

## Statewide Transient Guest Tax Proposed

**Legislative Proposal:** In an effort to collect revenue and fill the state budget whole, the Kansas Legislature is considering imposing a 4% statewide Transient Guest Tax to be assessed on hotels & lodging, state cabins and car rental with 3.5% of the fee collected being dedicated to the State General Fund (SGF) and .5% dedicated to the Kansas Promotion Fee Fund.

**TIAK Opposition:** The Travel Industry Association of Kansas (TIAK) opposes a statewide TGT as a means for filling the budget gap for the following reasons:

- A statewide TGT singles out one industry and unfairly taxes them to fill a budget gap while other industries are left untaxed. This is an unfair tax policy and will encourage the tourism industry to seek other states to expand their businesses and force travelers to visit other states with lower taxes.
- Implements a new tax on a thriving industry and will inadvertently slow its growth. At a time when the Governor has worked hard to pass tax cuts to grow the state's economy, we question if the Kansas Legislature wants to assess a new tax on one of the state's leading industries.
- TIAK advocates for tax measures which generate revenue through investment in projects or initiatives that produce jobs and/or encourage visitor spending. The proposed statewide TGT is designed to fill a budget hole and not to create jobs
- Passage of a statewide TGT will put all Kansas communities at a competitive disadvantage. If passed, most Kansas communities will be forced to access the highest guest taxes in the nation. This will hurt Kansas' competitiveness in attracting sporting tournaments and conventions to Kansas. Meeting and event planners track all costs—including taxes and other government fees—when determining where they select to hold their events. If Kansas assesses a 4% TGT this will automatically raise the cost for all events to be hosted in Kansas.
- While the Kansas Legislature anticipates a statewide TGT will raise an estimated \$25 million in additional revenue, it has failed to recognize that a 4% cost increase will detour travel to Kansas. With fewer visitors, will come less overnight stays. Instead, we will see more visitors avoiding overnight stays in Kansas. Not only will less TGT be collected, but less sales tax will also be collected making the actual impact of the proposal far less meaningful in the effort to fill the budget gap.
- Unlike the state of Kansas, who currently administers the local TGT collections and keeps a 2% fee, Kansas hoteliers and car rental companies are given no compensation for their administration of the proposed statewide TGT.