

**Testimony to the Senate Committee on Assessment and Taxation  
In Support of SB72  
Rodney Steven II, President  
Genesis Health Clubs  
February 27, 2013**

Mr. Chairman, members of the Committee; my name is Rodney Steven II, President of Genesis Health Clubs. I am here today to speak in SUPPORT of SB72. Thank you to the Committee for having a hearing on this bill.

I have been coming to Topeka for many years to ask you to correct an inequity that exists in the tax treatment of like businesses under the Statutes. I have been told by many in this great building that my cause is just and I should continue to battle for equal treatment. SB72 is a bill that will eliminate the inequity in Kansas Statutes. In nearly all of the cities there are Genesis Health Clubs the largest competition is from 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 from my persistence that I have great passion for 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.

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. Exercise and healthy living makes people's lives better.

Genesis has been taking our message to areas outside of Wichita. Passage of SB72 will make even more areas of the State appealing to the construction of new clubs. Since property taxes are a large part of our fixed costs; elimination of them will aid us in going into underserved areas, create jobs, and take our mission of healthiness to those communities.

The Bill before you corrects another major issue in State Statutes. If you are a member of Genesis or another tax paying club you must pay sales tax on your membership dues. If you are a member of the YMCA or municipal recreation center you do not pay sales tax. This means Kansans, who may live right next door to each other, are treated differently for the sole reason of where they buy their membership. Not one single person can tell me why this is fair. Likewise no one can tell me what other product sold over and over again each day and month in Kansas is taxed based on who is selling the product.

SB72 is an opportunity to correct the disparity in tax treatment among like businesses. It corrects the unfair treatment of Kansas citizens that are taxed differently based on not what they buy but where they buy it. It is an opportunity to encourage expansion into underserved communities. It is an opportunity to reduce the cost of health club membership thus encouraging more people to exercise. 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.