

SESSION OF 2025

**SUPPLEMENTAL NOTE ON SUBSTITUTE FOR HOUSE
BILL NO. 2346**

As Recommended by House Committee on
Commerce, Labor and Economic Development

Brief*

Sub. for HB 2346 would establish the Kansas Sports Tourism Grant Program (Program) to be administered by the Secretary of Commerce (Secretary). The purpose of the Program would be to provide grants to tourism or sports-related organizations to support and enhance sports tourism events held in Kansas through the Kansas Sports Tourism Program Grant Fund (Fund).

Kansas Sports Tourism Grant Program

The bill states the purpose of the Program is to provide matching grants to tourism or sports-related organizations to support and enhance sports tourism events held in Kansas. Such grants would be awarded as a pledge conditioned on the event's economic impact and matched on a dollar-for-dollar basis with funds from one or more sponsors.

Applications

Grant applicants would be required to submit an application to the Secretary in a form and manner as set by the Secretary. The Secretary could charge a fee for the purpose of compensating the Secretary for Program administration costs.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <https://klrd.gov/>

Applicants would be required to provide the Secretary with information, including, but not limited to, the estimated economic impact and number of hotel beds consumed. Such impact and hotel bed consumption would be estimated using the Destinations International Event Impact Calculator. The Secretary may assist an applicant in obtaining such information and using the calculator.

Applications would be required to include a written explanation of the applicant's purpose in applying for the grant and how the grant would grow sports tourism in the applicant's community, region, or the state.

Grant Sponsorship

The Secretary would be required to require applicants who are event owners to obtain grant sponsorship. The Secretary could require such grant sponsorship be the sports commission, city commission, recreation commission, destination marketing organization, or municipality for the community hosting the event.

All events would be required to be held in Kansas to be eligible for a grant, and may be a new planned event or an existing recurring event.

Awarding Grants

If the Secretary determines that awarding a matching grant would further the Program's purposes, and the applicant meets the requirements, the Secretary may award a grant on a matching dollar-for-dollar basis to funds from a sponsor or sponsors. Grant awards must be made as a pledge conditioned on a post-event analysis and the grant funds would be provided after the event.

The final amount of the grant award would be determined by the Secretary on verified economic impact and

hotel nights generated by the event and the applicant's post-event report. The maximum grant amount would be limited to no more than 12.5 percent of the state sales tax generated from the local jurisdiction during the event's time period.

The Secretary of Revenue would be required to provide aggregate sales tax revenue information to the Secretary upon request for determining the grant's maximum amount. The final grant amount would be required to be awarded within 90 days after the event or at the time the maximum grant amount may be determined, whichever occurs later.

The final amount of the grant must be determined after the event by the Secretary upon review of the post-event report, the actual expenses of the event, and the application of the table provided in the bill. Such grant may be awarded up to the amount for the next higher economic impact and required consumed hotel nights level as set forth in the table.

Post-event Report

As a condition of receiving the grant, the bill would require an applicant to agree to provide a post-event report to the Secretary including an expense report with proof of payment of eligible expenses equal to at least the grant's amount, and an economic report that includes the:

- Event name;
- Event location;
- Event start and end dates;
- Total number of hotel rooms consumed in the local or regional Kansas market; and
- Such other information or data as may be required by the Secretary for the purposes of determining

the event's economic impact and preparing the Secretary's report to the legislature.

Program Limitations

The bill would prohibit grant funds being awarded to any project for reimbursement or payment for services or goods that are not competitively bid. The Secretary would be prohibited from awarding grants for projects directly involving:

- Major League Baseball;
- Major League Soccer;
- National Basketball Association;
- National Football League;
- National Hockey League;
- Professional women's soccer;
- International sporting events, including men's professional soccer;
- Established resident Kansas professional sports entities; and
- Kansas State High School Activities Association, private or public secondary schools, or private or public postsecondary colleges or universities.

Grant funds would be required to be used by the recipient for expenses identified in the application and approved by the Secretary, and may include:

- Official's travel and housing;
- Promotions and marketing;

- Site fees, fees for use of rights, or sanction fees;
- Renting equipment or flooring that is required to produce the event; or
- Funds for supporting a bid effort, if the applicant is the bid winner.

The Secretary would be prohibited from allowing the use of grant funds for:

- Building, renovating, or remodeling a facility or purchasing permanent equipment;
- Debts incurred by the applicant prior to the pledge of the grant;
- Printed programs that solicit advertisements;
- Hospitality or social functions for events outside the sports venue that include alcohol; or
- Expenses for travel outside of the county hosting the event.

Grant Funding

The bill would establish the Fund in the State Treasury to be administered by the Secretary. All moneys credited to the Fund would be required to be used by the Department for Program grants to applicants approved pursuant to this act. The bill would limit the aggregate total of awarded grants each fiscal year to \$1.5 million.

The bill would require, on July 1, 2025, or as soon thereafter, subject to appropriations, the Director of Accounts and Reports to transfer \$1.5 million from the Economic Development Initiatives Fund (EDIF) to the Fund. If such funds are insufficient to cover such transfer, the Secretary and the Director of the Budget would be required to jointly

certify the amount of such insufficient funds and transmit a copy of such certification to the Director of Legislative Research. Upon such receipt, the Director of Accounts and Reports would be required to transfer the certified amount from the State General Fund (SGF) to the Fund.

The bill would require, on July 1, 2026, and each July 1 thereafter, subject to appropriations, the Secretary to certify the amount of unencumbered funds in the Fund to the Director of Accounts and Reports. Upon receipt of such certification, if the amount certified is less than \$1.5 million, the Director would be required to transfer from the EDIF the amount that results in \$1.5 million in unencumbered funds in the Fund. If such funds are insufficient, the remaining funds would be transferred from the SGF following the same process identified above.

The Secretary would be authorized to reserve \$250,000 of the available funds for grants to projects in counties other than Johnson, Sedgwick, and Wyandotte.

Annual Report

The bill would require the Secretary to submit an annual report by January 1 of each year to:

- The House Committee on Commerce, Labor and Economic Development;
- The Senate Committee on Commerce; and
- The Legislative Coordinating Council.

Such report would be required to include the following information for the fiscal year ending the previous June 30 and all information available to the date of the report:

- Number of grants awarded;

- Economic impact generated in the aggregate and by each project;
- Number of hotel nights booked in Kansas in the aggregate, and by locality and region for each project;
- Total grant funds distributed and grant recipients and sponsors for each project;
- Qualified applicants whose projects were denied by the Secretary;
- For each event, the amount of state sales tax generated from the local jurisdiction during the event and the previous year's same time period;
- Amount of local sales tax generated during the event; and
- Amount of transient guest tax generated during the event.

Program Sunset

The Program would expire on June 30, 2030. All fund moneys and liabilities would be transferred to the SGF.

Background

The bill was introduced by the House Committee on Commerce, Labor and Economic Development at the request of a representative of Top Gun Events and Visit Overland Park.

House Committee on Commerce, Labor and Economic Development

In the House Committee hearing, **proponent** testimony was provided by representatives of Top Gun Events, Visit Overland Park, and Visit Shawnee. The proponents generally stated the bill would make Kansas more competitive in the sports tourism industry.

Neutral testimony was provided by a representative of Travel Industry Association of Kansas, who generally stated its members are proponents of sports tourism grants but they have not reviewed the proposed amended language.

No other testimony was provided.

The House Committee amended the bill to:

- Remove the Sports Tourism Grant Committee;
- Allow the Secretary to charge a fee for Program administration costs;
- Modify the application requirements, including event sponsorships;
- Require grant funds to be awarded after the post-event report determination and match funds on a dollar-for-dollar basis with sponsor funds;
- Modify the list of events and entities ineligible for application approval;
- Modify what data would be provided to the Secretary by the applicant in the post-event report;
- Reduce the aggregate amount of funds awarded and moneys transferred into the Fund; and

- Require the Secretary to provide an annual report to certain legislative committees and councils.

The House Committee recommended a substitute bill be passed to incorporate the amendments.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, the Department of Commerce states that it would require \$94,500 from the SGF for 1.00 Program Manager position to administer the Kansas Tourism Grant Program beginning in FY 2026. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2026 Governor's Budget Report*.

The Kansas Association of Counties and the League of Kansas Municipalities state enactment of the bill could increase local governments' revenues if there is an increase in events and tourism to the state.

Economic development; Sports tourism; Department of Commerce;