

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson David Corbin at 11:15 a.m. on March 7, 2001, in Room 519-S of the Capitol.

All members were present except: Senators Goodwin, Haley, and Pugh - Excused

Committee staff present: Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Don Hayward, Revisor of Statutes Office
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: Jeff Ollenburger, Kansas Cosmosphere & Space Center
Phillip S. Frick, Exploration Place
Lt. Governor Gary Sherrer, Secretary, Department of
Commerce & Housing
Dawn Doorn, Sedgwick County Zoo

Others attending: See attached list.

The minutes of the March 5 and 6, 2001, meetings were approved.

SB 320—Sales taxation; providing for rebates to certain not-for-profit corporations.

Jeff Ollenburger, Kansas Cosmosphere and Space Center, testified in support of **SB 320**. He noted that over the years the Cosmosphere and a variety of educational attractions have worked very hard to continue to develop the quality and scope of their facilities, and the results of these efforts have led Kansas into the national and world spot light. He explained that he represents a group of museums, attractions, and institutions which educate children of all ages, enrich the communities in which they are located, and attract visitors to the state. He emphasized that is critical that these organizations continually invest in new programming, build new exhibits, and enhance visitor services to keep people coming back year after year. He went on to say that **SB 320**, which is based on similar Oklahoma legislation, asks the state to make a small investment in the continued growth of Kansas' educational attractions through a new funding program which would provide that the state portion of retail sales tax collected by an attraction be returned to the attraction in the form of challenge grants to be used exclusively for capital improvements and upgrades of the attraction facility. He then itemized and discussed the five criteria the facility must meet to qualify for the grant. He observed that the financial investment from the state would be minimal, but the impact on each attraction would be tremendous. He noted that it is not likely that all eligible facilities would participate because the rebate would require matching dollars and would have to be used on the specific capital improvement projects outlined in the bill. (Attachment 1)

Senator Donovan stated that he believes that the fiscal note prepared on the bill misstates what the bill does. Following discussion, it was the consensus of the Committee that a revised fiscal note is needed.

Phillip Frick, Exploration Place, testified in support of **SB 320**. He believes the bill will have a statewide impact, provide a reliable stream of funding, encourage additional support, stimulate the raising of additional monies locally, and help with capital improvements. He noted that the bill requires that the corporation provide appropriate documentation in order to obtain the funds and that the fiscal impact is estimated to be less than \$700,00 per year statewide. (Attachment 2)

Senator Taddiken noted that a definition of "public education attraction" is not in the bill. Staff agreed that the term should be defined in the bill.

CONTINUATION SHEET

Lt. Governor Gary Sherrer, Secretary of the Department of Commerce and Housing, stated that he does not oppose **SB 320**; however, he cannot not support in its current form. At the outset, he noted that the state currently contributes \$1 million in grants for tourism attraction, and he agreed that it is important to include a definition of “public education attraction” in the bill. He raised questions concerning the administration of the rebate. He called the Committee’s attention to the fact that Section 1 (3) on line 29 references “the secretary,” but Section 1 (1), line 19, references “the secretary of commerce,” and Section 1 (2), line 23, references “the secretary of revenue.” He suggested that (3) be clarified to indicate which secretary it references. He pointed out that “program development” on line 37 under capital improvements is a broad term, and the Committee should consider whether the intent of the bill is to include something that broad. With regard to line 41 which states, “The corporation shall provide an annual audit,” Mr. Sherrer questioned if the audit references the corporation’s own specific audit or if it references an audit of moneys it received from the state and what the money built. He also questioned whether the Department of Revenue, the Department of Commerce, or both, will review the audit. Mr. Sherrer observed that a project may cost far more than the amount of tax received annually. He questioned whether the money in hand would match the annual amount for the project or whether the sales tax continues to come in until the cost of the whole project is matched. He felt the language should be clarified to indicate how long a project can go, how long the commitment, and whether the match money comes at the front, during, or after completion.

Mr. Sherrer noted that the bill provides that the corporation must submit a form satisfactory to the Secretary of Commerce and Housing. Because there will be many different Commerce secretaries over a period of time, he feels that the language is too open ended. He also questioned whether the intent of the bill was to have someone assess the value of the project before it is approved or whether the decision of the corporation’s board is sufficient reason for the Secretary’s approval. From a public policy point of view, he feels that it is important to determine whether or not the Secretary of Commerce is responsible for the approval of the project. In conclusion, Mr. Sherrer urged that legislative intent be clearly defined so that the Department of Commerce can carry out the intent of the bill.

Dawn Doorn, Sedgwick County Zoo, testified in support of **SB 320**. She noted that the Sedgwick County Zoo is celebrating its 30th anniversary, that it attracts nearly 500,000 visitors annually, and that it has an annual economic impact on the state of more than \$35 million. She explained that all of the zoo’s projects and programs must fit a four-fold mission of conservation, education, science, and recreation. She pointed out that the value of the zoo for its visitors keeps increasing as new exhibits are built and new animals and educational programs are added. In conclusion, she commented that zoos and other educational institutions she represents are more than attractions. They are assets that enhance the educational opportunities in the state, and the bill will strengthen the growth of these non-profit educational institutions throughout Kansas. (Attachment 3)

There being no others wishing to testify, the hearing on **SB 320** was closed.

Chairman Corbin commented that, due to the lateness of the Session, it is not probable that the House would be able to properly consider **SB 320**. He suggested that the bill be recommended for an interim study in order to give it the attention it deserves and to address the questions raised in depth.

The meeting was adjourned at 11:55 a.m.

The next meeting is scheduled for March 8, 2001.