

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 3:30 p.m. on January 29, 2004, in Room 526-S of the Capitol.

All members were present except:

Rep. Novascone, excused

Committee staff present:

Kathie Sparks, Office of Legislative Research

Renaë Jefferies, Office of Revisor of Statutes

Helen Pedigo, Office of Revisor of Statutes

Fulva Seufert, Secretary

Conferees appearing before the committee: John Watson, Director of Trade Development, Kansas Department of Commerce
Scott Allegrucci, Director of Travel & Tourism, Kansas Department of Commerce
Kevin Willmott, Screenwriter, Filmmaker, Playwright, Actor, and Assistant Professor in the Film Studies Department, Kansas University
Shannon Keenan, Writer, Producer, Director
Charles Miller, Writer, Producer, Director, and Sunrise West Productions Co-Founder
Mr. Larry Garrett, Allego Media

Others attending:

See Attached List.

Chairman Wilk welcomed Mr. John Watson, Director of Trade Development, Kansas Department of Commerce, to the committee. Mr. Watson told the members that the main role of the Trade Development Division is to support Kansas small business in international markets and that small business is the customer base for Kansas export services. He reported that their Division served the customer by defining an entry strategy to markets, providing specific market research relevant to their products or services, providing cash incentives through the Kansas International Trade Show Assistance Program (KITSAP), and organizing trade missions for Kansas businesses to market their products. He also said the Kansas international office staff accompany Kansas companies to appointments when requested. He informed the committee that in the last fiscal year, 192 companies received personalized export counseling services. He said their biggest challenge is the search for new clients who have the potential and capacity to export. In addition to their export work, they also use the state's international offices to recruit investment to Kansas. He reported that last year the Trade Division landed four new international investments for Kansas. These four companies invested a total of \$29.8 million in capital investment which resulted in 280 new jobs. (Attachment 1)

Chairman Wilk thanked Mr. Watson and welcomed Mr. Scott Allegrucci, Director of Travel & Tourism, Kansas Department of Commerce, who presented an overview of travel and tourism. He said their mission is to promote the State of Kansas to travelers and to generate and facilitate tourism and travel-related spending through Kansas. He said their division supports 55,000 jobs throughout Kansas and helps generate \$3.5 billion of annual spending and \$546.1 million in annual federal, state, and local tax revenues. However, he stressed that this is only a part of what their division does, and that the bulk of their activities are made up of imaging and marketing. He said tourism is more than just "play," and that because Kansas is relatively affluent and mobile, travel is big business and is built on the following two things:

- the existence of natural, cultural, and heritage elements unique to each and every place which is the product,
- the efforts of each and every place to make those elements known and accessible which is marketing.

He stated that their charge is to promote Kansas as a whole and to promote the state's existing travel opportunities and to help Kansans maintain and develop high quality products and experiences that will exceed the expectations of travelers. He mentioned they have a full time staff of 12 and also staff at the Goodland Travel Information Center. A portion of their International Marketing, Public Relations, Request and Fulfillment, Travel Information Centers, Marketing/Media Planning, and *KANSAS!* Magazine work is contracted. His testimony lists all their programs. (Attachment 2)

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Chairman Wilk thanked Mr. Allegrucci for the fine job and told the committee that an in-depth presentation was made last fall to the Joint Committee on Economic Development. The Chair said that he wanted to update the committee on the Mortgage Revenue Bond issue and that both sides have made positive movement. Therefore, there was a good chance a proposal would be brought back and that the Committee would work **SB 222**.

The Chair then announced that the agenda would switch gears a little, and in the absence of Ms. Susan Kannarr, Senior Fiscal Analyst, that Ms. Kathie Sparks, Legislative Research, would quickly review the research Ms. Kannarr compiled on the economic impact of film production in Kansas. (Attachment 3)

Chairman Wilk mentioned that filmmaking can be a great business that as a state Kansas has not done much. He then welcomed Mr. Kevin Wilmott, Assistant Professor in the Film Studies Department of the University of Kansas. Mr. Wilmott said that filmmaking has changed and is just not being done in Hollywood, but many films are being made in Canada and other places, too. He said that Kansas has a rich history and many stories to tell. The members showed an interest in viewing his current film, "C.S.A: Confederate States of America," which is about America if the South had won the Civil War. He said that he would try to get an advance copy of the film to the committee.

Chairman Wilk thanked Mr. Wilmott and welcomed Ms. Shannon Keenon, Writer, Producer, and Director. Ms. Keenon said she was originally from Wichita, Kansas, but now lives in Southern California. She has a production company named, Just Hank Productions. Ms. Keenon expressed a sincere interest in being able to film and work in Kansas and said she supported The Kansas Connection proposal.

The Chair thanked Ms. Keenon, and welcomed Mr. Charles Miller, President, The Kansas Connection of Los Angeles, California, who presented a proposal regarding film production development in Kansas. Mr. Miller said he was a native Kansan who was raised in Independence and Coffeyville. He attended both Washburn University and the University of Kansas. As President of The Kansas Connection, he was here to propose something radical and forward thinking that has the potential to alter the economy of Kansas for the 21st Century. He believes that film production can vastly enhance the Kansas economy. By his most conservative estimates, he calculated the economic impact of film production to have a multiplier of 2.12 for each dollar spent. The appealing element he presented was that Kansas could be in a position to benefit from any revenue a film earns by investing in low budget films. He said that Kansas should become involved because at the end of four years a viable industry would employ thousands. He urged the committee to help their group establish bipartisan support and develop legislation before year's end to bring filmmaking in Kansas to fruition. (Attachment 4)

Chairman Wilk thanked Mr. Miller and said he sensed a real interest in this proposal, so would be appointing a sub-committee at the next meeting Thursday, February 3, 2004. The Chair welcomed Mr. Larry Garret, Allegro Media, who presented a Sound Stage Proposal. Mr. Garret then introduced Mr. Gus Sasone, Mr. Warick Graves and Mr. Morris Kay who were with him but not planning to testify. Mr. Garret's proposal included a \$150 million development on the I-70 corridor that would include a fully operational motion picture studio, post-production facility, motion picture production company and an extensive tourism component so visitors could watch films being produced. He said this opportunity has surfaced due to a commitment from Mr. Basem Zakariya, President of a New York based company named Structured Capital Group, Inc. He mentioned the following details:

- Economic Impact: 1,500 construction jobs, 2,000 long term jobs projected for studio operations, up to \$50 million annually in ancillary benefit in areas such as catering, building materials, transportation, food and housing, and additional year-round employee base of 750
- Projected Revenue Benefits: additional income tax revenues - \$5.28 million and projected sales tax revenues of \$2.8 million annually, and \$84 million over 30 years.
- Added Benefits: Impact the School of Film and Theater at the University of Kansas, provide a source of jobs to help keep K.U. graduates in the state, and provide a new destination to attract visitors to Kansas.
- In summary, this studio would mean:
 1. More business and added tax base
 2. New industry
 3. Major new tourist attraction
 4. 1,500 Construction jobs
 5. 2,750 long term jobs

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6. Annual added tax revenue - \$2.8 million
7. Added annual income tax revenues - \$5.28 million
8. Additional annual economic impact statewide of \$50 million plus

Several members responded that they appreciated the vision and enthusiasm expressed by the presenter, and Chairman Wilk thanked Mr. Garret. (Attachment 5)

Chairman Wilk announced that he would be appointing a subcommittee to study both of these film proposals.

Representative Hill made a motion to approve the minutes of the January 27, 2004, meeting. Representative Kuether seconded. Motion passed.

The meeting adjourned at 5:30 p.m.