



February 19, 2024

TO: Representative Adam Smith and
Members of the House Taxation Committee

FR: Matt Fletcher, Executive Director, InterHab

RE: HB 2685

Chairman Smith and members of the committee, thank you for the opportunity to share information regarding HB 2685 and Kansas service provision organizations to persons with intellectual and developmental disabilities (IDD). IDD service providers serve a critical role on behalf of the State of Kansas as they support thousands of our most vulnerable citizens in living productive, independent lives in our communities. Many of these providers are non-profit 501(c)3 entities. As such, these providers would be included under the proposed amendment in lines 36 – 39 on page 39 of HB 2685.

While some IDD service providers are able to find tax relief for certain elements of their operations, they are still subject to sales tax on significant service elements such as residential services that they provide in their communities. It is important to note that these service providers subsist almost entirely on reimbursement provided by state and federal sources. These providers are not able to raise the price of the services they provide in order to offset increased costs they experience. IDD service providers have experienced significant increases in costs since the pandemic, with inflationary increases spiking in 2022 and 2023.

InterHab's members fully support the amendment embodied in lines 36 – 39 on page 39 of HB 2685. However, we respectfully request that the Committee consider an additional amendment to HB 2685 on page 10, lines 29 - 43 in order to provide clarification that all service elements provided by a qualifying IDD service provider would be tax exempt:

(jj) ~~all sales of tangible personal property or services, including the renting and leasing of tangible personal property, purchased directly on behalf of a community-based facility for people with intellectual disability or mental health center organized pursuant to K.S.A. 19-4001 et seq., and amendments thereto, and licensed in accordance with the provisions of K.S.A. 39-2001 et seq., and amendments thereto, and all sales of tangible personal property or services purchased by contractors during the time period from July, 2003, through June, 2006, for the purpose of constructing, equipping, maintaining or furnishing a new facility for a community-based facility for people with intellectual disability or mental health center located in Riverton, Cherokee County, Kansas, that would have been eligible for sales tax exemption pursuant to this subsection if purchased directly by such facility or center. This exemption shall not apply to tangible personal property customarily used for human habitation purposes;~~

Thank you for considering this request. We would be happy to provide additional information if helpful in this Committee's deliberations.