

February 15, 2011

The Honorable Anthony Brown, Chairperson  
House Committee on Commerce and Economic Development  
Statehouse, Room 151-S  
Topeka, Kansas 66612

Dear Representative Brown:

**SUBJECT:** Fiscal Note for HB 2125 by House Committee on Commerce and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2125 is respectfully submitted to your committee.

HB 2125 would allow the Athletic Commission, which is operated by the Department of Commerce, to issue fines of up to \$10,000 for violations of any rules and regulations authorized under the Kansas Regulated Sports Act. The bill creates a procedure for collecting fines and sets up a formal appeals process. The Boxing Commissioner would not be allowed to perform the duties of an Inspector and the Athletic Commission would now be allowed to appoint a Chief Inspector. The bill would eliminate language that refers to the "tax imposed" on the gross receipts of every regulated sports event and would replace it with "fee assessed." The bill would allow the Athletic Commission to collect a fee of up to 2.0 percent of the gross revenues received by a promoter and by any media network that televises a regulated sports contest held, including, but not limited to, pay-per-view or internet broadcasts. The fees would be used to pay for the costs of administering and enforcing the requirements of the Kansas Regulated Sports Act.

The bill would allow the Athletic Commission to regulate amateur mixed martial arts events. New definitions are provided in the bill for amateur mixed martial arts, grappling, noncompetitive sparring, and pankration, and updates existing definitions for professional full-contact karate, professional kickboxing, professional mixed martial arts, professional wrestling, and sparring. The bill would take effect upon publication in the *Kansas Register*.

Estimated State Fiscal Effect				
	FY 2011 SGF	FY 2011 All Funds	FY 2012 SGF	FY 2012 All Funds
Revenue	--	\$5,000	--	\$25,000
Expenditure	--	--	--	--
FTE Pos.	--	--	--	--

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The Department of Commerce indicates that HB 2125 would generate approximately \$5,000 in additional license fee revenue to the Athletic Fee Fund from the regulation of approximately ten amateur adult mixed martial arts events in FY 2011. The Department estimates that the Athletic Commission will regulate an additional 50 events in FY 2012 which will generate approximately \$25,000 to the Athletic Fee Fund. The Department indicates that the number of events have grown in the last few years and are estimated to continue to grow in the future. The Department of Commerce is unable to estimate the number of regulated events that the Athletic Commission would be able to collect the pay-per-view or internet broadcast fee of up to 2.0 percent; therefore, a precise estimate of this revenue source cannot be estimated.

In previous years, the revenue generated to the Athletic Fee Fund has not fully supported the operations on the Athletic Commission and the Economic Development Initiatives Fund (EDIF) has been used to subsidize the operations of the Athletic Commission. The amount of the EDIF subsidy varies from year to year depending on the amount of revenue that is deposited to the Athletic Fee Fund. The Department indicates that passage of the bill would provide revenue for the operation of the Athletic Commission to be closer to program expenditures. Any fiscal effect associated with HB 2125 is not reflected in *The FY 2012 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", written in a cursive style.

Steven J. Anderson, CPA, MBA  
Director of the Budget

cc: Traci Herrick, Commerce  
Melissa Wangemann, Kansas Association of Counties  
Larry Baer, League of Municipalities