

**Testimony to the Senate Committee on Assessment and Taxation
In Support of SB72
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Chairman Donovan and members of the Committee; my name is Greg Ferris. Thank you for the opportunity to address you today. I represent the Kansas Health and Fitness Association and its member clubs throughout the State. I am here to support SB72.

You have heard from club owners both in written and oral testimony. They have talked of unfair competition and obstacles to growth of the industry. I will not repeat their stories. I want to focus on the specific benefits this legislation will have both to the State and its citizens. This is particularly true when you consider a few statistics about Kansas.

According to the independent Trust for America's Health 2012 study; the rate of obesity in Kansas has doubled in the past 20 years. It is project to double again to over sixty percent if measures are not taken. This results in \$657 million in obesity related medical costs. Approximately half of those costs are paid by Medicare and Medicaid. Finding ways to reduce obesity in Kansans will result in reduced costs for the State. Access to fitness facilities is a first step to these savings.

The benefits go beyond direct Medicare and Medicaid savings. Two health insurance companies conducted studies on the direct relationship between increased fitness club usage and healthiness. In the Medica Insurance study using fitness clubs at least eight times per month reduced an individual's medical spending over thirty three percent after two years in the program. This was compared to a control group who did not exercise. Blue Cross Blue Shield's study, also based on eight visits per month to a fitness club, showed an eighteen percent reduction in medical spending after nine months.

These savings result in additional disposable income for participants. Medical spending is primarily exempt from sales taxation. Therefore, the transfer of even a small part of these dollars from medical spending to other goods and services would result in significant additional revenue for state and local governments.

The typical thinking about health is to provide medical services to a community. While this is extremely important; it is time to think about bringing services to communities, both large and small, that will reduce the need for medical services. This Bill, if passed, will encourage the expansion and retention of fitness facilities in urban areas. Perhaps even more important, it will provide an important tool to the new development of fitness facilities in areas outside the urban centers.

Obviously whenever a bill comes to this Committee the first discussion is of the cost. SB72's cost to the State will be less than \$2.5 million. This is based on reports of the International Health Racquet and Sports Association. The Bill does

NOT exempt clubs from sales tax on its purchases or its sales of taxable items. It only exempts Members sales tax on their dues. However, I contend the cost is even less than this. Each year tax paying clubs are replaced with non-profits or municipal recreation centers that pay no property tax and collect no sales tax. As the tax paying clubs close those taxes are gone. When you consider this important fact; the conclusion can easily be drawn that there is little long range cost to this Bill.

SB72 corrects many inequities in Kansas Statutes. It will encourage healthiness and promote business growth in smaller communities. This is accomplished with very little cost to State or Local governments. I encourage you to support SB72.

Thank you. I will be glad to answer any questions.