grants each year to sporting events that the committee determines will generate at least \$2.5 million in economic impact and 3,000 consumed hotel room nights. The committee is to allocate 40% of total funds to events that generate at least \$250,000 in economic impact or a minimum of 500 consumed hotel room nights. At least 30% of the latter allocation must be allocated for grant applicants for projects in counties other than Johnson, Wyandotte and Sedgwick. The committee is prohibited

from awarding grants to projects involving listed major national sports organizations or established Kansas residential professional sports entities. (Pg. 2.)

The bill sets guidance and criteria to be applied by the Committee in considering grant applications. General considerations include an intent to ease the financial burden on sports destinations when bidding on and hosting sports events and incentivizing event owners to bring events that are economically beneficial. The Committee is not to award grants simply to meet operational expenses for annual events, unless there are circumstances such as a competitive bid process that threatens loss of the event from Kansas due to lack of financial support. (Pg. 3.)

Section 3 discusses the application process. Applicants submit applications to the secretary of commerce and communicate with the secretary through the process. The secretary provides the applications to the Committee and assists the Committee in considering economic impact requirements including utilization of the destinations international event impact calculator. If the Committee awards a grant, the secretary disburses the grant funds from the Kansas sports tourism program grant fund, established in section 5. (Pg. 3; see pg. 6.)

Section 3 also provides criteria to be applied to applications by the Committee. Events must be held in Kansas. (Pg. 3.) Applicants must explain how grant funding would develop sports tourism in the applicant's community, region or the state. (Pg. 4.) Applicants must obtain grant sponsorship. (Pg. 3.) If the applicant is an event owner, the sports commission and direct marketing organization in the community hosting the event is required to be a grant sponsor and must demonstrate tax-exempt status. (Pg. 4.)

Section 3 further requires that grant funds be used for specific expenses identified in the application and that were approved by the committee. (Pg. 4.) These expenses may include the expenses listed on page 4 of the bill, including promotions and marketing, funds for a bid effort, site fees or fees for use of rights, and rental of equipment or flooring required for the event, among other expenses. (Pg. 4.) Certain expenses are excluded and are also listed on page 4. These include facility building, renovation or remodeling expenses, debts incurred prior to receipt of the grant, and hospitality or social functions for events outside the sports event venue that include alcohol, among other expenses. (Pg. 4.)

The maximum grant award is limited to \$100,000 per event for a sporting event meeting the criteria of \$2.5 million in economic impact and a minimum of 3,000 consumed hotel room nights in the local or regional Kansas market. (Pg. 4.) The maximum grant award is \$50,000 per event for sporting events that will generate at least \$250,000 in economic impact or a minimum of 500 room nights consumed. (Pg. 5.)

Section 4 requires that, as a condition of receiving a grant, an applicant must provide a post-event report to the secretary. (Pg. 5.) This report includes an economic impact report with certain listed information on page 5. This report shall include an economic impact report produced by the destinations international event impact calculator with the assistance, if necessary, of the secretary or a grant sponsor. The report also must contain an accounting of expenses incurred by the categories specified on page 5 and proof of payment of the expenses at least equal to the amount of the grant. (Pg. 5.) A written explanation of the event outcomes and comparison with projected outcomes, community impact, and future event plans. (Pgs. 5-6.)

Section 5 of the bill on page 6 establishes the Kansas sports tourism program grant fund for the purpose of funding the grants. The bill directs a transfer of \$3,575,000 from the state economic development initiatives fund to the new fund each July 1, starting July 1, 2025. (Pg. 6.) The aggregate amount of grants to be awarded each fiscal year is limited to \$3,575,000.

If enacted, the bill would become effective July 1, 2025.