

**RE: House Bill No. 2546**

**Distinguished Members of the House Agriculture and Natural Resource Budget Committee**

**The Kansas State Fair Board comes in support of House Bill 2546 that would allow the Kansas State Fair to capture a portion of Sales Tax that is generated by the State Fair and that portion would be placed in the Kansas State Fair Capital Improvement Fund.**

**Foregoing the statute requiring \$300K match from the Kansas State General Fund was a concern of the Board, but with the budget woes of the State of Kansas and this match being in arrears of well over \$1.5 million dollars, we understand this action.**

**With projected 2017 estimate sales tax as follows:**

<b>Grandstands &amp; Gate Admission</b>	<b>\$186,852.85</b>
<b>Grandstand Merchandise</b>	<b>\$ 4,404.00</b>
<b>Midway/Carnival</b>	<b>\$109,200.00</b>
<b>Food/Alcohol/Misc. Ride Vendor</b>	<b><u>\$260,570.67</u></b>
<b>Total</b>	<b>\$561,570.67</b>

**This Bill will allow the Kansas State Fair to capture an estimated portion of \$186,852.85 in Grandstands & Gate Admission. This will give the Fair a pathway forward to consider Bonding much needed projects for aging buildings with a more stable revenue stream. We as a Board thank you for this consideration.**

**We as a Board would also ask this Committee to Consider expanding this Bill to also include all or a percentage of the Midway/Carnival sales tax including Grandstand Merchandise. North America Midway Entertainment (NAME) exclusively come to Kansas, does business in Kansas, and pays sales tax in Kansas for the sole purpose of doing business with the Kansas State Fair. They service no other vendor in our State and therefore funds would be easily identified by the Department of Revenue. Recouping all or a percentage would accomplish two things: 1). Keep the total amount of sales tax captured by the Fair bringing it closer to the intended amount of \$300K and 2). Help Overcome the obstacles a State Agency faces being disallowed for STAR Bonds or the challenges with a TIFF District that competing venues enjoy. The Kansas State Fair Values being an agency of this great state and with that said, we value the Partnership with it's many entities. A more like 50-50 partnership on sales tax receipts would be a WIN for both the Fair and the State of Kansas when it comes to reinvesting dollars.**

**We applaud this committee for valuing what the Kansas State Fair offers to the Agricultural Community, but more so for aiding in a more stable revenue stream that will help keep the State Fair relevant in Kansas Agriculture for years to come.**

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Jackie McClaskey, Secretary

Governor Sam Brownback

## **Economic Impact of the Kansas State Fair, Josh Roe, 12/11/17 Oxford Economics Tourism Data**

An analysis was conducted of the Kansas State Fair based on 2017 gate attendance, non-fair rentals, and per-capita spending. Additionally, tourism spend data for 2016 was utilized to capture off site spending.

**Table 1: Average onsite and off-site visitor spending.**

<b>Fair Spend Pattern</b>	
<b>Category</b>	<b>Amount</b>
Other Recreation	\$25.11
Carnival	\$3.54
Food/Beverage	\$44.64
Retail	\$29.57
Lodging	\$30.32
Travel	\$52.82
<b>Total</b>	<b>\$186.00</b>

*\*Utilized KSF 5 Year Average Data*

<b>Grandstand Spend Pattern</b>	
<b>Category</b>	<b>Amount</b>
Tickets	\$21.81

<b>5-Year Average Attendance</b>	
Fair Goers	353,652
Grandstand	29,580

Onsite data is generated from KSF audited statistics and off-site data Tourism data collected on behalf of the Kansas Department of Wildlife Parks and Tourism by Oxford Economics. This study estimates that 40% of all visitors are overnight guests and 60% are on a day trip. Utilizing that ratio, the average visitor to the fair spent \$186 per day.

An economic impact model was developed to estimate the economic impact that the Kansas State Fair has on the Kansas economy. Economic impacts are broken down into three impact categories:

- Direct: economic impact from the sectors that fair goes directly support. (i.e. food vendors)
- Indirect: economic impact created when the direct sectors purchase inputs from supporting sectors (i.e. food wholesalers).
- Induced: economic impact created when employees of the direct and indirect sectors spend their wages on goods and services within the economy (Employees spend their wages at a business within the state, creating additional impacts.).

**Table 2: Economic Impact of the Kansas State Fair on the Kansas Economy**

<b>Impact Type</b>	<b>Employment</b>	<b>Labor Income</b>	<b>Value Added</b>	<b>Output</b>
Direct Effect	1136.5	\$26,716,012	\$33,387,126	\$60,320,462
Indirect Effect	139.2	\$7,014,903	\$11,781,354	\$22,705,230
Induced Effect	182.6	\$7,541,821	\$13,850,851	\$25,163,585
<b>Total Effect</b>	<b>1458.3</b>	<b>\$41,272,736</b>	<b>\$59,019,331</b>	<b>\$108,189,277</b>

The Kansas State Fair contributes an estimated \$108.2 million to the Kansas economy annually, directly employing or supporting nearly 1,458 jobs.