

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 a.m. on January 16, 2004 in Room 123-S of the Capitol.

All members were present except:

Senator Nick Jordan- excused
Senator Pete Brungardt- excused
Senator Susan Wagle- excused

Committee staff present:

Kathie Sparks, Legislative Research
Susan Kannarr, Legislative Research
Helen Pedigo, Revisor of Statutes
Nikki Kraus, Committee Secretary

Conferees appearing before the committee:

Scott Allegrucci, Director, Kansas Travel and Tourism Division, Department of Commerce

Others attending:

See Attached List.

Chairperson Brownlee opened the meeting by introducing Mr. Allegrucci to the committee and thanking him for his appearance.

Mr. Allegrucci presented the committee with a variety of materials outlining important upcoming events in Kansas. He began with a sheet entitled "2004 Lewis & Clark in Kansas Bicentennial Commemoration: Events and Marketing Updates" which covers the creation and ongoing mission of the Bicentennial Commission and the Travel and Tourism Division's role in facilitating this commemorative celebration. (Attachment 1) For additional information, the celebration's website is www.lewisandclarkinkansas.com.

Mr. Allegrucci went on to present the committee with an outline entitled "KANSAS! Magazine Facts" which explains the purpose of the publication and gives examples of some of its features. (Attachment 2) For additional information, KANSAS! magazine's website is: www.kansmag.com. He also provided reference materials to the committee including the Kansas Travel and Tourism Programs Guide, Rediscovering Lewis and Clark, and the 2004 Getaway Guide to Kansas, which is also has a website, www.travelKS.com.

Mr. Allegrucci cited two different articles during his presentation as evidence of the power of brand names on consumers' recognition of certain states and on a potential marketing idea for the state. The first article was: Siegel, Bill. "Brand it and they shall come: Tourism and economic development both benefit when memorable branding campaigns bring attention to states and communities" *Midwest Real Estate News*. July 2003, pp.42. The second article was an editorial: "Flat, and Just Plain Great" *Los Angeles Times*. August 2, 2003, pp.24, Part B. He referred to both articles in an effort to explain that a possible marketing strategy for Kansas might be to embrace what some may see as flaws. As the latter article states, "Kansas is truly flatter than a pancake, which, come to think of it this morning, still tastes pretty good regardless of contour or shape....As one stands outside these towns on warm summer nights, the stars in the black sky are too numerous to grasp, let alone count. The crickets are chirping by the millions....All this beauty and richness, thanks to flat."

Mr. Allegrucci also submitted his testimony, which further detailed the mission of the division as, "...promot[ing] the State of Kansas to travelers and to generate and facilitate tourism- and travel-related spending throughout the state." (Attachment 3) He explained that tourism generates 55,000 jobs, \$3.5 billion in annual spending, and \$546.1 million in annual total tax revenues.

The committee thanked the speaker for his presentation.

Senator Brownlee recognized Mr. Allegrucci's emphasis on the many unique treasures of Kansas beyond eccentricities or novelty displays. The committee agreed that Mr. Allegrucci has a good idea in regard to embracing Kansas' stereotypical qualities, such as flatness, and using them to emphasize the state's natural

CONTINUATION SHEET

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beauty and unique history related to these. Senator Steineger also suggested the use of the Wizard of Oz association because of its positive connotations and world-wide recognition.

In response to a budget question from Senator Emler, Mr. Allegrucci explained that the division's total budget for FY '04 was between \$4.1 and \$4.2 million; these funds are generated from EDIF, not the state general fund. In regard to a question about Abilene development and STAR Bonds, Mr. Allegrucci said it was a very promising idea because Abilene has so much historical significance, ranging from the being the terminal point of the Chisolm Trail as well as the home of President Dwight D. Eisenhower. He said that economists at the Regent's universities were reviewing the feasibility of and the Department of Commerce was looking for someone to manage the STAR Bond.

Senator Emler asked if Mr. Allegrucci's department was planning to ask the Legislature for any help in funding this effort. Mr. Allegrucci responded that at the moment his division was focused on building a coalition, and that they were already receiving grants and partnering with Farm Bureau. Future plans include a partnership with an agricultural community that would involve extension agents, rural bankers, and others.

In response to a comment from Senator Emler about the definition of agritourism, Mr. Allegrucci stated that it was a term with several meanings, including everything from hunting to petting zoos; because of the nature of the term, it is important that agritourism is marketed carefully to different communities and segments of the population who might be interested in one facet but not another. Mis-marketing a petting zoo to a community interested in hunting would obviously be highly ineffective.

Senator Barone expressed interest in being able to measure the division's success over time, recognizing that the current status may not be an accurate benchmark against which to measure because of the economic recession over the past couple of years. Mr. Allegrucci stated that there were several components to a successful outcome, but that certain parts were more obvious than others. He stated that research, for example, is a somewhat risky component because, although necessary, it produces less pizzaz at the end; tourism is difficult to directly measure, but its effects can be seen through indirect measures like gas stations, small stores, and other attractions and their sales tax. He stated that a better measure would be a good idea for the future.

Senator Barone and Mr. Allegrucci discussed Cabela's, a sporting goods store hailed as the number one tourist attraction in the state of Kansas. Mr. Allegrucci stated that, although a retail store, Cabela's had focused their marketing very effectively on making themselves a tourist attraction. He said that the division did not have a specific way to measure attendance at attractions other than taking the numbers they have collected themselves. Senator Barone expressed concern at referring to the store as the number one tourist attraction because it somehow detracted from other events or places by relegating them to non-attractions. He stated that the state of Kansas ought not accept companies' word on attendance. He also said that Kansas should consider hunting as an important attraction and look into making hunting licenses easier to obtain in an effort to promote out of state outfitters to come here and thus bring in out of state dollars.

The committee briefly discussed an upcoming development of a salt mine that should be opening in a year or two and planned to get an update about it in the future from Senator Kerr.

Chairperson Brownlee thanked Mr. Allegrucci for appearing before the committee and complimented his division's partnership with Merideth publications, producer of MidWest Living Magazine, in the latest edition of the 2004 Kansas Getaway Guide. Mr. Allegrucci added that the company also owned a television station in Kansas City that was planning to air around a dozen vignettes about the state on Kansas City television.

Chairperson Brownlee suggested the committee members especially take time to review the upcoming Lewis and Clark events. The Chair announced that the next meeting would include a presentation by Senator Nick Jordan and Representative Kenny Wilk from the Joint Committee on Economic Development.

The meeting adjourned at 9:30 a.m. The next meeting will be at 8:30 a.m. on January 20, 2004 in Room 123-S.