Approved:	May 10, 2005
	Date

#### MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:30 A.M. on February 22, 2005 in Room 123-S of the Capitol.

All members were present except:

Senator David Wysong- excused

## Committee staff present:

Norman Furse, Revisor of Statutes

Jill Wolters, Senior Assistant, Revisor of Statutes

Alan Conroy, Director, Kansas Legislative Research Department

J. G. Scott, Kansas Legislative Research Department

Julian Efird, Kansas Legislative Research Department

Susan Kannarr, Kansas Legislative Research Department

Matt Spurgin, Kansas Legislative Research Department

Judy Bromich, Administrative Analyst

Mary Shaw, Committee Secretary

# Conferees appearing before the committee:

J. Michael Hayden, Secretary, Kansas Department of Wildlife and Parks

Joan Wagnon, Secretary, Kansas Department of Revenue

Frank Meyer, Commissioner, Kansas Department of Wildlife and Parks

Will Carpenter, Butler County Commissioner, Butler County Commission

Doug Vance, Executive Director, Kansas Recreation and Park Association

Bruce McMillan, Chairman, Manhattan Parks and Recreation Advisory Board

Donna Gerstner, CPRP, Assistance Superintendent, Garden City Recreation Commission

Chris Capps, CPRP, Director of Recreation, Independence Recreation Commission

Gene Nold, Walnut Valley Sailing Club at El Dorado Lake

John Graves, Past Commodore, Ninnescah Sailing Association at Cheney Reservoir

Andy Woodward, Past-President, Cheney Lake Association

Darrell Whitney, President, Friends of El Dorado Lake

Eric Stong, Kansas Bass Chapter Federation, Overland Park

Tom Kirker, REDI-Refrigeration, Inc.

Bennett Jedlicka on behalf of Dan Ward, Executive Director, Kansas Wildlife Federation

Dick Carter, Executive Director, Travel Industry Association of Kansas

Charles Benjamin, Ph.D., J.D., on behalf of the Kansas Chapter of the Sierra Club

John K. Strickler, Manhattan, Kansas

Charles A. Henry, Director of Revenue/Treasury, Unified Government of Wyandotte County/Kansas City, Kansas

Marvin Stous, representing the Kansas Camper's Association

Bob Totten, Public Affairs Director, Kansas Contractors Association

Don Moler, Executive Director, League of Kansas Municipalities

Tom Whitaker, Executive Director, Kansas Motor Carriers Association

Pat Hurley, Economic Lifelines

Steve Swaffer, Director of Natural Resources, Kansas Farm Bureau

Nancy Weeks, Haskell County Treasurer

Randall Allen, Executive Director, Kansas Association of Counties

Ray Walton, owner, Flint Oak, Fall River, Kansas (written)

Michael W. Goodwin, President, Kansas Trails Council, Inc. (written)

#### Others attending:

See attached list.

## **Bill Introductions**

Senator Emler moved, with a second by Senator Morris, to introduce a bill concerning retirement and pensions; relating to certain employees of educational institutions under management of the Kansas Board

MINUTES OF THE Senate Ways and Means Committee at 10:30 A.M. on February 22, 2005 in Room 123-S of the Capitol.

of Regents (5rs1004). Motion carried on a voice vote.

Senator Steineger moved, with a second by Senator Betts, a conceptual bill regarding a three-year school finance improvement proposal (Attachment 1). Motion carried on a voice vote.

Chairman Umbarger opened the public hearing on:

### SB 87--Wildlife and parks, outdoor recreation registration fee

Staff briefed the committee on the bill.

The Chairman welcomed the following conferees:

- J. Michael Hayden, Secretary, Kansas Department of Wildlife and Parks, testified in support of <u>SB 87</u> (<u>Attachment 2</u>). He noted that the park system is 50 years old and there has been no precedent like this during those years. Secretary Hayden mentioned that this is the most important item in their history. He explained that the bill would attach a \$5.00 outdoor recreation fee to motor vehicle registration. They need to find a better way to fund the state parks. The Secretary noted five key benefits to the proposal:
  - 1. Provides the parks with a steady funding stream not dependent on weather or other variables that affect park attendance;
  - 2. KDWP would no longer need to request State General fund for the parks operating budget;
  - 3. Everyone with a valid Kansas license plate would get into any state park, as many times as they choose, all year-round for free;
  - 4. If a person does not want to pay the fee, they will have the option of filing for a refund; and
  - 5. Provides stable source of funding for the Local Government Outdoor Recreation Grant Program.

Joan Wagnon, Secretary, Kansas Department of Revenue, explained that she is in full support of <u>SB 87</u> and, on a personal note, she felt it was a good idea to use the car tag as your ticket into a state park (<u>Attachment 3</u>). Secretary suggested adding a new subsection to let the Kansas Department of Revenue prescribe the form to be used for those requesting the \$5.00 refund. She noted that the Department would also need prescribed rule and regulatory authority regarding the processing to allow EFT refunds.

Frank Meyer, Commissioner, Kansas Department of Wildlife and Parks, spoke in support of the bill (Attachment 4). Mr. Meyer mentioned that the Kansas Department of Wildlife and Parks is worthy of broad based support from all Kansans. He noted that the bill provides this broad support for a very low cost per family per year. In closing, Mr. Meyer, on behalf of the Kansas Department of Wildlife and Parks Commission, urged support of the bill to keep Kansas growing and parks strong and affordable.

Will Carpenter, Butler County Commissioner, Butler County Commission, testified in favor of the bill (Attachment 5). Mr. Carpenter explained that the bill as written provides a mechanism for properly funding state parks and local park programs. He noted that the proposal will net the Kansas Department of Wildlife and Parks an additional \$3.8 million to assist in proper care and maintenance of facilities. Mr. Carpenter mentioned that the inclusion of matching grants in the bill will generate \$2.2 million for local parks programs, which have taken significant cuts from local entities as a result of lost state dollars from the elimination of demand transfers in 2003.

Doug Vance, Executive Director, Kansas Recreation and Park Association, spoke in support of <u>SB 87</u> (<u>Attachment 6</u>). Mr. Vance mentioned that significant to this legislation is the positive impact on local governments to identify a funding source for needed additions or improvements in park and recreation facilities through the Local Governmental Outdoor Recreation Grant Program Fund. He explained that the bill literally unlocks the doors of state parks to all Kansas residents, regardless of economic standing, and

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allows residents in Kansas to take full advantage of recreational assists with free admittance through the display of a Kansas license tag.

Bruce McMillan, Chairman, Manhattan Parks and Recreation Advisory Board, testified in support of the bill (<u>Attachment 7</u>). Mr. McMillan explained that in addition to a stable revenue source for State Parks, \$2.2 million of the tag surcharge would benefit local units of government through the Local Government Outdoor Recreation Grant Program. He noted that state parks are for the citizens of Kansas and everyone should have an opportunity to enjoy them.

Donna Gerstner, CPRP, Assistance Superintendent, Garden City Recreation Commission, spoke in support of the bill (Attachment 8). Ms. Gerstner explained that <u>SB 87</u> would have huge benefits for Kansas State Parks and local parks if passed into law. It would eliminate State General Fund support to the Kansas Department of Wildlife and Parks, which is currently about \$3.2 million. Ms. Gerstner addressed the point that the bill would eliminate all entrance fees into state parks for Kansas residents.

Chris Capps, CPRP, Director of Recreation, Independence Recreation Commission, testified in favor of the bill and addressed the point that the \$5 fee would generate approximately \$11 million in revenues annually and approximately \$8.8 million of that amount would help fund Kansas State Parks operations, with the remaining \$2.2 million going to local governments for development of outdoor recreation opportunities across Kansas (Attachment 9).

Gene Nold, Member, representing the Walnut Valley Sailing Club at El Dorado Lake, testified in support of the bill (Attachment 10). Mr. Nold explained that, as a user of El Dorado Lake, it is hard to keep the facilities up-to-date. He noted that Kansas lakes and parks do attract people to Kansas. Mr. Nold mentioned that he supports the bill for the environment and the wholesome atmosphere it creates for Kansans.

John Graves, Past Commodore, Ninnescah Sailing Association at Cheney Reservoir, spoke in favor of the bill (<u>Attachment 11</u>). Mr. Graves mentioned that the Ninnescah Sailing Association hosts national regattas and that they draw people from other states. He noted that maintenance and improvement needs have increased user fees and some things cannot be maintained due to lack of funding. Mr. Graves explained that the bill would allow more people to use the parks.

Andy Woodward, Past-President, Cheney Lake Association, testified in support of the bill (<u>Attachment 12</u>). Mr. Woodward addressed the item that the bill levels fees to all Kansans; therefore, more Kansans would be able to use the parks.

Darrell Whitney, President, Friends of El Dorado Lake, spoke in support of the bill (<u>Attachment 13</u>). Mr. Whitney explained that it is necessary to look at alternatives to fund the state parks. He noted that <u>SB 87</u> is a good option with reasonable costs for all and that there is a need for a stable funding source for the state parks.

Eric Stong, President of the Kansas Bass Chapter Federation, Overland Park, testified in support of the bill (No written testimony was provided). Mr. Stong mentioned that they provide youth events on their local lakes, approximately 6,600 youth involved. He indicated that the bill would allow them to move these events for youth to the state parks.

Tom Kirker, REDI-Refrigeration, Inc., spoke as a proponent for the bill (<u>Attachment 14</u>). Mr. Kirker explained that the bill would be an opportunity to generate more revenue to the State and it would be good business practice.

Bennett Jedlicka on behalf of Dan Ward, who is the Executive Director, Kansas Wildlife Federation, spoke in favor of the bill (Attachment 15). Mr. Jedlicka noted that Kansas has great outdoor opportunities, but there are expensive state parks. He explained that the bill would create good quality of life for Kansans.

Dick Carter, Executive Director, Travel Industry Association of Kansas, testified in support of the bill (Attachment 16). Mr. Carter explained that the maintenance of state parks is very important and that the bill

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does that.

Charles Benjamin, Ph.D., J.D., on behalf of the Kansas Chapter of the Sierra Club, spoke in favor of the bill (<u>Attachment 17</u>). Mr. Benjamin mentioned that the Sierra Club of Kansas supports outings with families such as camping. The Sierra Club would like to keep money in Kansas and thereby support the state park system.

John K. Strickler, Manhattan, Kansas, spoke in support of the bill (<u>Attachment 18</u>). Mr. Strickler explained that the bill realistically means to fund the state parks because attendance has declined in recent years.

Charles A. Henry, Director of Revenue/Treasury, Unified Government of Wyandotte County/Kansas City, Kansas, testified as an opponent to the bill (<u>Attachment 19</u>). Mr. Henry explained a number of reasons for his opposition to the bill which are detailed in his written testimony.

Marvin Stous, representing the Kansas Camper's Association, spoke in opposition to the bill (<u>Attachment 20</u>). He mentioned that campers pay an entry fee into a state park, plus a camping fee, plus a fee for each utility per site whether it is used or not. Mr. Stous closed with concern that as an organization that is statewide, the Kansas Camper's Association would advocate that money collected by a park stay at that park for its use at that locality.

Bob Totten, Public Affairs Director, Kansas Contractors Association, testified in opposition to the bill (Attachment 21). Mr. Totten mentioned that they are in opposition to the bill because traditionally the registration fees that are proposed in the proposal go to the construction of roads and highways and that has been a tradition that the State has done, from his knowledge, forever. He explained that the Kansas Contractors Association feels that user fees should be continued to pay for use of the parks and not using something that should be designated for construction of roads and bridges around the state parks.

Don Moler, Executive Director, League of Kansas Municipalities, spoke in opposition to the bill (<u>Attachment 22</u>). Mr. Moler emphasized that the League has been and continues to be a very strong proponent of parks and recreation in Kansas. He explained that the League is opposing the funding mechanism proposed in <u>SB 87</u>. In closing, Mr. Moler mentioned that it should be enough of a priority for the State of Kansas to fund parks at a level, that when tied to admittance fees, would guarantee that an adequate level of funding can be achieved.

Tom Whitaker, Executive Director, Kansas Motor Carriers Association, testified in opposition to the bill (Attachment 23). Mr. Whitaker expressed concern that it would cost the Kansas Department of Revenue more than \$5.00 to process the refund application and issue a check. He noted that, to his knowledge, regarding fuel tax users, the Kansas Department of Revenue will not process a refund of less than \$10.00 to their members. Mr. Whitaker emphasized that their association believes that vehicle registration fees are a highway user fee and not a parks user fee.

Pat Hurley, appeared before the Committee on behalf of Economic Lifelines, and spoke in opposition to the bill (<u>Attachment 24</u>). Mr. Hurley explained that their concerns are in regard to the funding mechanism suggested in the bill:

- To the best of their knowledge, historically vehicle registration fees and motor fuel taxes have always gone exclusively to the State Highway Fund.
- The legal issue of whether this increase, while characterized as a "fee" in <u>SB 87</u>, is in fact a tax as characterized in the constitutional provision.

Mr. Hurley urged the Committee to find a different source of funding for Wildlife and Parks, which does not limit or impair the ability of the Kansas Department of Transportation to raise this traditional revenue source in the future for the Constitutionally intended and limited purpose of roads and highways.

Steve Swaffer, Director of Natural Resources, Kansas Farm Bureau, testified in opposition to the bill (<u>Attachment 25</u>). Mr. Swaffer explained that the Kansas Farm Bureau believes <u>SB 87</u> imposes a passive form

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of income tax on their farmer and rancher members and the citizens of Kansas who own and register vehicles. He expressed concern regarding the method of how their members and Kansas citizens are going to be made aware of their \$5.00 refund option. Mr. Swaffer described, in detail, several suggestions in regard to generating funds for the parks in his written testimony.

Nancy Weeks, Haskell County Treasurer, testified as a neutral party regarding the bill (<u>Attachment 26</u>). Ms. Weeks noted that they do support Wildlife and Parks and the many recreational activities provided to Kansans and visitors to the State. She shared the same concerns that parks and recreation areas need to be maintained. Ms. Weeks that their main concern regarding <u>SB 87</u> deals with the funding of recreational facilities using the motor vehicle registration process. She detailed information in her written testimony regarding how this change would affect the operations of a County Treasurers Office.

Randall Allen, Executive Director, Kansas Association of Counties, spoke as a neutral party regarding <u>SB 87</u> (<u>Attachment 27</u>). Mr. Allen mentioned that their membership did not consider nor take a position on this proposed legislation at their annual conference in November 2004. He explained that their Legislative Policy Committee did meet to discuss <u>SB 87</u> and conveyed their position in four points which are detailed in Mr. Allen's written testimony.

Ray Walton, owner, Flint Oak, Fall River, Kansas, submitted written testimony in support of the bill(Attachment 28).

Michael W. Goodwin, President, Kansas Trails Council, Inc., submitted written testimony in support of the bill (Attachment 29).

There being no further conferees to appear before the Committee, the Chairman closed the public hearing on <u>SB 87</u>.

The meeting adjourned at 12:10 p.m. The next meeting is scheduled for February 23, 2005.

# SENATE WAYS AND MEANS GUEST LIST

Date <u>February</u> 22, 2005

NAME	REPRESENTING			
Hannie Leffler	DOB			
Ethan Edickson	DoB			
Satrick Hollisley	Economic Redelance			
Randau Blen	Kr. assn. og Courties			
Gerry Hover	XAWP,			
Kurt E. Reed	Kowf / Voter-			
Melody Burkholder	KDWP			
Diane Albert	KDOR-Vehicles			
LoAnn Schutt	KPUP			
Chris Tymesm	KOWP-			
Will CAMPENTER	Bulter County Commission			
John Muffery	KUP			
July a Stack	KDWP			
Gene Wold	Walnut Valley Sailly Cly			
Any Thornen	KDWP 1			
BILL WEBISER	KWF			
Steve Swaffer	Ks Fam Bureau			
10m Bruro	Motorola			
Marci Ferrill	4001			
Ken Gudenkant	KDOT			
Bill Porter	KOWP			
Mark Tomb	Lkm			
Den Moler	LKM			

# SENATE WAYS AND MEANS GUEST LIST

Date February 22,2005

NAME	REPRESENTING
Rogers Brazier	KSRecilarkAssociaTn/PiRofiqueka
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¥	

CHRIS STEINEGER

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#### COMMITTEE ASSIGNMENTS

MEMBER: WAYS & MEANS
EDUCATION
FINANCIAL INSTITUTIONS AND
INSURANCE
ARTS AND CULTURAL RESOURCES
LEGISLATIVE POST AUDIT
INFORMATION AND TECHNOLOGY
RULES AND REGULATIONS

# The three year plan

- includes goals and revenue
- provides immediate relief to districts
- addresses the most egregious findings of the committee
- attains funding level implicit in the January, 2005 fifty-five school district cost survey
- gives Johnson County and others ability to raise and invest more in their schools
- avoids creating additional bureaucracy
- is evidence based
- is streamlined

# SCHOOL FINANCE IMPROVEMENT PROPOSAL THREE-YEAR PLAN

(Adds \$560 per FTE and achieves \$6,336.00 BSAPP in 3 years)

GOALS:	1st Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year	<u>Total</u>
Addition to BSAPP (\$3,863) Cost:	\$150 \$82.0 M	\$200 \$116.3 M	\$200 \$116.3 M	¥
At-Risk Weighting to .25 Cost:	.25 \$87.3 M	.25 \$ 0	.25 \$ 0	
Bilingual Weighting to .40 Cost:	0.40 \$11.0 M	0.40 \$ 0	0.40 \$ 0	
Special Education to .95 Cost:	.95 \$49.3 M	.95 \$16.0 M	.95 \$16.0 M	
Local Option Budget at .25 Cost	.25 \$8.0 M	.25 \$8.0 M	.25 \$10.0 M	
All Day Kindergarten (3 Yr. phase in by % At Risk)	.60 \$20.0 M	.36 \$24.0 M	0.0 \$30.0 M	
Total Net Cost:	\$257.5 M	\$134.1 M	\$142.1 M	\$533.7 M
	2			
REVENUE:				
Sales Tax: 1.0 %	\$352 M	\$364 M	\$376 M	
Income Tax:	\$80 M	\$66 M	\$71 M	
Gaming:	<u>\$25 M</u>	<u>\$50 M</u>	<u>\$85 M</u>	
Total Revenue	\$457 M	\$480 M	\$532 M	

An **optional feature** is a county-option **Local Earning Tax** @ 1% with  $\frac{1}{2}$  of the revenue kept at local level for local USD, and  $\frac{1}{2}$  sent to state for equalization purposes.

Johnson Sedgwick Shawnee Wyandotte	2002 <u>Wages</u> \$12,292,000,000 \$7,189,000,000 \$2,539,740,000 \$1,789,760,000	Earnings <u>Tax Rate</u> 0.01 0.01 0.01 0.01	Revenue <u>Generated</u> \$122,920,000 \$ 71,890,000 \$ 25,397,400 \$ 17,897,600
Wyandotte Douglas	\$1,789,760,000 \$1,386,840.000	0.01	\$ 17,897,000 \$ 13,868,400 \$251.973,400

# KANSAS

DEPARTMENT OF WILDLIFE & PARKS

KATHLEEN SEBELIUS, GOVERNOR

Testimony on SB 87 Relating to Outdoor Recreation Registration Fee
To Senate Ways and Means
By J. Michael Hayden, Secretary, Kansas Department of Wildlife and Parks
February 22, 2005

This year we celebrate the 50<sup>th</sup> anniversary of the creation of the State Park and Resources Authority by the legislature and then Governor Fred Hall in 1955. Three years later in 1958, the legislature authorized the first state park at Kanopolis. Since then the legislature has designated 23 more state parks all across the state of Kansas.

These state parks preserve pieces of the unique Kansas landscape, along with its diverse flora and fauna. The names of our state parks reflect this diversity—Mushroom Rock, Prairie Dog, Fall River, and Cedar Bluff, among others.

The state parks are among the most popular attractions in the state. Department of Commerce Travel and Tourism figures show that in 2002 Hillsdale State Park was second only to Cabela's as the most visited place in Kansas. Many other state parks had over 200,000 visitors that same year, with state parks comprising 7 of the top 10 most frequently visited attractions in the state.

An increasingly urban population demands more open space for outdoor recreation, including hiking, biking, birdwatching, boating, sailing, fishing, and the list goes on. The 2003 Statewide Comprehensive Outdoor Recreation Plan identified a heavy demand for additional open space, particularly in urban areas, for children's fishing areas, river access, and hiking/biking trails.

Besides being a critical source for outdoor recreation, the state parks are also key in efforts to conserve and preserve the Kansas land and the plants and animals that live there. Wildlife food plots and native prairie grass restoration are part of many of the parks. Special projects, such as a shoreline stabilization program at Cheney, Eagle Days at Milford and Kanopolis, maintenance of habitat for threatened and endangered species, and preservation of an 18<sup>th</sup> century pueblo at Scott State Park, are just examples of how important the parks are to natural resource and historic conservation in the state.

Despite the tremendous value the parks are to the state, their long-term funding is uncertain. From 1958 through 1963, the parks system was funded 100% from state

Office of the Secretary

1020 S Kansas Ave., Ste. 200, Topeka, KS 66612-1327

Phone 785-296-2281 Fax 785-296-6953 www.kdwp.state.ks.us

Senate Ways and Means 02-22-05 Attachment 2 general fund. In 1963, when there were 9 state parks, the legislature initiated a parks entrance fee that went into effect in January 1964. Camping fees were imposed in 1982. For the past decade, the percentage of the parks operating budget coming from the SGF has decreased from 60% in 1995 to a proposed level of about 16% in fiscal year 2005. In the past 5 years we have increased park entrance fees twice and camping fees four times. We tried to raise entrance fees again last fall, but the public outcry to the Department, the KDWP Commission, the Governor's office, and to legislators was so great that we withdrew those proposals from the Commission.

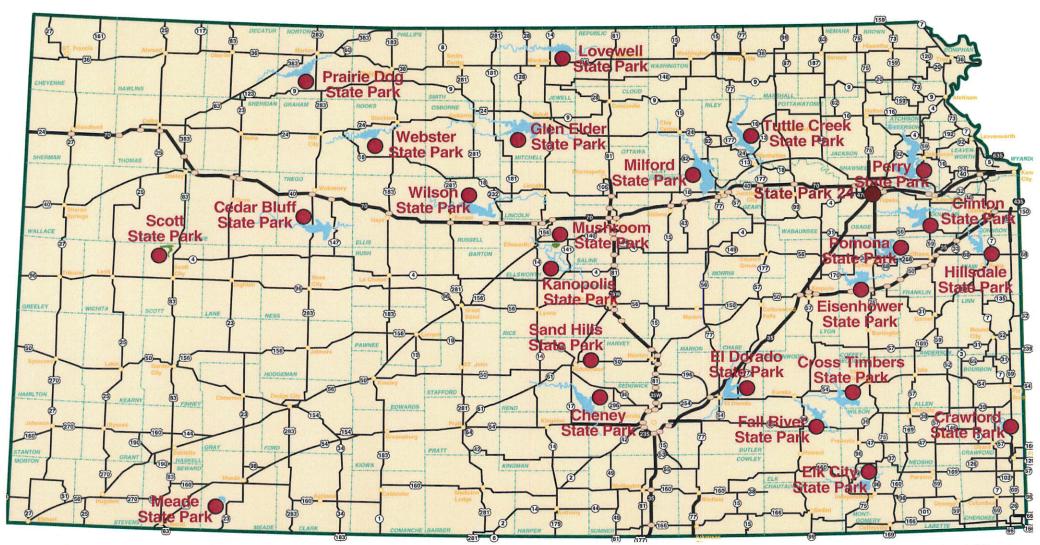
In exploring what our park funding options may be, we found that the Montana state parks system recently experienced the same type of funding crisis and they solved it with the same type of system that we propose in SB 87.

Senate Bill 87 would attach a \$5 outdoor recreation registration fee to motor vehicle registration fees. In exchange, Kansas residents would no longer pay an entrance fee to the state parks. Of that, \$4 would go to the parks operating budget, while \$1 would go to fund the Local Government Outdoor Recreation Grant Program (LGORP). The LGORP was created by the Legislature in 1998 and was annually funded with \$500,000 in Economic Development Initiatives Fund (EDIF) money through FY 01. During that time 120 grants were awarded to municipalities for projects to improve their outdoor recreation facilities, ranging from nature trails to basketball courts to swimming pools.

There are five key benefits to this proposal: 1) provides the parks with a steady funding stream not dependent on weather or other variables that affect park attendance; 2) KDWP would no longer need to request state general fund for the parks operating budget; 3) everyone with a valid Kansas license plate would get into any state park, as many times as they choose, all year-round for FREE; 4) if a person does not want to pay the fee, they will have the option of filing for a refund; and 5) provides stable source of funding for the LGORP.

If we calculate based on the same 20% refund rate that Montana has experienced, we estimate that the Outdoor Recreation Registration Fee would generate about \$6.98 million for the state parks operating budget, and about \$1.7 million for the LGORP. With the current parks operating budget at about \$8.2 million, the remaining operating budget would come from non-resident entrance, camping, and other fees. The only SGF money left in the parks budget would be for park permits for members of the Kansas National Guard, which was a provision enacted by the 2004 Legislature.

Thank you for your consideration of this proposal, which I hope you will view favorably in light of the great value the state park system has brought to the state of Kansas for the past 50 years.

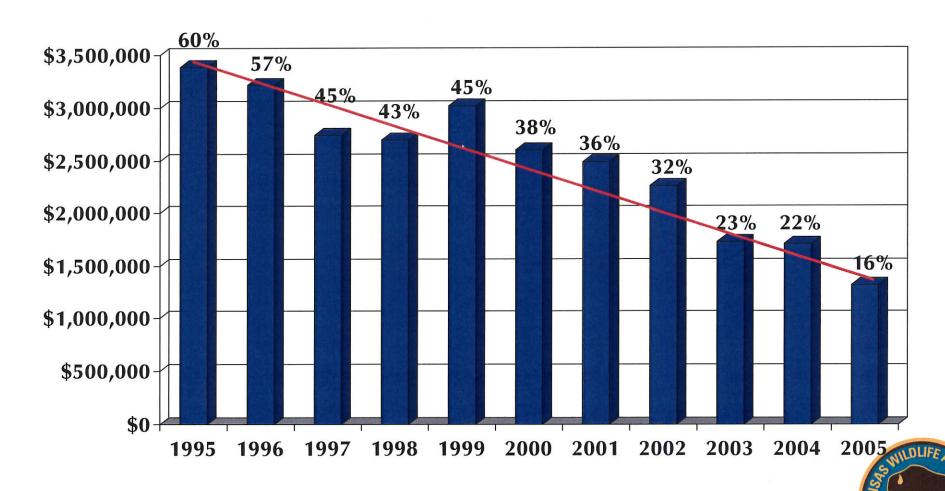


# **Kansas State Parks**



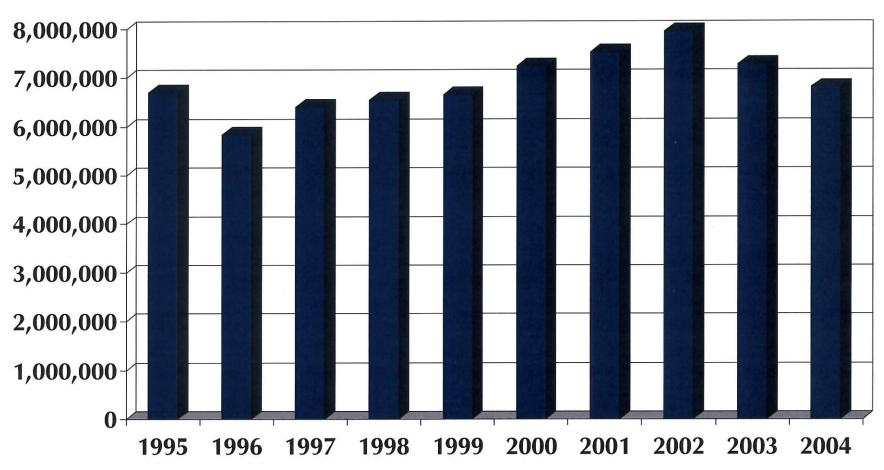
# **SGF Support of State Parks Operating Budget**

(SGF as % of total state parks operating budget)



From 1958 to 1963, the state park system was entirely funded by SGF. In 1963, when there were 9 state parks, the Legislature initiated an entrance fee, which went into effect in January 1964. Camping fees were imposed in 1982.

# **State Park Visitation 1995-2004**







Steven Neske

02/03/2005 12:20 PM

To: Jim Conant/Revenue/KDOR@KDOR

Subject: One more time

Jim, here's the latest. Let me know if any more changes are needed!

Steve Neske Financial Economist Office of Policy & Research 785-296-4014

---- Forwarded by Steven Neske/Revenue/KDOR on 02/03/2005 12:21 PM ----

# 2005 Senate Bill 087a Fiscal Note

Introduced as a Senate Bill

#### **Fiscal Note Development**

Bill Assigned: 01/25/2005

Responses Due: 01/27/2005

Note Due to Budget: 01/28/2005

Status: Draft

Prepared By: Steven Neske

Preliminary Completed:

Reviewed by P&R:

Approved by Secretary:

Sent to Budget:

Fiscal Impact: Total initial revenue approximately \$10.9 million; \$8.7 million would go into the Parks Fee Fund; \$2.2 million would go to the Local Government Outdoor Recreation Grant Program Fund. Any refunds paid

would reduce both of these amounts.

Administrative Impact:

#### **Brief of Bill**

Senate Bill 87, as introduced, contains new legislation as well as amending K.S.A. 2004 Supp. 8-145 imposing an Outdoor Recreation Registration Fee of \$5 upon motorcycles, motorized bicycles, passenger vehicles, recreational vehicles and regular trucks registered for a gross weight of 16,000 pounds or less. This new fee is to be collected in conjunction with the annual payment of vehicle registration fees as specified in New Section 1

The bill also makes provision for applicants to make application for a refund of this fee if they so desire.

New Section 2 is new legislation creating in the state treasury the Local Government Outdoor Recreation Grant Program Fund.

> Senate Ways and Mean 02-22-05

Newlord

Section 3, amending K.S.A. 2004 Supp. 8-145, adds new subsection (e) providing for \$4 of each outdoor recreation registration fee required under New Section 1 to be remitted to the State Treasurer who shall credit such \$4 to the Parks Fee Fund.

One dollar of each outdoor recreation registration fee is to be credited to the Local Government Outdoor Recreation Grant Program Fund.

This subsection also creates a refund fund from which to pay refunds under this program.

Section 4, amending K.S.A. 32-901, modifies a wildlife and parks statute providing for motor vehicles with current State of Kansas registration to be allowed to enter any state park without a motor vehicle permit except during designated special events. Other changes to this statute do not affect the Department of Revenue.

The effective date of this bill would be January 1, 2006.

#### **Fiscal Impact**

Approximately 2.18 million vehicles would be charged the \$5 fee created by this bill which would result in \$10.9 million  $(2,180,000 \times $5)$ . \$8.7 million  $(2,180,000 \times $4)$  would go to the Parks Fee Fund and the remaining \$2.2 million  $(2,180,000 \times $1)$  would be deposited in the Local Government Outdoor Recreation Grant Program Fund.

In discussions with officials from the State of Montana, which implemented a similar fee effective January 1, 2004, the Montana officials indicated that they were experiencing a 12% refund request rate. Montana further indicated that their enabling legislation exempted commercial vehicles from being charged the fee and thus are no included in the numbers reported for refunds.

Since the introduced legislation in Senate Bill 87 does not exempt commercial vehicles and it is reasonable to assume that companies with large numbers of vehicles registered as either passenger vehicles or regular trucks registered for 16,000 pounds or less would apply for refunds on their fleets of vehicles, it is not unreasonable to assume that the Kansas refund rate could approach 20%. If that proves to be the case, \$2.18 million (2,180,000 x .20 x \$5) could end up being refunded each year which would be split between the two funds; \$1,744,000 from the Parks Fee Fund and \$436,000 from the Local Government Outdoor Recreation Grant Program Fund.

#### **Administrative Impact**

The Department of Revenue is still in the process of identifying internal processing requirements and procedures to facilitate the refund provisions of this bill. If an electronic fund transfer option is implemented costs associated with the issuance of warrants and the postage to mail those refund warrants could be significantly reduced. It is suggested that provision be inserted into the bill to allow the Department of Wildlife and Parks to reimburse the Department of Revenue for the costs of the on-going expenses associated with implementing the provisions of this bill. (See

recommendation below under Administrative Problems and Comments.)

#### **Administrative Problems and Comments**

SB 87 has a weight limit for regular trucks of 16,000 pounds, however, there are a sufficient number of motor homes and converted semi-trucks that are classified as recreational vehicles, but registered as regular trucks which are over the 16,000 pound limit. These vehicles would not be assessed the new \$5 fee.

There is a statute which requires the Department of Revenue to pay interest on refunds due if the refund is not paid within a set amount of time. SB 87 does not exempt this refund from the interest requirement.

SB 87 as written could also require the collection of prior year park fees if the person is paying any past due annual registration fee, thus collecting two or more years of park fees at one time. This raises at least two questions: if the owner qualifies and completes a non-use affidavit to exempt the vehicle from previous year(s) registration requirements, is the \$5.00 park fee also exempt, also, would the person be eligible for a refund of a previous year's fee which was collected this year, but would be past the cut off date for that year's refunds?

Having the refund period at the first of July each year will cause problems with closing out one fiscal year and starting the next. It would be advisable to set a different time of the year for issuing refunds and it would be the preference of the Department for refunds to be processed throughout the year as they are received and with warrants being issued on a schedule to be determined by the Department at some future time.

The Department would like to have the flexibility to allow web or other e-methods for the refunds. The following amendment to New Section 1 subsection (b) is thus suggested:

(b) Any applicant who has paid the \$5 outdoor recreation registration fee required by subsection (a) may file with the secretary of revenue a claim for refund on a form furnished by the secretary of revenue. Such claim for refund shall be filed within a refund period established as prescribed by rules and regulations adopted by the secretary of revenue. Every application for refund if made by an individual shall be signed by the claimant and if the claimant is a corporation or association it shall be signed by one of the principal officers of the corporation or association and in the case of a partnership, by one of the partners. Upon receipt of a claim for refund by the secretary, the secretary shall make a determination that such refund is due.

The following amendment, to be inserted into K.S.A. 32-991, would authorize payment to KDOR for costs associated with implementing this bill:

**32-991.** Parks fee fund. (a) Unless otherwise directed by law and except for revenues pledged to payment of revenue bonds issued in connection with specific projects, all moneys received from state park permit fees, tolls, rentals and charges derived from the use, lease or operation of state parks, or any portion thereof or facility therein, including receipts from the park and recreation motor vehicle permit and from fees for duplicate permits and other issues of the

department, all moneys derived from the sale of bonds and all moneys from sources related thereto or allied recreational pursuits shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the parks fee fund, which is hereby created.

- (b) All costs and expenses incurred by the department for the following purposes shall be paid from the parks fee fund:
- (1) Administering, implementing and enforcing the laws of this state relating to state parks and state park facilities and their management and use; and
- (2) acquiring title to lands and rights therein or thereon, waters or water rights, and keeping, improving and maintaining the same for the purposes described in subsection (b)(1).
- (3) reimbursing the secretary of revenue for the costs of administering collection and refund of the outdoor recreation fee imposed by New Section 1.
- (c) No moneys derived from sources described in subsection (a) shall be used for any purpose other than the administration of matters which relate to state parks and which are under the control, authorities and duties of the secretary and the department as provided by law.
- (d) All expenditures from the parks fee fund shall be made in accordance with appropriations acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary.

#### Taxpayer/Customer Impact

#### Legal Impact

The division is not certain it will be able to complete the programming, testing and implementation of a process of this magnitude by the January 1, 2006, implementation date. As the fee is directly associated with the annual registration renewal process, there could be legal consequences of implementing this fee on any other date in calendar year 2006, which would make the next available implementation date January 1, 2007.

#### Testimony on SB 87 relating to Funding for State Parks Senate Ways & Means Committee

By Frank Meyer Commissioner Kansas Department of Wildlife and Parks February 22 2005

Mr. Chairman and members of the Committee. I would like to take a moment of your time to explain why I am here. Some of you may remember a few years back when the economy was strong and the state coffers were full. Many were working to cut taxes and "cut the fat" out of the state budget. I was there, as Chairman of the Kansas Chamber, urging you on. Well we cut out the fat but in some cases, after the recession and other unforeseen circumstances, we found we had not only cut out the fat but the meat as well and now have some state departments chewing on the bone.

As a Kansas business person I recognize there are state agencies that are vital to the growth and prosperity of Kansas and are worthy of broad based support from all our people. I asked to be, and was, appointed to the Kansas Department of Wildlife and Parks Commission because I feel a well maintained and accessible park system plays a big part in our efforts to attract tourists and industry to Kansas and provide recreational opportunities for all our citizens.

Due to budget cuts over the past few years our parks department have been forced to reduce maintenance and requested services in our parks. We are now at the point we must close parks or increase our fees to the point many people will be unable to afford to use them. As an employer with many of my people using our camping facilities, picnic areas and other recreational opportunities provided by our park system I feel they should be open to all Kansans regardless of their financial circumstances.

KDW&P is worthy of broad based support from all Kansans and I am willing to pay my share. SB 87 provides this broad support for a very low cost per family per year (the price of 2 ½ gallons of gas)

The KDWP Commission urges you to keep Kansas growing and our parks strong and affordable by passing SB 87.

Thank you for your attention

February 22, 2005

Senate Ways and Means Committee Dwayne Umbarger – Chair

RE: SB 87 Wildlife & Parks, Outdoor Recreation Registration Fee Butler County, Testimonial

Dear Chairman and members of the Senate Ways and Means Committee:

The purpose of this testimonial is to confirm Butler County's support of Senate Bill 87 and identify before the committee the positive regional impact the bill will have on the constituents of Butler County. Butler County and the communities within our county have benefited greatly from El Dorado State Park, since it was opened in 1981. The regional impact from the visitation at the park has generated substantial revenue from tourism and a resulting increase in retail sales in our county. In 2001 visitation peaked at 1,132,197 visitors at the park with an economic impact of \$22,643,940 on our local economy in 2001.

The decrease in state funding has drastically affected usage of El Dorado State Park and impacted the local economy through a significant decrease in retail sales. In 2004 park usage dropped to a 10 year low of 883,227 visitors, which was a 22% decrease in usage since 2001. The regional impact to county as a result was a loss of \$5,000,000 in retail sales and \$50,000 in sales tax revenue to our county and communities based on a \$20 per person per day rate estimated by the Department of Wildlife and Parks. In 1994, State General Fund support for State Parks made up 65% of the parks operating budget and in 2004 General Fund support made up less than 15% of the parks budget. This has led to a steady increase in fees for park users, resulting in a decreased usage of our state parks.

The Butler County Commission has listed this legislation as one of the County Commissions top legislative priorities in 2005. The Regional Economic Area Partnership (REAP) made up of most all local governments in South Central Kansas has also listed this as one of its top two priorities. Both El Dorado State Park and Cheney State Park will experience a significant increase in usage as a result of the bill, thus stimulating local retail sales in the region. This proactive legislation will provide a mechanism to both stimulate additional recreational activities for our citizen, and generate additional retail sales stimulating the local economy.

The bill as written provides a mechanism for properly funding our state parks and includes funding for local park programs as well. The proposal will net the Department of Wildlife and Parks an additional \$3.8 million to assist in proper care and maintenance of facilities. The inclusion of local matching grants in the bill will generate \$2.2 million for local parks programs, which have taken significant cuts from local entities as a result of lost state dollars from the elimination of demand transfers in 2003. The county further supports the refund mechanism, which allows for those individuals who feel they will not utilize the state parks an opportunity to have their monies refunded to them.

Butler County wishes to thank you for allowing us the opportunity to share our views with you and again asks for your support of Senate Bill 87.

Will Carpenter

**Butler County Commissioner** 

cc: Butler County Commission

Butler County Legislative Delegation

senate Ways and Means 02-22-05 Attachment 5

# KRPA

#### KANSAS RECREATION AND PARK ASSOCIATION

High Five for Parks: Kansas Outdoor Recreation Future
Senate Ways and Means
Senate Bill 87

Doug Vance, Executive Director
Kansas Recreation and Park Association

Thank you Mister Chairman. I am Doug Vance, Executive Director of the Kansas Recreation and Park Association.

I'm here as a proponent of Senate Bill 87 because I feel it makes a significant statement that ensures our legacy in this state in support of public parks, open spaces, and recreation opportunities for all Kansans.

For the 250-plus member agencies in KRPA, this represents meaningful legislation enabling our state and local governments to promote health, recreation and conservation.

It helps address the state's need for capital investments in recreation resources and contributes to individual and social development including a healthy, active, populace. It improves the health and well-being of children and families and the protection of our state's natural resources.

It literally unlocks the doors of state parks to all Kansas residents – regardless of economic standing – and allows them take full advantage of our recreational assists with free admittance through the display of a Kansas license tag.

Significant to this legislation is the positive impact on local governments to identify a funding source for needed additions or improvements in park and recreation facilities through the Local Government Outdoor Recreation Grant Program Fund.

During the three years of its previous existence – from 1999 through 2001 – the LGORGP funding helped 120 Kansas communities find dollars to support projects related to playgrounds, swimming pools, tennis courts, trails, ball fields, campgrounds, park shelters, restrooms and ADA compliance.

A strong park system is essential for a thriving community. The potential benefits resulting from the passage of this bill to Kansas communities are significant in helping enhance the quality of life for all of our citizens.

According to statistics provided by the Kansas Department of Health and Environment, 61% of adults in Kansas are overweight. In addition, 26% of adults in this state engage in no leisure time activity and 28% of youth do not meet the recommended level of physical activity. Senate Bill 87 gives us the resources to encourage our citizens, our families and our young people to get healthy.

As I indicated earlier, it makes a meaningful statement. Research has demonstrated for years that parks and recreation facilities and services consistently rank as a high priority among people selecting a place to live. SB 87 is both a logical and creative strategy in helping us be pro-active in enhancing the health and lifestyle in our communities.

I know that each of you is committed to finding unique and affordable methods to improve the quality of life for all of the citizens you represent. Our society deserves broad and varied forms of recreation and leisure. Thank you Mister Chairman and I will be glad to answer your questions at the appropriate time.

700 SW JACKSON ST . STE 805 785.235.6533 PH



TOPEKA . KANSAS . 66603-3737 785.235.6655 Fx

WWW.KRPA.ORG

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High Five for Parks: A New Direction for Kansas State Parks

Senate Ways and Means Senate Bill 87 February 9, 2005 State Capitol, Room 123 S

Bruce McMillan Chairman Manhattan Parks and Recreation Advisory Board

### Background

The Manhattan Parks and Recreation Advisory Board represents the City Commission in an advisory role in working with the Manhattan Parks and Recreation Department on issues relative to parks, forestry, cemeteries, animal shelter, recreation, and a zoo. The professional staff of the Manhattan Parks and Recreation Department is part of a larger organization called the Kansas Recreation and Park Association (KRPA).

KRPA, established in 1948, is a private, non-profit membership organization representing public park and recreation agencies, professionals, citizen advocates and commercial vendors. Current membership stands at just over 900 with services provided to approximately 240 agencies representing agencies as small as Stafford, Kansas and as large as the Johnson County Park and Recreation District.

The Kansas Recreation and Park Association has been long time partners with the Department of Wildlife and Parks in providing quality outdoor recreation opportunities at both the local and state levels. The need for both state and local parks and their services continue to grow with the demand for these services from local, state, and out of state visitors.

### **High Five for Parks**

Senate Bill 87 was introduced into the Kansas Legislature to add a \$5.00 "outdoor recreation registration fee" to annual vehicle registration fees paid by Kansas's residents. The fee would generate \$11 million annually that would fund State Park operations with an estimated \$8.8 million annually and assist local units of governments with an estimated \$2.2 million annually for development of outdoor recreation opportunities in communities of all sizes across the State of Kansas.

All Kansans benefit from State Parks, whether they visit one or not. Park visitors spend \$190 million each year on goods and services related to their park visits. Much of this money benefits local communities in the form of goods and services sold and local jobs. These purchases generate \$13 million in state sales tax; create 1,850 jobs; and generate \$46 million in wages. This creates over \$650 million to the Kansas economy each year. Senate Bill 87 would also free up about \$3.2 million that could be used for other worthwhile state programs, because the Department of Wildlife and Parks would no longer be requesting appropriations from the State General Fund.

In addition to a stable revenue source for State Parks, \$2.2 million of the tag surcharge would benefit local units of government through the Local Government Outdoor Recreation Grant Program (LGORP) that was originally established in 1998 and provided 50% matching grants from 1999-2001. During that time period, there were over 100 communities of all sizes that were awarded grants. The true benefit of this program is that it provided a stable source of revenue to communities of all sizes (especially small communities) for outdoor recreation projects.

Sixty-nine percent of Kansans visit a State Park each year. Under the proposed legislation, instead of park patrons paying the current rate of \$6.50 per day per vehicle or \$45.50 annually, each vehicle registered through the State would pay \$5.00 for access to the state parks for the entire year. At this rate, on just one visit to the state park, the patron easily recoups their modest \$5.00 investment. This will also make our state parks more affordable for those of low and moderate incomes. Our state parks are for the citizens of Kansas and everyone should have an opportunity to enjoy them.

#### Conclusion

Many years ago, the citizens and leaders of Kansas had the foresight to begin the development of State Parks in Kansas that you and I enjoy today. I believe our state parks are at a cross roads in establishing stable revenue source so that they are available to the next generation of park users. We are the stewards of our State Parks, and I hope our generation is remembered as one who realized the value of our State Parks and provided the necessary resources to continue making our State Parks the treasure that they are now and can be for future generations.



High Five for Parks: A New Direction for Kansas State Parks
Senate Ways and Means
Senate Bill 87
Donna Gerstner, CPRP
Assistant Superintendent
Garden City Recreation Commission

## Introduction

I would first like to *Thank You* for allowing me the opportunity to speak in support of **Senate Bill 87**My name is Donna Gerstner and I am the Assistant Superintendent of Recreation of Garden City, KS. Garden
City is located in Southwest, Kansas, in Finney County. We do not have large lakes or large parks near our town but the ones that are close we cherish. Many Southwest Kansas residents utilize Scott County Lake, Cedar Bluff and Meade State Park. We utilize our local parks extensively for recreationally purposes and see the need to continue to look for ways to protect them from loss of funding.

We have seen how funding for parks has been cut and feel that we are losing a great resource for our state and local communities. Parks benefit all, be it through a place to have a picnic, have a family gathering, explore the great outdoors, a protective place for wildlife, recreational opportunities, economic benefit or just to enjoy the beauty of the park.

# High Five For Parks

Senate Bill 87 will have huge benefits for Kansas State Parks and Local Parks if passed into law. It would eliminate state general fund support to Kansas Department of Wildlife and Parks, which is currently about \$3.2 million. If the Bill passes, the department will no longer request appropriations from the State General Fund for operations.

Senate Bill 87 will eliminate all entrance fees into state parks for Kansas residents. This is a great benefit for all residents. Many that cannot afford the yearly fee of \$45, limit themselves the amount of visits to state parks due to the daily fee which is currently \$6.50 per day, per vehicle. The proposal will make state parks affordable to all Kansans, especially those of low or moderate income.

Senate Bill 87 will reestablish the Local Government Outdoor Recreation Grant program which was discontinued after three years of existence due to the downturn of the economy. Garden City benefited from this program each year that it was available. We were able to utilize this matching grant program and make improvements on parks that had been run down due to usage and age. Without the grant program we would have not been able to update and repair three recreational parks that are located in Garden City. We received a total of \$45,000 in the three years. We were able to put in new fencing, sidewalk, irrigation and landscaping into two ballparks that had been built in the 30's and replace part of the fencing on our four-plex ball park that had been built in the 70's. Many citizens use these parks and now they are much safer for the participants. With the reestablishing of this fund we will be able to apply for grant funds and enable us to find funds that can go towards repairing other parks in our community that so badly need attention and the construction of new parks.

# Conclusion

All Kansans will benefit from this Bill through recreational opportunities and the growth of the economy with sale of goods and services in their community. New recreational opportunities can come to their community through the Local Government Outdoor Recreation Grant Program. This is not an untried proposal, this proposal has been modeled after a successfully implemented program in Montana. They have seen growth in the usage of their parks and reduce the states general fund. Let Kansas learn from our fellow state and give a High Five for Parks.

310 N 6" Street. Garden City KS 67846. (620) 276-1200 Fax (620) 276-1203 E-mail <u>recoffice@forec.com</u> Web page: <u>www.forec.com</u>

#### High Five for Parks: A New Direction for Kansas State Parks

Senate Ways and Means Senate Bill 87 February 22, 2005 State Capitol, Room 123 S

Chris Capps, CPRP
Director of Recreation
Independence Recreation Commission

#### Background

The Independence Recreation Commission represents the City of Independence in all aspects of recreation; including sports for the youth and adults, leisure activities, special events, aquatics, special populations, outdoor recreation and senior citizen activities.

### **High Five for Parks**

Senate Bill 87 was introduced in the 2005 Kansas Legislature and could have tremendous benefits for the Kansas State Parks if passed into law. Senate Bill 87 will add a \$5.00 "outdoor recreation registration fee" to annual vehicle registration fees paid by Kansas's residents. The fee would generate approximately \$11 million in revenues annually. Approximately \$8.8 million of that amount would help fund Kansas State Parks operations, with the remaining \$2.2 million going to local governments for development of outdoor recreation opportunities in communities across Kansas.

Park visitors spend \$190 million each year on goods and services related to their park visits. Those purchases generate \$13 million in state sales taxes; create 1850 jobs; and generate \$46 million in wages.

All Kansans will benefit from the tag surcharge, whether they utilize state parks themselves or not. State park visitors and operations contribute over \$685 million to the Kansas economy each year. Much of this filters into local communities in the form of goods and services sold and jobs created. The Local government Outdoor recreation Grant Program (LGORP) can bring new recreational opportunities to all communities.

LGORP was first established in 1998 and administered by the Kansas Department of Wildlife when the state's coffers were full. The program awarded upfront 50% matching grants to communities for outdoor recreation projects. Over 100 Kansas communities benefited from LGORP grants in the three years prior to a downturn in the economy, which eliminated revenues for the program.

#### Speaking from experience

I am a firm believer in the Local Government Outdoor Recreation Grant Program. Independence Recreation Commission was awarded a grant of \$20,000 in March of 2000

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from the Kansas Department of Wildlife. The money was used to help fund a new Soccer Complex that is currently being used by kids and adults for recreational games, high school games and traveling teams. The recreational program has increased in participation every year and we expect to continue to see growth. Independence Recreation Commission has gone from playing soccer games on fields that had more rocks then grass; to a complex that now has four game fields, three practice fields and two mud volleyball courts. Our parking area has gone from about 30 stalls for vehicles to a facility that can easily hold 200 vehicles. We have water at the Soccer Complex to irrigate the grass and allow us to have a water fountain for everyone to enjoy drinking water for free. In all, I want to thank you for the possibilities and dreams that have come true for all of us in Independence. I know there are a lot of other communities that can benefit from the additional \$5 outdoor recreation registration fee on our annual vehicle registration fees. I am sure those communities would love to have the opportunity to fix up, add on or build new facilities such as Independence. Without the grant received by Independence Recreation Commission we would still have kids tossing rocks off the soccer fields when the soccer ball was away from their area, and at times still in their area. Please support Senate Bill 87.

## SB 87

I am Gene Nold from Wichita, Ks. I am representing the Walnut Valley Sailing Club located at El Dorado Lake for which I have been an active member for over 20 years.

Our Club is over sixty years old beginning its activities in 1937. In 1985, we obtained a concessionaire's license from the State of Kansas to build and operate a marine facility on El Dorado Lake. The purpose of which is to promote the sport of sailing and to provide accommodations for family activities and sailboat racing. The Club provides a youth boating safety, training and education program for kids from 7 to 17 years of age and also trains in the Boater Education program now required for all young boaters.

Since 1985, we have invested in excess \$500,000 in both on land and on the water facilities. Our current annual operating budget averages \$100,000. The entire cost of the facilities including all additions, improvements, operations and upkeep is privately funded by our members and we receive no state funds for our existence. Additionally, we estimate that we generate in excess of \$50,000 per year of revenues for the state and local governments through our concessionaire's license, user fees, park and camping permits and state and local taxes. We contribute to the state and local economy from the dollars spent by our members in and around the El Dorado area. Our current membership totals 250 individuals or 106 families. The Club is home to over 100 different sailing craft of various size and classes.

We are coming here today in support of SB 87 for the following reasons:

- The success of our continuing operations depends, to a very large extent, on the quality of the facilities at El Dorado Lake. In the past we have felt the local state personnel have done very well in building and maintaining the park. However, we are very concerned about the deterioration beginning to take place due to the lack of funding to maintain the facilities at the same level as in the past.
- Our membership includes a large percentage of young families with limited budgets.
   The increasing annual fees are forcing some to question whether they can afford to continue to visit the lake.
- The ever increasing cost of daily permits limits the number of guests willing or able to pay the entrance fee just to visit our club.
- Many of our members have joined our club upon relocating to Wichita and Kansas
  and, we feel the Lake and our Club provide attractive recreational activities for new
  comers to the area. Several have been surprised that water activities exist in Kansas
  and that our Midwest area is actually a very good place to sail.

We feel it is essential for Kansas to continue to invest in facilities such as these in order to provide an attractive and wholesome environment in which to raise our families.

Gene Nold Walnut Valley Sailing Club El Dorado State Park Contact:

Gene Nold

Walnut Valley Sailing Club 4106 Sweet Bay

Wichita, Ks 67226 (316)-636-2091

Septe Ways & Mains

February 22, 2005

The Honorable Senator Dwayne Umbarger Chairman Kansas State Senate Ways and Means Committee 300 S. W. 10<sup>th</sup> Street Topeka, Kansas 66612

Dear Senator Umbarger and Committee members;

My name is John Graves. I am from Wichita, Kansas and I am representing the Ninnescah Sailing Association located on Cheney Reservoir. Thank you for considering our support of Senate Bill 87.

Since 1965 the Ninnescah Sailing Association (NSA) has actively promoted sailing and boating safety at Cheney Reservoir. Our membership currently consists of nearly 280 households with members of all ages who live and work in the South Central Kansas area.

The NSA members host many events each year that bring people to Cheney from all over Kansas as well as from around the country. These events include regional and national championship regattas as well as day sailing activities for groups such as Big Brother & Big Sisters, Boy Scouts, the OK Kids program as well as school groups. These activities provide the participants an opportunity to enjoy a family activity that many don't even know exist in Kansas. In addition, the NSA has a very active Junior sailing program, teaching kids as young as 8 how to sail and providing Boater Education training. Finally, the Red Cross utilizes the Sailing Center at Cheney for adult sailing instruction throughout the sailing season.

In recent years, funding for our State Parks has increasingly shifted to user fees rather than the State General Fund. During this time the KDWP personnel have worked hard to spend their funds wisely. Unfortunately, maintenance and improvement needs at the State Parks have resulted in continued increases in the user fees and few improvements can be undertaken due to the lack of funding. We are concerned that the Park entrance fees are becoming an impediment to many families that may otherwise utilize the facilities at Cheney Reservoir. Senate Bill 87 would allow more Kansas residents, especially those with limited resources, to enjoy the recreational opportunities at Cheney State Park as well the other Kansas State Parks.

All Kansans benefit from the recreational opportunities provided by the State Parks. In addition to the sales tax revenue generated by park patrons purchasing goods and services for their visits, significant income tax from wages and property tax revenue is generated from Kansans that utilize these facilities. The recreational opportunities provided by our State Parks also enhance the "quality of life" in Kansas which is critical in attracting and retaining jobs and families.

Again, thank you for your consideration of our support for Senate Bill 87.

Sincerely,

John Graves NSA Past Commodore

> Senate Whys and Means 02-22-25 Hotely most 11

February 22, 2005

Senator Dwayne Umbarger Chairman Senate Ways and Means Committee

Re: SB 87

Senator Dwayne Umbarger:

The Cheney Lake Association has been a 15 yr support group for the preservation and needs of Cheney State Park and the Kansas Wildlife and Parks. Our group started as a group to help preserve, and improve the Reservoir and State park. We found that our needs were similar for most of the Kansas State Parks We have since joined with other groups to benefit all of the Kansas Wildlife & Parks. We have helped secure many matching funds from federal agencies. We helped to form the Friends of Cheney Lake working with Secretary Hayden and Cheney State Pk to provide cabins on Lake Cheney.

We annually work with the Staff at Lake Cheney, Jerry Hover and Secretary Hayden to help improve all the public facilities.

Kansas State Parks host over 8 million visitors, bringing large amounts of revenues to surrounding business and state tax agencies. Many city and county parks and lakes are available on a no entrance fee basis. Unfortunately, these city & county facilities cannot handle the large demand of the Kansas families.

It would be a reasonable assumption that "ALL STATE PARKS SHOULD BE AVAILABLE FOR ALL KANSAS RESIDENTS", no matter what their income. SB 87 levels the user fee, so all Kansans may use our wonderful facilities.

It is estimated that over 70 % of all Kansas residents will benefit from SB 87. The average resident using the state parks has an average income of \$42,000, but unfortunately the average Kansas income is less than \$30,000.

The \$5.00 fee, would allow all Kansas Residents and their families to experience more of our wonderful parks and natural resources.

Throughout the years, the state General Funding for the State Parks has been reduced, with the only alternative, being increasing entrance fees. With SB 87, we would not only provide funding for state parks, and 20% of these funds would support city and county recreational facilities for now and in the future.

Sincerely,

Andy Woodward Past-President. Cheney Lake Association

#### Mr. Chairman and members of Committee

My name is Darrell Whitney, President of the Friends of El Dorado Lake. I come before you today and ask for your support of Senate bill 87. I have been a visitor and supporter of Kansas State Parks since my children were young and we visited Kansas State Parks on weekend camping trips.

Over the years I have seen park fees continue to increase as they have tried to meet their operating budgets. The problem with this is that user fees will not fund the operating budgets required to maintain the parks as we know them today. Second, the continued increase in user fees have made it impossible for many young parents to bring their families to the State Parks because of the costs associated with it. This in turn affects the economy of the area surrounding the State Parks as fewer people buy gas, food and all the things that visitors to the parks purchase.

It is my understanding that Kansas Dept of Wildlife and Parks needs ten million annually to operate, administer, maintain and rehab the current Kansas State Park System. It is also my understanding that even with all the increases in fees, Kansas State Parks currently generate \$6.2 million in revenue. Which is a substantial shortfall for what is actually needed to operate and maintain our parks in todays environment.

The State General Fund has continued to decrease each year as revenue to the State decreases. Consequently, it is my opinion that we have to look at alternative funding avenues to support our Kansas State Parks.

I believe that Senate Bill 87 is a reasonable alternative to funding our State Parks. With this approach, every citizen in the State of Kansas that drives a car will help support the State Park System. Passage of this bill will give every Kansas citizen the opportunity to visit State Parks at a reasonable expense to everyone. And with the Local Government Outdoor Recreation Grant Program associated with this bill, this will be an outstanding benefit to small communities that need help supporting their outdoor recreation projects.

I think we all realize that we must find a dedicated funding source for Kansas State Parks. Senate bill 87 appears to be the best alternative and I urge each of you to support this bill.

Thank you.

Darrell Whitney 206 Warren Road El Dorado, Kansas 67042 2611 SW 17th St. TOPEKA, KS 66604



FAX: 785 -235 -8881 TEL: 785 -235 -2700

## Senate Bill 87, In Support Of

Chairman Umbarger and Honorable Senators of the Committee, thank you for allowing me the opportunity to testify in support of Senate Bill 87. My name is Tom Kirker.

In this time of fiscal frugality, it seems odd to testify on behalf of a dedicated revenue source for Kansas State Parks and outdoor recreation. Some might call it a tax. As a small business owner and marketing teacher, I recognize it as an investment - with the belief there will be a greater return on the dollars invested.

This week I am sending a technician to Moline, Illinois for training on ice cream machines. Our investment in his training will be almost \$1,000. We are investing in our employee; with a belief his additional training will increase his revenue stream and provide a greater return to the company.

Likewise, investing in Kansas's parks will more than repay the cost of investment. The customer's exist. You must provide them what they want – opportunities for quality time with family and friends.

The largest TOURIST ATTRACTION in Kansas, with over 4 million visitors (customers) annually is a retail store: Cabela's. Cabela's specializes in camping, fishing, hunting and boating. Their customer base (4 million people at the Kansas location) is the same demographic as the Kansas Department of Wildlife and Parks.

By passing SB 87, Kansas will be doing the same as thousands of business owners and managers throughout the world – investing to gain a greater return on the dollar. 4 million Cabela's customers spending their money on outdoor supplies, clothing and equipment cannot be wrong.

Thank you for allowing me to testify in favor of Senate Bill 87.



#### Testimony for the Senate Ways & Means Committee In Favor of SB 87

#### February 22, 2005

My name is Dan Ward, and I'm the Executive Director of the Kansas Wildlife Federation. KWF is a 54-year old organization dedicated to the wise use, conservation, appreciation, and the restoration of our state's wildlife and natural environment. We approach this mission primarily from the perspective of hunting and fishing, which are important traditions in Kansas. Over 500,000 hunters and anglers spend close to one billion dollars in the state each year.

Kansas has great outdoor opportunities, and many of our communities are blessed with close-by state parks. According to the Department of Wildlife & Parks, most people here use a state park at least once a year.

However, Kansas has some of the more expensive state parks. As general fund support decreases, and as expenses rise, entrance fees have been progressively raised. We fear that it's not too long before this process begins a spiral of raising prices, declining visitations, and so on and so on.

Creating a good quality of life is one of the keys for any number of goals that the Legislature has for Kansas. Great parks help maintain and improve the quality of life.

This bill is an imaginative and proven way of getting around the fee issue and making our parks more attractive. It's the best kind of tax increase – because it's one that people don't have to participate in. Additionally, it's a net savings for many Kansans, who will pay \$5 for their state parks, instead of \$6.50 a visit.

Because this bill will open up outdoor recreational opportunities, improve local parks, and get our state parks off the general funds while making them self-supporting, we urge to adopt this bill and pass it to the Senate floor.



919 South Kansas de Topeka, Kansas 66612 785/233-9465 FAX 785/232-5705 carterjr@cox.net • www.tiak.org

### STATEMENT OF SUPPORT SB 87

## Travel Industry Association of Kansas Dick Carter, Executive Director

## Senate Committee on Ways and Means February 22, 2005

Chairman Umbarger and members of the committee, my name is Dick Carter and I serve as the executive director for the Travel Industry Association of Kansas (TIAK). TIAK is a private, non-profit association dedicated to the promotion and development of travel and tourism in Kansas. Our mission is to speak with a unified voice for the travel industry in Kansas. Our membership is comprised of Convention & Visitor Bureaus, Chambers of Commerce, attractions, lodging properties, museums, restaurants, sporting events, festivals, and other businesses affiliated with the promotion of tourism in our state.

I appear before you today to offer support for SB 87. TIAK has long supported the preservation and custodianship of our natural resources. For the past several years, the state park system has seen a decline of revenues from the State General Fund, while park permit fees have risen dramatically – to the point that they can no longer be raised and still attract patrons to the parks.

While the industry wishes that the Kansas Legislature would recognize the importance of the state park system, and the quality of life benefits that it delivers to our residents, by fully funding the Department of Wildlife & Parks request for the parks division, we believe that the proposal by the Department shows creativity and a genuine commitment to make our parks more available to all Kansans, while supplying the dollars necessary to maintain and improve the park system.

TIAK is also encouraged by the prospect that \$1 of every \$5 will be returned to our local communities through the local outdoor recreation grant program fund, designed to help improve local parks and recreation — thus enhancing the quality of life at the local level.

The state parks in Kansas are perennially some of the highest attended attractions in our state. By passing SB 87, you are assuring that this, and future, generations of park patrons will be able to continue to appreciate the natural beauty of Kansas.

Sorafellaysand Means 02-22-05 AHachment 16

#### Testimony in Favor of S.B. 87

Providing for the funding of the Kansas Department of Wildlife and Parks Before the Kansas Senate Ways and Means Committee February 22, 2005

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### On behalf of the Kansas Chapter of the Sierra Club

Mr. Chairman, members of the Committee, thank you for the opportunity to testify in favor of S.B. 87 on behalf of the Kansas Chapter of the Sierra Club. The Sierra Club is the largest grass roots environmental organization in the world with approximately 800,000 members, including more than 4,000 in Kansas – and growing. More information on the conservation goals and activities of the Kansas Chapter of the Sierra Club can be found at www.kansas.sierraclub.org.

The Kansas Chapter of the Sierra Club strongly supports S.B. 87 because we strongly support the efforts of the Kansas Department of Wildlife and Parks to maintain and upgrade the state's existing park system and to expand that system. We believe that a quality state park system enhances the quality of life for all the state's residents and provides recreational opportunities that all Kansas families can enjoy. What better way to get the kids away from television and video-games then to take them to a state park to enjoy the natural beauty of Kansas and learn to observe and appreciate the native plant and animal species Kansas? We also believe that a quality state park system enhances the state's attractiveness for new businesses to locate in Kansas, for a quality work force to move to Kansas, to stay in Kansas and to spend their money in Kansas thus creating more jobs and economic opportunity in Kansas.

We want to take this opportunity to commend Secretary Hayden for his advocacy of the state's park system and to his staff for their dedication and hard work, using the very limited resources available to them, to maintain and enhance the state's existing park system. We stand willing to work with proponents and opponents of this legislation and with all state legislators to find ways to fund our state park system for the benefit of all Kansans. We believe that S.B. 87 is one way to do that. We urge this committee to support this bill.

I stand ready to answer any questions you might have at the appropriate time. Thank you for your attention and your dedication to the people of Kansas.

JOHN K. STRICKLER
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February 22, 2005

TO:

Senate Committee on Ways and Means

Senator Dwayne Umbarger, Chair

SUBJECT:

Senate Bill No. 87

I am supporting SB 87 as a realistic means of dealing with our historically underfunded State Parks. This problem will probably continue given the high profile of competing demands such as K-12 education, higher education, and social welfare.

I served as the Acting Secretary of the Kansas Department of Wildlife and Parks when it was created under Governor Mike Hayden. I served again as Acting Secretary of the Department under Governor Graves and led the national search that led to recruitment of Steve Williams as permanent Secretary. When the Department was formed in 1987, the State General Fund support for our state parks was 57 percent of the total park budget. Today, that has declined to 19 percent.

The 2002 Kansas Legislature created the Kansas Natural Resources Legacy Alliance, which was then signed into law by Governor Bill Graves. The charge to the Alliance was to develop a vision for the future of the state's natural resources. The Governor and Legislative leadership appointed the fifteenmember Alliance. Sheila Frahm served as Chair of the Alliance and I served as Vice Chair. In addition to the Alliance members, a number of agency heads as well as a representative of the Kansas Farm Bureau and the Kansas Livestock Association served in an advisory capacity to the Alliance. The efforts of the Alliance were to identify current and future natural resource issues confronting Kansas, identify potential impacts associated with these resource issues, and identify interest groups affected by these issues.

Through a series of public hearings throughout the state, a number of natural resource issues were identified and studied during the year and a half efforts of the Alliance. In January of 2004, all legislators received a copy of the Alliance's Final Report that included a number of recommendations to enhance management and protection of our state's natural resources. Among the issues identified was the need for enhanced and dedicated funding for natural resource programs. The Alliance recognized that there was not going to be one "silver bullet" that would answer all the natural resource funding needs, but rather that a variety of funding mechanisms needed to be explored to establish more sustainable funding sources for the various natural resource needs. While the Alliance did not propose the outdoor recreation registration fee proposed in SB 87, the proposed fee is consistent with the recommendations for a variety of dedicated funding mechanisms.

While I might wish otherwise, given the pressures that you are under for education, social welfare and other priority program funding, realism tells me State General Fund support for our state parks is not going to improve significantly. Yet, our state parks make a significant contribution to the enjoyment of our state by residents and non-residents alike, and also to our economy. We may have or will soon reach a point at which raising the current park user fees is a losing proposition. SB 87 provides for a refund for those who so choose, but my guess would be that in many cases, it will provide an incentive for Kansas residents to utilize and enjoy our parks who in the past have not taken the initiative to get a annual park permit. I urge your support of SB 87, and I thank you for the opportunity to express my views on this issue. Thank you for any consideration you can give in this matter.

Senate Ways and Means 02-22-05 Attachment 18

### UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

#### Charles A Henry Director of Revenue/Treasury

710 North 7<sup>th</sup> Street Kansas City, Kansas 66101

Phone: (913) 573-2823 Facsimile: (913) 573-2890

#### TESTIMONY COMMITTEE ON WAYS AND MEANS SENATE BILL 87

February 22, 2005

Senator Dwayne Umbarger, Chairman, and Members

I am submitting testimony to this Committee to indicate opposition by the Unified Government of Wyandotte County/Kansas City, Kansas Treasurer's Office to Senate Bill 87.

My opposition to the bill is on several fronts and each will be addressed in this testimony.

- 1. In general, a philosophy previously existed that user fees would be established to assist in paying for costs related to a desired activity, such as driving. That is the basis for the vehicle registration fee. The money generated by vehicle registrations is used to pay for the cost of processing the paperwork and producing the plates/decals. The addition of a fee on vehicle registrations to pay for parks is a departure from the concept of user fees.
- 2. Very few counties in Kansas generate sufficient revenue from their share of the vehicle registration fee to pay for the costs associated with the work. In particular, my operation generated \$756,428 in revenue to be used to pay for the costs of processing registrations and still had to use \$109,037 from the County General Fund to pay costs not covered by the revenue. If the fee for a registration is to be increased, it should be increased to support the local counties.
- 3. The clerks serving the taxpayers either in person or over the telephone will unceasingly hear that the taxpayer does not use the parks and does not want to pay \$5 per vehicle so that others in the state can use them for free. The taxpayer will view it is an issue that is not treating them fairly.
- 4. The appropriate service level in this office would require the establishment of an easy process to assist the taxpayers in retrieving their \$5. We would establish a system where every taxpayer would have the opportunity to apply for the refund before they leave our office.
- 5. Once the first special purpose plate was issued, there has been an annual progression of new special purpose plates. Once the first add-on fee is added to vehicle registrations, would we see an annual progression of new add-on fees for other worthwhile purposes such as schools, prisons, judiciary, and other costs currently funded by the state general fund?
- 6. The implementation of this fee would come right after the repeal of the sales tax law which was enforced by County Treasurers starting last year. The sales tax law came about immediately after we required property taxes be paid on May 10 instead of June 20. Taxpayers are finding it more and more angering to deal with the Treasurer's Office in the various counties because they always must dig deeper to help bail someone out.

Mr. Chairman, I respectfully request that this legislation <u>not</u> be advanced from this committee for further action.

Chairman Umbarger, Vice-Chairman Emler, ladies and gentlemen of the committee.

My name is Marvin Stous. I represent the Kansas Camper's Association. Our parent organization is Family Campers & Rvers, formerly known as National Campers & Hikers Association.

I come this morning to voice our opposition to Senate Bill #87 because we feel that the Department of Wildlife & Parks is attempting to increase their funds by a back door method. This would be a \$5 added fee on every motor vehicle & RV in the state. I realize that State General Funds, the Departments major source of revenue, is tax money that all Kansas taxpayers contribute to. In State General Funds, it is published in budget request & appropriations for review by any member of the public who chooses to do so. This new means of financing would also be of public record, but a more intensive search would be required to obtain the number or dollars involved. As I read this bill there is a provision for a refund if the person who hold title to the vehicles, does not use the State Parks or other areas the Secretary may designate. But his refund cannot be claimed or at least realized until after July 1 of the following calendar year. I believe that the Department hopes & expects a good number of claimants will forget to do so.

The Department seems to delight in stating to the citizens of the state that they are continually short of finances, but at the same time they are adding to their holdings. I believe at this very time they are in the process of buying a large parcel of land from the city of Hays, Kansas. What I can find out about this is that Hays is a very willing seller and will be glad to unload the property, known as Circle K Ranch. The Department is requesting 1 full time position to mange this property. Also right here in Shawnee

County they are requesting funding for 1 full time position to manage the Shawnee Park #24, which is part of the former Menninger Foundation property. I read that Shawnee Park #24, for want of a better name, is to be a day use park only. This would have no camping facilities so, with only hiking, picnicking, bird watching, and river access no revenue would be produced. My understanding is that Circle K also would be a non-producer of revenue. Hiking and wildlife viewing are very much to be commended, but they do not repay the Department for any construction or enhancement that it may provide for these activities.

I quote from the Holton Recorder dated December 31, 2003, Vol. 136, Issue 105, an article of the year in review, under the heading January. "The Department of Wildlife & Parks awarded a grant of up to \$175,000.00 to Jackson County for construction of a hiking and biking trail at Banner Creek Reservoir. The trail will be 16 miles long, it was reported, and most of the trail is located on the south side of the reservoir." I am sure that this was not the only grant for this or related non-revenue producing activities.

May I remind you that campers pay an entry fee into a state park, PLUS a camping fee, PLUS a fee for each utility per site whether they use that utility or not. As an organization that is state wide in resident membership, we would advocate that money collected by a park stay at that park for its use at that locality.

For these reasons, we believe that Senate Bill #87 should not be acted on favorably.

Thank you.

### THE KANSAS CONTRACTORS ASSOCIATION, INC.

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Testimony

By the Kansas Contractors Association
before the Senate Ways and Means Committee

regarding SB 87...a measure funding Wildlife and Parks

February 22, 2005

Mr. Chairman and members of the Senate Ways and Means Committee, I am Bob Totten, Public Affairs Director for the Kansas Contractors Association. Our organization represents over 400 companies who are involved in the construction of highways and water treatment facilities in Kansas and the Midwest.

Today, I want to thank you for allowing me to testify in opposition to Senate Bill 87. Our members are very concerned with this measure as we believe it would open up an opportunity to use registration fees not only for the funding of Wildlife and Parks but potentially other agencies of state government.

Traditionally, registration fees have been used to fund transportation programs in Kansas with a very minor portion, 75 cents being paid to the county treasurers to defray costs associated with the collection of those fees. Our members think the

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Kansas City, Missouri

proposal by the Wildlife and Parks is a diversion of transportation funds for the support of one agency and we oppose such diversion.

User fees should be used to support the funding of state programs. In the transportation arena, user fees are the basis of almost all of the funding of the highway program. Fuel taxes, registration fees, and even the sales taxes collected are related to those who use the roads. In the case of sales taxes, much of those are earmarked for roads is based on the sales of vehicle related purchases.

Wildlife and Parks provide a necessary benefit for many of our citizens but putting the burden of one agency not associated with transportation on all of the 1.5 million automobiles registered in Kansas is incorrect.

For example, my 85-year-old mother has a car and drives the streets and roads of Kansas but she has not ventured into a state park in about 20 years. Why should she pay for something she is not going to use?

In reviewing the national park system schedule of fees, we note that at Fort Scott there is a daily charge of \$3; Fort Larned has a similar fee while some of the other historic sites in Kansas are fee. From a national perspective, The Great Sand Dunes in SE Colorado charges \$3, the Rocky Mountain National Park charges \$20 and the Grand Canyon is \$20...whereas at Mesa Verde the charge is \$10.

If the federal government uses a fee system, why shouldn't the state of Kansas? We urge the agency to review an increase in park fees so that the users of the parks are the ones that are charged for their use.

We realize the Wildlife and Parks department may need the additional funding and one bill that comes to mine that might help in this area is in The House transportation committee this afternoon. The proposal, HB 2106 calls for an advertising fee be paid for the publishing pf the Highway transportation map. Maybe this is not the best policy of the state, however it could be a revenue source and since the parks are highlighted in this brochure maybe the proceeds from that type of advertising should be redirected to the Wildlife and Parks Department.

I thank you for your time this morning and will be glad to answer your questions.



300 SW 8th Avenue Topeka, Kansas 66603-3912 Phone: (785) 354-9565

Fax: (785) 354-4186

League of Kansas Municipalities

To:

Senate Ways and Means Committee

From:

Don Moler, Executive Director

Re:

Opposition to SB 87

Date:

February 22, 2005

First I would like to thank the Committee for allowing the League to appear today in opposition to SB 87. At the top of my testimony I would like to state for the record that the League has been and continues to be a very strong proponent of parks and recreation in Kansas. Our opposition to SB 87 is in no way, shape, or form predicated on a problem with the Kansas Department of Wildlife and Parks (KDWP) or the continued public funding of these activities. What we are opposing is the funding mechanism which has been suggested in SB 87.

At the request of an official from KDWP the League Governing Body, at its meeting of January 26<sup>th</sup>, 2005, considered the proposal to place a \$5 fee on virtually every motor vehicle in Kansas for the purpose of funding parks. After running the KDWP legislative proposal by the League Governing Body, and after a 10 or 15 minute discussion, the League Governing Body voted unanimously to oppose the legislation on the basis that: (1) a fee on the registration of motor vehicles is not related to state park usage; (2) funding for KDWP should could come out of the State General Fund and parks user fees; and (3) that the State fees should not be attached to locally collected fees or taxes when the relationship is tenuous at best. The League Governing Body also voiced concerns that this would be just the first of many state agency fees which would be added at the local level when the state is unwilling to sufficiently fund a state agency.

In a nutshell, while motor vehicles are used to access public parks in Kansas, we would point out that motor vehicles are used to access virtually all other activities in the State of Kansas. It seems to us that the State should not abdicate its financial responsibility to provide a strong and healthy public park and recreation system for the State of Kansas. As a result it should be enough of a priority for the State of Kansas to fund parks at a level, that when tied to admittance fees, will guarantee that an adequate level of funding can be achieved. Thank you for allowing me to testify today on behalf of the League. I will be happy to answer any questions the Committee may have concerning our opposition to SB 87.



## KANSAS MOTOR CARRIERS ASSOCIATION

P.O. Box 1673 ■ Topeka, Kansas 66601-1673 ■ 2900 S. Topeka Blvd. ■ Topeka, Kansas 66611-2121 Telephone: (785) 267-1641 ■ FAX: (785) 266-6551 ■ www.kmca.org

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TOM WHITAKER Executive Director Legislative Testimony
before the
Senate Ways and Means Committee
Senator Dwayne Umbarger, Chairman
Tuesday, February 22, 2005

## MR. CHAIRMAN AND MEMBERS OF THE SENATE WAYS AND MEANS COMMITTEE:

I am Tom Whitaker, executive director of the Kansas Motor Carriers Association. I appear here this morning representing our more than 1,200 member companies in opposition to Senate Bill No. 87.

SB 87 increases the vehicle registration fee by \$5.00 for all motorcycles, motorized bicycles, passenger vehicles, recreational vehicles and regular trucks with a gross weight of 16,000 lbs. The bill provides for a refund of the \$5.00 fee upon application to the Secretary of Revenue. I submit that it will cost the Department of Revenue more than \$5.00 to process the refund application and issue a refund check. In addition, the bill would allow any Kansas registered vehicle entrance to state parks whether or not a refund of the \$5.00 fee has been made.

Vehicle registration fees are a "highway user fee" and not a "parks user fee." KMCA believes that SB 87 erodes a possible future funding source for the next comprehensive transportation plan. We ask the Committee not to start down the path of diverting highway user dollars.

SB 87 will force businesses that operate fleets of small vehicles to spend time and money requesting refunds for vehicles that will never enter a state park. Those fleets include package delivery companies, towing and recovery companies, your local plumber, small utility trucks and many others.

KMCA opposes SB 87. We ask that the Senate Ways and Means Committee report SB 87 unfavorable. Thank you for the opportunity to appear before you this morning. I would be pleased to respond to any questions you may have.

Testimony
of
Patrick J. Hurley
on behalf of
Economic Lifelines
on
Senate Bill 87

Presented to the Senate Ways and Means Committee

February 22, 2005

Mr. Chairman and Members of the Committee:

I am Pat Hurley and I am appearing on behalf of Economic Lifelines to express our concerns about the funding provisions in Senate Bill 87.

As you know, Economic Lifelines is a broad, statewide coalition of associations and organizations who have been actively instrumental in the passage of both the 1989 Comprehensive Highway Program and the 1999 Comprehensive Transportation Program and protection of the funding for the same.

Our members concerns about Senate Bill 87 relate exclusively to the funding provision in this bill, which would increase vehicle registration fees for all motorcycles, motorized bicycles, passenger vehicles, recreational vehicles or trucks, which are registered for a gross weight of 16,000 pounds or less. The bill would increase the current registration fee by an amount of five dollars per registration or renewal.

Our concerns in regard to this funding mechanism are two-fold.

Our first concern is that, to the best of our knowledge, historically vehicle registration fees and motor fuel taxes have always gone exclusively to the State Highway Fund. Increases in both vehicle registration fees and motor fuel taxes were major components of the funding for both the 1989 and 1999 programs.

In Article 11, Section 10 of the Kansas Constitution it is expressly provided that

"The state shall have power to levy special taxes, for road and highway purposes, on motor vehicles and on motor fuels."

Historically that provision has always been interpreted to mean that those two revenue sources were both special taxes and could constitutionally only be used for road and highway purposes.

We believe that to begin to increase either of these revenue sources for purposes other than roads and highways not only violates the Constitution but could open a Pandora's box by utilizing these funding sources for purposes other than roads and highways under the guise of calling them "fees" rather than "taxes".

Such action could seriously impede the ability of the state in the future to increase either of these sources for future transportation programs.

The second concern of our members is strictly the legal issue of whether this increase, while characterized as a "fee" in Senate Bill 87, is in fact a tax as characterized in the constitutional provision.

A review of a case law in Kansas and other states clearly indicates that the Courts have always held that when such an assessment is made on all citizens (in this case everyone owning a vehicles) for the purpose of raising revenue it is a tax. It would therefore be limited to its exclusive constitutional purpose.

These Cases have distinguished between taxes and fees and traditionally characterize fees as being imposed on a limited number of persons who receive the direct benefit of regulation from the agency so imposing the fee (professional license fees, etc.).

It appears clear to Economic Lifelines that the so-called "registration fee" provided for in SB87 is in fact a special tax. It would thereby appear to violate Article 11, Section 10 of the Kansas Constitution by being used for Wildlife and Parks purposes.

We therefore urge the Committee to find a different source of funding for Wildlife and Parks, which does not limit or impair the ability of the Kansas Department of Transportation to raise this traditional revenue sources in the future for the Constitutionally intended and limited purpose of roads and highways.

You are here: Information Desk >> State Docs >> Kansas State Constitution >> Article Eleven

## Constitution of the State of Kansas

#### Article 11. -- FINANCE AND TAXATION

§ 1: System of taxation; classification; exemption. (a) The provisions of this subsection shall govern the assessment and taxation of property on and after January 1, 1993, and each year thereafter. Except as otherwise hereinafter specifically provided, the legislature shall provide for a uniform and equal basis of valuation and rate of taxation of all property subject to taxation. The legislature may provide for the classification and the taxation uniformly as to class of recreational vehicles, as defined by the legislature, or may exempt such class from property taxation and impose taxes upon another basis in lieu thereof. The provisions of this subsection shall not be applicable to the taxation of motor vehicles, except as otherwise hereinafter specifically provided, mineral products, money, mortgages, notes and other evidence of debt and grain. Property shall be classified into the following classes for the purpose of assessment and assessed at the percentage of value prescribed therefor:

Class 1 shall consist of real property. Real property shall be further classified into seven subclasses. Such property shall be defined by law for the purpose of subclassification and assessed uniformly as to subclass at the following percentages of value:

- (1) Real property used for residential purposes including multi-family residential real property and real property necessary to accommodate a residential community of mobile or manufactured homes including the real property upon which such homes are located: 11 1/2%
- (2) Land devoted to agricultural use which shall be valued upon the basis of its agricultural income or agricultural productivity pursuant to section 12 of article 11 of the constitution: 30%
- (3) Vacant lots : 12%
- (4) Real property which is owned and operated by a not-for-profit organization not subject to federal income taxation pursuant to section 501 of the federal internal revenue code, and which is included in this subclass by law: 12%
- (5) Public utility real property, except railroad real property which shall be assessed at the average rate that all other commercial and industrial property is assessed: 33%
- (6) Real property used for commercial and industrial purposes and buildings and other improvements located upon land devoted to agricultural use: 25%
- (7) All other urban and rural real property not otherwise specifically subclassified : 30%

Class 2 shall consist of tangible personal property. Such tangible personal property shall be further classified into six subclasses, shall be defined by law for the purpose of subclassification and assessed uniformly as to subclass at the following perc entages of value:

(1) Mobile homes used for residential purposes: 11 1/2%

ratified by a majority of all the votes cast at such general election, then it shall be the duty of the legislature next after such election to enact such law and create such debt, subject to all the provisions and restrictions provided in the preceding section of this article.

- § 8: Borrowing money by state. The state may borrow money to repel invasion, suppress insurrection, or defend the state in time of war; but the money thus raised, shall be applied exclusively to the object for which the loan was a uthorized, or to the repayment of the debt thereby created.
- § 9: Internal improvements; state highway system; flood control; conservation or development of water resources. The state shall never be a party in carrying on any work of internal improvement except that: (1) It may adopt, co nstruct, reconstruct and maintain a state system of highways, but no general property tax shall ever be laid nor general obligation bonds issued by the state for such highways; (2) it may be a party to flood control works and works for the conservation or development of water resources; (3) it may, for the purpose of stimulating economic development and private sector job creation in all areas of the state, participate in the development of a capital formation system and have a limited role in such system through investment of state funds authorized in accordance with law; (4) it may be a party to any work of internal improvement, whenever any work of internal improvement not authorized by (1), (2) or (3) is once authorized by a separate bill passed by th e affirmative vote of not less than two-thirds of all members then elected (or appointed) and qualified to each house, but no general property tax shall ever be laid nor general obligation bonds be issued by the state therefor; and (5) it may expend funds received from the federal government for any public purpose in accordance with the federal law authorizing the same.
- § 10: Special taxes for highway purposes. The state shall have power to levy special taxes, for road and highway purposes, on motor vehicles and on motor fuels.
- § 11: Taxation of incomes; adoption of federal laws by reference. In enacting any law under section 2 of this article 11, the legislature may at any regular, budget or special session define income by reference to or otherwise ad opt by reference all or any part of the laws of the United States as they then exist, and, prospectively, as they may thereafter be amended or enacted, with such exceptions, additions or modifications as the legislature may determine then or thereafter at any such legislative sessions.
- § 12: Assessment and taxation of land devoted to agricultural use. Land devoted to agricultural use may be defined by law and valued for ad valorem tax purposes upon the basis of its agricultural income or agricultural productivit y, actual or potential, and when so valued such land shall be assessed at the same percent of value and taxed at the same rate as real property subject to the provisions of section 1 of this article. The legislature may, if land devoted to agricultural u se changes from such use, provide for the recoupment of a part or all of the difference between the amount of the ad valorem taxes levied upon such land during a part or all of the period in which it was valued in accordance with the provisions of this se ction and the amount of ad valorem taxes which would have been levied upon such land during such period had it not been in agricultural use and had it been valued, assessed and taxed in accordance with section 1 of this article.

You are here: Information Desk >> State Docs >> Kansas State Constitution >> Article Eleven

## Constitution of the State of Kansas

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- (2) Land devoted to agricultural use which shall be valued upon the basis of its agricultural income or agricultural productivity pursuant to section 12 of article 11 of the constitution: 30%
- (3) Vacant lots: 12%
- (4) Real property which is owned and operated by a not-for-profit organization not subject to federal income taxation pursuant to section 501 of the federal internal revenue code, and which is included in this subclass by law: 12%
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- (6) Real property used for commercial and industrial purposes and buildings and other improvements located upon land devoted to agricultural use: 25%
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(1) Mobile homes used for residential purposes: 11 1/2%

02/22/2005

ratified by a majority of all the votes cast at such general election, then it shall be the duty of the legislature next after such election to enact such law and create such debt, subject to all the provisio ns and restrictions provided in the preceding section of this article.

- § 8: Borrowing money by state. The state may borrow money to repel invasion, suppress insurrection, or defend the state in time of war; but the money thus raised, shall be applied exclusively to the object for which the loan was a uthorized, or to the repayment of the debt thereby created.
- § 9: Internal improvements; state highway system; flood control; conservation or development of water resources. The state shall never be a party in carrying on any work of internal improvement except that: (1) It may adopt, co nstruct, reconstruct and maintain a state system of highways, but no general property tax shall ever be laid nor general obligation bonds issued by the state for such highways; (2) it may be a party to flood control works and works for the conservation or development of water resources; (3) it may, for the purpose of stimulating economic development and private sector job creation in all areas of the state, participate in the development of a capital formation system and have a limited role in such system through investment of state funds authorized in accordance with law; (4) it may be a party to any work of internal improvement, whenever any work of internal improvement not authorized by (1), (2) or (3) is once authorized by a separate bill passed by th e affirmative vote of not less than two-thirds of all members then elected (or appointed) and qualified to each house, but no general property tax shall ever be laid nor general obligation bonds be issued by the state therefor; and (5) it may expend funds received from the federal government for any public purpose in accordance with the federal law authorizing the same.
- § 10: Special taxes for highway purposes. The state shall have power to levy special taxes, for road and highway purposes, on motor vehicles and on motor fuels.
- § 11: Taxation of incomes; adoption of federal laws by reference. In enacting any law under section 2 of this article 11, the legislature may at any regular, budget or special session define income by reference to or otherwise ad opt by reference all or any part of the laws of the United States as they then exist, and, prospectively, as they may thereafter be amended or enacted, with such exceptions, additions or modifications as the legislature may determine then or thereafter at any such legislative sessions.
- § 12: Assessment and taxation of land devoted to agricultural use. Land devoted to agricultural use may be defined by law and valued for ad valorem tax purposes upon the basis of its agricultural income or agricultural productivit y, actual or potential, and when so valued such land shall be assessed at the same percent of value and taxed at the same rate as real property subject to the provisions of section 1 of this article. The legislature may, if land devoted to agricultural u se changes from such use, provide for the recoupment of a part or all of the difference between the amount of the ad valorem taxes levied upon such land during a part or all of the period in which it was valued in accordance with the provisions of this se ction and the amount of ad valorem taxes which would have been levied upon such land during such period had it not been in agricultural use and had it been valued, assessed and taxed in accordance with section 1 of this article.

2627 KFB Plaza, Manhattan, Kansas 66503-8508 • 785-587-6000 • Fax 785-587-6914 • www.kfb.org 800 SW Jackson St., Suite 1300, Topeka, Kansas 66612-1219 • 785-234-4535 • Fax 785-234-0278

# Kansas Farm Bureau POLICY STATEMENT

## Senate Ways and Means Committee

Re:SB 87, An Act relating the Kansas Department of Wildlife and Parks, Parks Fee Fund

February 22, 2005
Submitted by:
Steve M. Swaffar
Director of Natural Resources

Chairman Umbarger and members of the committee, thank you for this opportunity to provide testimony today in opposition to Senate Bill 87. I am Steve Swaffar, Director of Natural Resources for the Kansas Farm Bureau. KFB is the state's largest general farm organization representing more than 40,000 farm and ranch families through our 105 county Farm Bureau Associations. KFB understands the important resource the States parks provide to the citizens of Kansas, however we believe SB 87 imposes a passive form of income tax on our farmer and rancher members and the citizens of Kansas who own and register vehicles. Although the bill does provide for a refund mechanism similar to income tax, the bill leaves doubts that all citizens who desire a refund will be adequately informed by county treasurer's offices of the refund option. This is particularly troubling for those individuals who pay their annual registration fees via the U.S. mail and may receive notification of the refund option exclusively through the annual registration billing statement.

It appears the Department is anticipating partially funding the Parks fee fund through the active support of Kansans who regularly use State parks and from individuals who don't use the parks but want to provide philanthropic support. However, it also appears the Department is anticipating supporting the fund through the indifference of the citizens of Kansas, and a more troubling notion, the lack of knowledge by Kansans of the refund option. We have no doubt the Department will make every effort within their means to make the refund option known, but with vehicle registrations administered through county offices and through the mail, we're skeptical the information will be apparent to the majority of Kansans. Additionally, the fee will impose a greater responsibility for support of State parks on individuals and businesses that own and operate multiple

vehicles. We believe this is not the appropriate way to generate support for funding of State parks.

As you consider this bill we also request you analyze the potential impact on senior citizens. Many of our older citizens may still own and register vehicles, yet they depend on others to conduct their personal business. If these senior citizens do not directly inform their business managers or family member to request a refund, then they may be paying into the parks fee fund unwittingly.

We understand that our State parks are an important resource the citizens of Kansas. The park system has had financial difficulties in the recent past because of reductions in State General Fund contributions and increased costs of running the parks. However, we don't feel the mechanism provided in SB 87 is the right solution. Therefore we would like to offer some alternatives for the committee to consider as you discuss and debate this bill.

One alternative is to provide an option for the \$5.00 contribution at the time of vehicle registration, similar to the Chickadee Check-off currently provided on State income tax forms. This would allow those individuals who truly want to financially support our State parks to make that contribution, but would not require a refund request from those who chose not to contribute. It is likely under this type of system a need would still exist for annual park permits and daily use fees, but it might provide the extra income needed to sustain the services provided in State parks.

Another option would be to scale the cost of annual and daily user fees based on park usage. In other words, the parks that are used most frequently would support a greater proportion of the total costs to run all of the parks. This could be done based on the number of user days, occupancy rates, or facilities provided. This type of system would require the greatest amount of support from the highest use parks and the users that have the highest number of visitations.

As a final option we suggest for looking for efficiencies in providing park services. Perhaps there are parks that don't need to be open all year around based on low occupancy rates; there may be parks services like maintenance that can be scaled back while financial times are tight; or there maybe options for shared services between parks located close together. I suspect the Department has already looked at some or all of these possibilities, but the Committee should consider the Department's findings as you debate the merits of this bill. We request that you not pass SB 87, as written, out of committee and look to other alternatives for funding our State park system.

Thank you for this opportunity to provide testimony.

Kansas Farm Bureau represents grassroots agriculture. Established in 1919, this non-profit advocacy organization supports farm families who earn their living in a changing industry.



Nancy Weeks Haskell County Treasurer

TO:

Senate Ways and Means Committee

FROM:

Nancy Weeks, Haskell County Treasurer and Chair of KCTA

Legislative Committee

DATE:

February 22, 2005

RE:

\$5.00 registration fee for Wildlife and Parks

Senator Dwayne Umbarger, Chairman and Members of the Committee

My name is Nancy Weeks. I am the Haskell County Treasurer and Chair of the KCTA Legislative Committee.

I appear before you today to express a number of concerns County Treasurer's have with Senate 87. I want to make it perfectly clear that we support Wildlife and Parks and the many recreational activities provided to Kansans and visitors to our State. We share the same concerns that our parks and recreation areas need to be maintained and improved to enhance our quality of life.

As Treasurers, our concern deals with the funding of recreational facilities using the motor vehicle registration process. We have just subjected many motor vehicle owners to an ill planned sales tax on individual car sales. Now we will be asking thousands of motor vehicle owners to pay an additional registration fee for a service they do not use and may never use. The fact there will be a refund option probably will encourage the feeling and the comments that this is a typical government ploy as few payers will go through the trouble to apply to get their money back.

The refund provision concerns me even though we would not be making the refunds but what will the cost be to the state to refund \$5.00? A possible solution would be to give the customer the option of paying the \$5.00 when they are buying a tag. Those who choose to pay the \$5.00 need to be given a sticker to put on their vehicle. Without a sticker, it will not take people long to figure out they can get the refund and still use the park because they will have nothing to show they got the refund. You would have individuals using the parks that had not paid to do so.

Part of the fee for registering a vehicle reflects the cost of providing that service. At the present time the program we refer to as VIPS (Vehicle Information Processing System) to register and title vehicles was written in 1987 and needs to be totally rewritten. In 18 years the changes and updates have been for those items that passed in the legislative session. Every time the state sends us a download we have problems with VIPS.

There are a number of counties that are subsidizing the funding of the Motor Vehicle Operations to provide the services necessary to carry out a state function. We could also use additional funding.

Funding of parks is a very worthwhile endeavor but there is also a great need to fund education and other important programs.

County Treasurers provide a valuable service to the State of Kansas by being custodians of the titling and registration services at the county level. We welcome that responsibility. Unfortunately, our equipment is in need of upgrading and our software has been patched to death. If the legislature imposes a \$5.00 fee for whatever reason, we would ask you to consider adding \$1.50 and dedicating it to upgrading our hardware and software.

I hope you will consider some of the information I have provided you when you work this bill. Thank you for your time, I would be happy to answer any questions you might have.



#### **Testimony on SB 87**

Senate Ways and Means Committee Randall Allen, Executive Director Kansas Association of Counties February 22, 2005

Chairman Umbarger and members of the committee, I am Randall Allen, Executive Director of the Kansas Association of Counties. I appreciate the opportunity to submit neutral testimony on SB 87, enacting a \$5 annual outdoor recreation registration fee as a way of shoring up financing for our state park system, as well as allocating \$1 of the \$5 to a Local Government Outdoor Recreation Grant Program Fund.

Our membership did not consider or take a position on this proposed legislation at our annual conference last November. Last week, our Legislative Policy Committee met to discuss SB 87 and whether the Association wanted to take a position – one way or another. After considerable discussion, the committee directed us to convey the following position:

- 1) It is a priority of the KAC that adequate funding for our state parks be found.
- 2) As a public policy matter, counties are not exuberant about tacking a fee on to vehicle registrations for the purpose of funding state parks, and we have some question about the suitability of implementing a fee on motor vehicles to finance park operations and improvements.
- 3) The software and equipment in county treasurers' offices used to collect registration fees, which would include the new \$5 fee, is antiquated and in serious need of updating. It is our understanding that the software dates back to 1987, and the computers and printers in many treasurers' offices are fragile as is, before introducing new changes. If such a fee as envisioned in SB 87 moves forward, we respectfully ask that the committee consider providing funding to upgrade the software and hardware used by county treasurers to collect vehicle registration fees. The exact amount of an additional fee to finance such improvements is not known, but one estimate provided to us suggested that an additional \$1.50 per vehicle registration would be necessary to address current needs.
- 4) We recognize the tremendous value that our state parks provide to Kansans and visitors to our state. We do not want to be obstructionists to progress, as we know the value that parks bring to our state and our attractiveness to current and future residents and visitors. As such, we want to be part of a fair, sustainable solution.

Thank you for the opportunity to submit testimony. I will stand for questions if you have any.

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# FLINT OAK

RR 1. Box 262 Fall River, KS 67047-9515 (620) 658-4401 Fax (620) 658-4806

February 8, 2005

The Honorable Dwayne Umbarger Chairman, Senate Committee on Ways and Means State Capitol Building, Room 120-S Topeka, Kansas 66612

Ref: SB 87

I believe that our Kansas State Parks are an untapped resource that has hardly been called on as an asset.

My observation is that our state parks are being treated as the stepchild that never gets a pair of new shoes when it comes to budgeting matters.

The biggest problem that most businesses face is recurring problems that seem to have no solution. This bill will solve a funding problem for Kansas's parks that has never had a solution until now. The state general fund will no longer be required to make up the loss deficit from parks.

If this bill passes, every Kansan who buys a license tag will own a permit to look over and explore any of the twenty-four parks they choose (and the funds should be adequate to provide some promotional publicity encouraging us to visit our parks, too). Towns around the parks will benefit from tourism revenue generated by Kansas' travelers, which, in turn, will generate sales tax revenues that benefit both state and local levels. Tourism is an important part of our business. Kansas's residents accounted for about half of the \$300,000 in sales tax revenue collected by Flint Oak in 2004.

And if a Kansan feels this additional fee creates a financial hardship, or that he simply does not want to support the parks, he can request a refund, which should overcome the one potential objection. What a win-win situation!

I strongly urge the legislature to approve this bill. I believe it is in the best interest of all Kansans.

Sincerely,

Ray Walton

Ray Walton Se Owner, Flint Oak



February 8, 2005

Senator Dwayne Umbarger, Chairman Senate Ways and Means Committee Capital Building 300 SW 10<sup>th</sup> Avenue Topeka, KS 66612-1504

Dear Senator Umbarger and Committee Members:

We would like to encourage you to support Senate Bill 87 which provides for funding of the State Parks through a \$5 vehicle outdoor recreation registration fee.

The KTC is a non-profit organization which is dedicated to promoting the development and enjoyment of Kansas trails. Our members and volunteers spend thousands of hours annually developing, maintaining and using trails throughout the state.

Because many of our trails are located in State Parks we work closely with State Park managers across the state. As a result, we are keenly aware of the need to fully fund the State Park system. We believe that Senate Bill 87 will provide adequate funding and make the State Park system more competitive and accessible to all Kansans.

Presently, the State Parks are at a competitive disadvantage with nearby parks managed by the Army Corps of Engineers at our many reservoirs around the State. State Park visitors must pay a daily or annual permit fee while many Corps of Engineer Park areas are accessible with no fees or permits. Senate Bill 87 would allow State Park visitors with Kansas license tags to enter State Parks without a daily or annual permit, thus eliminating this competitive disadvantage. In addition, State Park camping and special use fees will likely increase because of the increased park usage which will result from the elimination of daily and annual permit fees.

We also believe that designating \$1 of the \$5 fee to fund the local government outdoor recreation grant program will enable the investment in outdoor resources which will attract increasing numbers of visitors to our State Parks. We believe that this is a prudent investment in our natural infrastructure that will generate significant economic returns.

We hope you will support Senate Bill 87.

Sincerely,

Michael W. Goodwin, President

Michael W. Gradin

Kansas Trails Council, Inc.

3819 SE 31<sup>st</sup> Street

Topeka, KS 66605

785-266-6218