



**Proponent Testimony on HB 2403  
before the  
House Taxation Committee**

**Martin Rude, owner  
The Barns @ Timber Creek Bed and Breakfast  
January 23, 2012**

Chairman Carlson, members of the committee, my name is Martin Rude and I appear today as a resident owner of a Kansas Bed and Breakfast in support of HB 2403 with a requested amendment.

My wife Cheryl and I request that you consider increasing the number of rooms allowed in the definition of “bed and breakfast home” from “5 or fewer...” to “10 or fewer bedrooms available for overnight guests...” With this change to HB 2403, you can provide additional economic opportunity and encourage a unique facet of urban and rural Kansas communities.

For the past twenty years, my wife and I have taught graduate and undergraduate classes at Southwestern College. With the help of many friends and our two children, we rebuilt and refurbished a Barn into a home and a bed and breakfast. For ten years we have operated The Barns @ Timber Creek north of Winfield. Like many in the bed and breakfast industry in Kansas, we believe we cannot afford to focus full time effort on operating and promoting our bed and breakfast due in large part to the five guest room limit to remain taxed at 11.5%. Some of our room space in our bed and breakfast remains unfinished and unusable because of the current room limit and we are not alone in this situation.

Based on the Professional Association of Innkeepers International (PAII) publication “Industry Study of Innkeeping Operations and Finance, 2011,” we conclude that ten guest rooms are needed to replace one full-time salary activity outside of the Bed and Breakfast. Specific information from that study is reproduced in the table below. I have permission to provide the full 172 page document to you electronically for anyone on the committee who may be interested.

**Does the primary owner(s) depend upon income from outside the Inn? (page 28)**

<b>4 or fewer rooms</b>	<b>5 to 9 rooms</b>	<b>10 or more rooms</b>
<b>Yes 84.2%</b>	<b>55.1%</b>	<b>34.4%</b>
<b>No 15.8%</b>	<b>44.9%</b>	<b>65.6%</b>

**The Average base salary for owner innkeeper. (page 41)**

<b>4 or less rooms \$12,814</b>	<b>5-9 rooms \$14,056</b>	<b>10 or more \$30,451</b>
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We believe this information indicates that efforts to keep the number of rooms available at 5 or less to avoid the Kansas jump in tax rate from 11.5% to 25% is an unnecessary restriction to the viability of bed and breakfasts in Kansas and their benefits to local commerce and tourism. We also believe that one cornerstone of local income from tourism in Kansas comes from the overnight stay customer and their use of community food services. Unlike other overnight accommodations, a bed and breakfast in a small community or rural setting tends to be a pre-planned destination event that brings people to the community to spend their tourism dollars.

If the bed and breakfast industry in Kansas is to realize its full economic potential, the individuals and families that are the innkeepers of the industry need the encouragement of our requested amendment to HB 2403. This amendment could change the unrealized revenue attributable to fewer rooms available under the current limit to added revenue and a net gain to the state budget, and enable local bed and breakfasts to provide a more successful promotion of the history and hospitality of Kansas to people seeking a unique kind of Kansas overnight experience.

We ask that you support HB 2403 with our requested amendment and thank you for the opportunity to provide this testimony. I will be happy to stand for questions at the appropriate time.