



# Travel Industry Association of Kansas

825 S Kansas, Suite 502 • Topeka, Kansas 66612 • 785.233.9465 • [www.tiak.org](http://www.tiak.org)

[marlee@brightcarpenter.com](mailto:marlee@brightcarpenter.com) • [natalie@brightcarpenter.com](mailto:natalie@brightcarpenter.com)

June 25, 2012

Franklin County Commissioners

Dear Commissioners,

My name is Natalie Bright and I represent the Travel Association of Kansas (TIAK), which is the leading voice for the Kansas tourism industry. At the invitation of our member, Kristi Lee, President/CEO of the Franklin County Convention & Visitors, I would like to take this opportunity to provide you with the legislative history of the Transient Guest Tax (TGT) and the parameters the Kansas Legislature has outlined for its intended purposes. Thank you for the opportunity to provide these written comments.

## **Statutory Review**

In 1977, the Kansas legislature authorized counties to impose a TGT, or in the alternative, authorized cities to impose a TGT if they are located within a county which has not imposed a TGT. This rule of law generally prohibits a county, and a city within that county, from both imposing a TGT. TGT's are levied upon the gross receipts derived from or paid directly or through an accommodations broker by transient guests for sleeping accommodations . . . in any hotel, motel or tourist court. The tax is based on gross rental receipts collected by any business or accommodations broker. Although the TGT is a local tax (imposed by cities or counties), it is, by law, administered by KDOR. Therefore, like sales tax, it is collected by hotels from their customers and remitted to KDOR periodically on forms provided by KDOR. Ninety-eight percent (98%) of the TGT is returned to the cities and counties for use in promoting tourism and conventions. The remaining 2% is kept by KDOR to offset the cost of administering the tax.

## **How may TGT be spent?**

All TGT revenues are earmarked for the "promotion of tourism and conventions" within the authorizing city or county. In 1991, Attorney General Robert T. Stephan was asked to determine whether transient guest tax funds could be used to upgrade handicapped accessibility on public property in a downtown shopping area. In the absence of statutory guidance, General Stephan concluded that it was the governing body who could determine whether the expenditure promoted convention and tourism.

However, at the prompting of TIAK, the 1992 Legislature considered a definition that would define how transient guest tax funds could be spent. The bill adopted by the Legislature and codified at K.S.A. 12-1692(e) and 12-1696(e), defined "convention and tourism promotion," as follows:

***(1) Activities to attract visitors into the community through marketing efforts, including advertising, directed to at least one of the five basic convention and tourism market segments***

***consisting of group tours, pleasure travelers, association meetings and conventions, trade shows and corporate meetings and travel; and***

***(2) Support of those activities and organizations which encourage increased lodging facility occupancy.***

Testimony in 1992 from the travel and lodging industry revealed concern that transient guest tax funds were being used for inappropriate purposes such as making shopping centers handicap accessible, building highways, removing hazardous waste, renovating airports, and installing street lights. Discussion focused on the concept that funds should be spent only for activities that promote overnight stays in hotels and motels:

***"The key to the transient guest tax is its self-regeneration. It is earned only when people stay in motels. When the tax is used to promote activities and organizations that inspire overnight stays in a community, then more tax is generated . . . and not just transient guest tax."***

In 2006, another Attorney General opinion went on to note that the action of the 1992 Legislature made it "apparent that the Legislature, by defining 'convention and tourism promotion,' was attempting to address perceived abuses of transient guest tax expenditures by restricting the use of such funds to those activities designed to encourage or promote hotel and motel business. The definition speaks to 'activities to attract visitors . . . through marketing efforts' directed at certain groups and supporting those activities that 'encourage increased lodging facility occupancy'."

Additionally, KSA 12-1694(e) sets out that all such moneys received by the county treasurer or city treasurer from disbursements from the county and city TGT fund shall be credited to the tourism and convention promotion fund of such county or city and shall only be expended for convention and tourism promotion, except that not more than 20% of the moneys credited to such fund shall be expended for tourism promotion.

### **Conclusion**

For over 20 years, Kansas law has recognized the importance of maintaining the intended purpose of the TGT and the role it plays in keeping Kansas tourism alive in our local communities. As the leading voice for the Kansas Tourism Industry, I would like to thank you for the opportunity to share the history of the TGT. If you should have any questions or desire additional information, please don't hesitate to contact our office.

Best regards,

Natalie S. Bright  
Travel Industry Association of Kansas