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**Testimony to the Senate Committee on Assessment and Taxation  
In Support of SB442  
Rodney Steven II, President  
Genesis Health Clubs  
March 13, 2012**

Mr. Chairman, members of the Committee; my name is Rodney Steven II. I am President of Genesis Health Clubs of Wichita, Hutchinson, Emporia, Salina, Lawrence and Leavenworth. I am here today to speak in SUPPORT of SB442 as amended. Thank you to the Committee for having a hearing on this bill.

Some of you may recognize me as I have been fighting for equality in for-profit health clubs and non-for profit health clubs for years now. I appeared last year before this Committee to ask you to correct an inequity that exists in the tax treatment of like businesses under the Statutes. SB442 eliminates that inequity. In all of the cities there are Genesis Health Clubs the largest competition are tax exempt facilities. They provide nearly the same services, they collect membership dues, and they are for all intents and purposes in the health club business. The only real difference is that they are tax exempt. It is time to treat all Health Clubs the same.

You can see by my persistence that I am passionate about this issue. I have watched over forty health clubs in Wichita alone close their doors since the YMCA began its expansion into upscale neighborhoods. These businesses were paying taxes, collecting sales taxes, and trying to compete with the YMCA. Many of them failed because the YMCA had an extreme cost advantage over them because they pay literally no taxes. This fairness issue needs to be addressed by the Legislature.

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My passion, however, goes beyond this fairness issue. I got into this business because I love seeing the results it produces in the lives of so many people. Their health improves, their lives become enriched, and their overall well-being grows as they regularly exercise. Genesis is determined to continue to bring its first class service, training, and facilities to communities outside of Wichita. However, when we started these new clubs it brought our company a startling reality.

While taxes were a disadvantage in competing against the YMCA in Wichita; they are a nearly crippling fixed cost as we moved into smaller communities. Our goal to bring modern and first class facilities into these communities was penalized because of property tax. They do not have the population base to generate the number of members required to provide the level of service we thought these communities deserved and still be able to overcome the tax burden.

When we go into a community we usually spend in excess of one million dollars on the new facility. This causes a steep increase in property tax. Genesis does not want to deter in its mission to bring our facilities outside the major urban communities. However, this issue may result in many Kansas communities continuing to be devoid of opportunities to improve their healthiness.

SB442 is an opportunity to correct the disparity in tax treatment among like businesses. It is an opportunity to encourage expansion into underserved communities. It will improve health opportunities throughout the State. I encourage you to support the passage of this Bill.

Thank you for your consideration. I would be happy to answer any questions you may have.