

MINUTES OF THE HOUSE NEW ECONOMY COMMITTEE.

The meeting was called to order by Chairperson Bill Mason at 3:39 p.m. on January 29, 2002 in Room 522-S of the Capitol.

All members were present except:

Representative Ray Cox - E
Representative Troy Findley - E
Representative Lana Gordon - E
Representative Valdenia Winn - E
Representative Gwen Welshimer - E

Committee staff present:

April Holman, Research
Deb Hollon, Research
Bob Nugent, Revisor
Rena Jefferies, Revisor
Rose Marie Glatt, Secretary

Conferees appearing before the committee:

Michael R. O'Neal, Representative
Denny Stoecklein, Assistant Manager of State Fair
Bob Barker, President, Kansas State Fair Board (written testimony only)
Mary Alice Lair, Kansas Fair Board Member

Others attending:

See attached list

Representative Aday moved, seconded by Representative Kuether that the January 23, 2002 minutes be approved. The motion carried.

The Chairman opened the hearing on HB 2609 and asked Representative O'Neal, the sponsor of the bill, to update the Committee on current plans for the State Fair grounds. He stated that HB 2609 is the product of developments in the Hutchinson community following the 2001 session, in which the legislature, passed legislation to make the Fair's Master Plan a reality (Attachment 1). He described the bill as enabling legislation that would allow for talks between the State Fair Board and local officials regarding the possible construction of a hotel convention center. He gave background information regarding Hutchinson's previous plans for a convention center involving an existing local hotel. Due to Ramada Inn's current financial problems, the State Fair Board has now decided to move ahead with another plan. The challenge for the State Fair Board is to make the fairgrounds profitable by increasing non-fair day events and this could be done by attracting more convention business to Reno County. At this time all talks have been on an informal basis, however, if the plan moves forward, they will need the enabling legislation proposed in HB 2609 on the books in order to continue.

Discussion followed regarding the need for additional rooms in Hutchinson. He described two large events coming to Hutchinson this year; the US Women's Open Golf Tournament and the Family Motorcoach Association and spoke of the many opportunities lost due to lack of a convention center and rooms.

Representative O'Neal introduced Denny Stoecklein, Assistant Manager of the State Fair and Mary Alice Lair, a State Fair Board member.

Denny Stoecklein provided the background for the Fair's Master Plan. He stated that they have been approached by one hotelier possibly interested in building on the fair site. Hutchinson has approximately 800 lodging rooms, with around 266 rated as quality lodging rooms. There is a demand for quality rooms in Hutchinson to meet the need for approximately 260 non-fair events throughout the year. Currently they are compiling statistics from those events to determine room usage.

He referred to the testimony from President Bob Barker that had been previously distributed (Attachment 2). He quoted that "The Fair Board does not intend to invest in the construction or be responsible for the

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management of a hotel property. It would be a lease contract arrangement that is financially and operationally advantageous to the agency”.

Discussion followed regarding the lack of rooms for the US Women’s Open, the construction of a Hampton Inn, (80-100 rooms) and whether the state fair board would be asking for bonds to finance the project.

The Chairman read the fiscal note stating the State would not be responsible for the cost of construction of the hotel and convention center and that HB 2609 would not have an immediate fiscal effect.

Questions followed on the best location for the convention center, the effects of the length and/or loss of a lease, infrastructure needs, time frame of project, population of Hutchinson and amount of hotels and rooms.

Staff stated that there was a precedent set, referring to resort projects studies done on six various state parks and that this bill would only provide clarifying language to existing legislation. Staff was asked to find out whether the State Fair Board already had the authority.

There was support for state owned resorts voiced and Mr. Stoecklein gave the example of a Sheridan complex on the State Fair Grounds in Pomona, California as a profitable venture.

Mary Alice Lair stated that although she did not have a formal statement she believed that it would be advantageous for the State Fair Board to be in the position to be able to negotiate with hoteliers if and when the opportunity arises.

The Chairman closed the hearing on HB 2609. It was agreed that the Committee would discuss possible action at a later time.

The Chairman invited Committee members to attend the KAN-ED hearing on Thursday, January 31, 531-S at 3:30 p.m..

The next meeting is February 5 at which the Lt. Governor will provide an update on the Department of Commerce and Housing. The meeting was adjourned at 4:15.